

MANAGEMENT DISCUSSION & ANALYSIS

ECONOMIC OVERVIEW

GLOBAL ECONOMY

In 2023, the global economy faced a series of challenges, including geopolitical tensions, disruptions in the supply chain, increasing inflation, and higher interest rates, impacting its overall growth. Despite these headwinds, the global economy demonstrated remarkable resilience, achieving an estimated growth of 3.2% in 2023 according to the International Monetary Fund (IMF). This positive performance was attributed to the continued resilience of the United States, robust growth in key emerging markets and developing economies, and the implementation of fiscal stimulus packages in China.

The latter half of 2023 witnessed a surge in economic activity exceeding initial projections for both the United States and numerous emerging markets. This upswing stemmed from a combination of factors: increased government spending alongside elevated private consumption, leading

to higher disposable income levels. Additionally, a surge in labor participation contributed to supply-side expansion. Furthermore, the long-standing supply chain bottlenecks that characterized the pre-pandemic period have improved, resulting in reduced delivery times for goods.

However, higher inflationary pressures remained a prominent concern for major economies. Central Banks globally, including the US Federal Reserve, responded with synchronized rate hikes to curb inflation. This prolonged tightened monetary policy led to a faster-than-expected decline in inflation rates. Despite this positive development, global headline inflation maintained an annual average of 6.8% in 2023, compared to 8.7% in 2022. The increase in interest rates posed challenges for businesses, including difficulties in debt refinancing and a decline in residential investment.

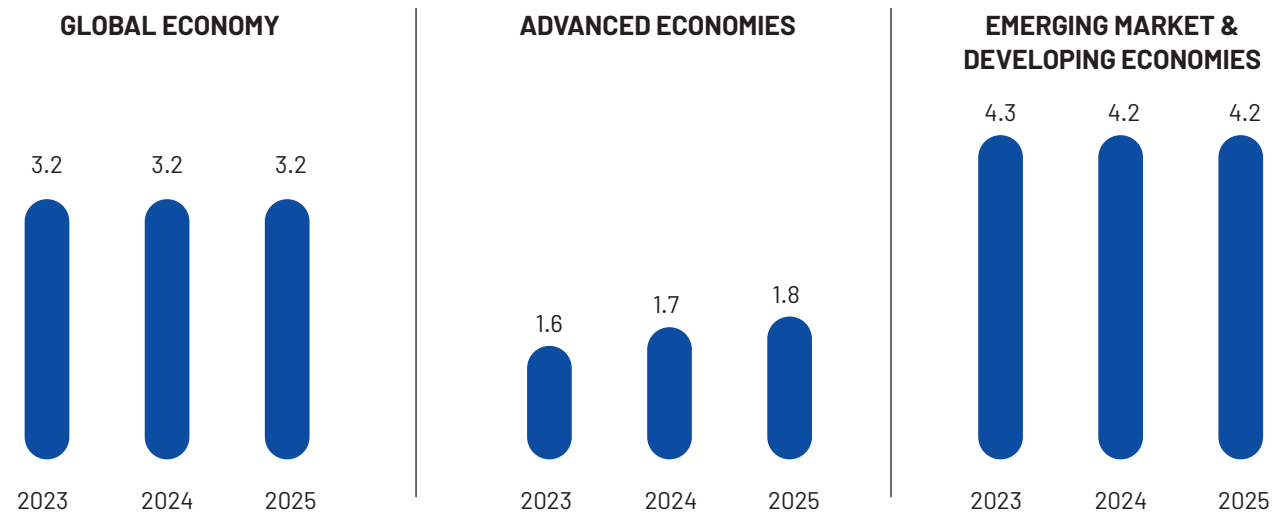


Outlook

Looking forward, the IMF has forecasted growth rates of 3.2% for both 2024 and 2025. Additionally, global headline inflation is anticipated to decrease, dropping to 5.9% in 2024 and further to 4.5% in 2025. Notwithstanding this positive outlook, potential challenges are looming on the horizon. Geopolitical crises and persistent disruptions in the Red Sea are driving up commodity prices and posing a threat to global recovery. These events have the potential to cause supply disruptions, leading to significant increases in food, energy, and transportation costs. The sustained tight monetary conditions could also impact the global economy's growth trajectory. The persistent rise in trade distortions and geopolitical fragmentation is expected to further complicate the global trade environment, potentially hindering economic progress.

WORLD ECONOMIC OUTLOOK APRIL 2024

GROWTH PROJECTIONS



INDIAN ECONOMY

Amidst the volatile global economic landscape, India emerges as a ray of optimism. As the fifth-largest economy globally, India continues to shine as the fastest-growing major economy. According to the Ministry of Statistics and Program Implementation (MOSPI), India demonstrated a robust growth rate of 8.2%, surpassing the 7.2% growth in FY 2022-23. The construction and manufacturing sectors particularly excelled, achieving growth rates of 10.7% and 8.5%, respectively. This growth momentum was primarily driven by strong domestic demand, well-managed inflation, a stable interest rate environment, and healthy foreign exchange reserves.

Despite maintaining a stable growth trajectory, India has faced a gradual rise in inflationary pressures since the onset of 2022. Responding to this challenge, the Reserve Bank of India (RBI) initiated a series of adjustments to its monetary policies, incrementally raising the repo rate in seven consecutive increments to reach 6.50%. Throughout FY 2023-24, RBI continued with its vigilant monetary stance, holding the repo rate steady through seven consecutive policy reviews. This approach contributed to a moderation in India's Consumer Price Index (CPI) inflation to 5.08% during June 2024, despite shocks in food prices. Furthermore, with a tight stance of curbing inflationary pressures, RBI has kept the inflation target unchanged at 4.5% for FY 2024-25.

India has witnessed notable advancements in its manufacturing sector, accompanied by strong demand dynamics, despite concerns surrounding inflation. The Index of Industrial Production (IIP) demonstrated a growth of 5.8% in FY 2023-24, up from 5.2% in FY 2022-23. Moreover, amplified capital expenditure towards infrastructure development is serving as a catalyst for further economic activity, bolstering India's growth trajectory.

India's manufacturing Purchasing Managers Index (PMI) has consistently stayed above the 50-point mark, signaling expansion in production. In March 2024, the PMI surged to 59.1, hitting a 16-year peak and indicating strong growth in the manufacturing domain. Additionally, per capita income saw an 8% increase in FY 2023-24, while India's gross national disposable income is forecasted to grow by 8.9% within the same timeframe. Notably, this growth rate represents a slight deceleration compared to the preceding fiscal year.

Outlook

Looking into the future, India's economic prospects appear bright. RBI projects a 7.2% growth rate for the Indian economy in FY 2024-25. This anticipated growth will be underpinned by various factors, including well-contained inflation and a significant rise in capital expenditure, with a hefty allocation of ₹ 11.11 trillion earmarked for infrastructure development projects in FY 2024-25. Furthermore, the momentum is expected to be bolstered by government schemes such as the PLI initiative, the 'Make in India' campaign, and the relaxation of FDI restrictions, all aimed at stimulating growth. These government measures are fostering a conducive environment for economic expansion.

Nevertheless, there exist potential risks that could temper this optimistic outlook, such as the persistent volatility in commodity prices and disruptions in the global supply chain, primarily influenced by geopolitical developments.

<https://pib.gov.in/PressReleaseDetailm.aspx?PRID=2022323>

<https://www.deccanherald.com/business/economy/industrial-production-growth-slows-to-49-in-march-3017680#:~:text=For%20the%20full%20financial%20year.expansion%20recorded%20in%202022%2D23.>

<https://www.livemint.com/economy/rbi-monetary-policy-raises-fy25-real-gdp-growth-forecast-to-7-2-from-7-1171733152899.html>

https://rbi.org.in/Scripts/BS_SpeechesView.aspx?Id=1406

Indian Real GDP growth (%)



INDUSTRY OVERVIEW

GLOBAL STEEL INDUSTRY

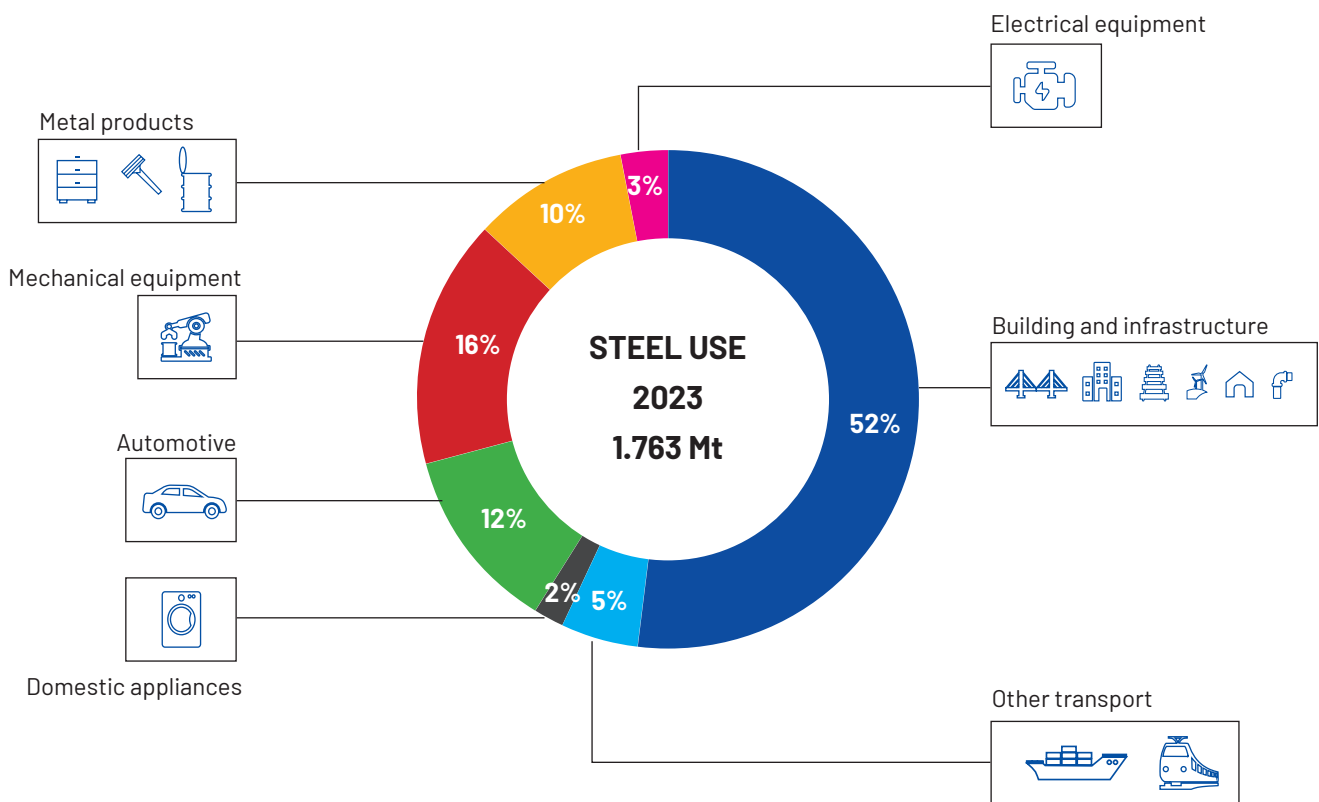
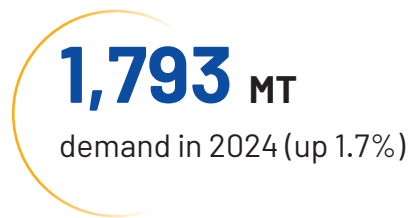
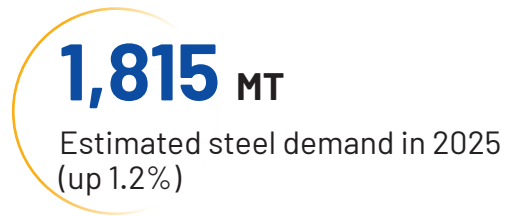
Global crude steel production remained stable in 2023, with an output of 1,888.2 MT. This was followed by a positive shift in May 2024, with steel production reaching 165.1 MT, marking a 1.5% increase compared to May 2023.

The Global steel industry has been navigating high inflation and interest rates, coupled with increasing geo-economic uncertainties. Due to the monetary tightening, there has been observed a noticeable slowdown in housing activity and a challenging environment for the manufacturing sector owing to tighter credit conditions and increased costs across major markets. While signs point towards a controlled adjustment from the current tightening phase, it is anticipated that global steel demand growth will remain subdued, and market volatility will persist.

Steel demand is expected to experience a 1.7% recovery, reaching 1,793 MT in 2024, followed by a forecasted growth of 1.2% in 2025, bringing it to 1,815 MT. While steel demand in China expected to decline by 1% in 2025, India exhibits immense potential. Since 2021, India has been the strongest

driver of steel demand growth, and according to the World Steel Association, this demand is projected to be almost 70 MT higher in 2025 compared to 2020

<https://worldsteel.org/wp-content/uploads/worldsteel-Short-Range-Outlook-April-2024.pdf>



INDIA STEEL INDUSTRY

India stands as the world's second-largest producer of crude steel. In FY 2023-24, the country saw a 13.2% year-on-year increase in domestic crude steel production, reaching 144.04 MT. Meanwhile, finished steel consumption grew by 13.6% year-on-year, totaling 136.25 MT. The expansion of the Indian steel industry can be attributed to the abundant availability of domestic raw materials like iron ore and affordable labor. As a result, the steel sector has played a pivotal role in boosting India's manufacturing output. The government's focus on infrastructure development through initiatives like the Gati-Shakti Master Plan and the 'Make in India' campaign, along with other flagship schemes, is driving steel consumption. Additionally, the auto and engineering sectors are pivotal in propelling steel demand. Furthermore, India's growing population and ongoing urbanization trends are also shaping the trajectory of steel consumption.

The Government is actively supporting the steel industry. In FY 2023-24, an outlay of ₹ 6,322 crore has been announced under the PLI scheme to promote the manufacturing of specialty steel domestically. Additionally, the implementation of the Domestically Manufactured Iron & Steel Products (DMI&SP) policy aims to boost the procurement of Made in India steel for government projects. In a move towards green steel production, the Government allocated ₹ 455 crore in February 2024 under the National Green Hydrogen Mission, with funding planned through FY 2029-30. Backed by a favorable macro environment and Government support, the Indian steel industry is projected to grow to about 430 MT of annual demand of crude steel by 2050.

As per the National Steel Policy 2017, forecasts indicate that annual steel production will surpass 300 MT by the year 2030-31. By this time frame, crude steel production is expected to hit 255 MT at 85% capacity utilization, resulting in 230 MT of finished steel production. Consequently, per capita steel consumption is predicted to rise to 158 kg.

<https://steel.gov.in/sites/default/files/Note%20on%20AN%20OVERVIEW%20OF%20STEEL%20SECTOR.pdf>

<https://pib.gov.in/PressReleaseIframePage.aspx?PRID=2002690#:~:text=Notification%20of%20Production%20Linked%20Incentive,specialty%20steel%20within%20the%20country>

<https://www.ibef.org/industry/steel>

GLOBAL METAL FORGING MARKET

In 2023, the global metal forging market size achieved US\$ 85.1 billion. It is anticipated that the market will expand to US\$ 140.5 billion by 2032, reflecting a CAGR of 5.73% during the period of 2024-2032. The growth of the global market is propelled by rising demand in the aerospace and automotive industries, notable advancements in forging techniques, a transition towards sustainable energy sources, and an increasing focus on renewable energy and infrastructure initiatives. The Asia Pacific region leads the market, propelled by rapid industrialization, a booming automotive sector, and significant investments in infrastructure development.

<https://www.imarcgroup.com/metal-forging-market>

INDIA METAL FORGING MARKET

In 2022, the India metal forging market was valued at USD 4.43 billion. This market is projected to increase from USD 5.08 billion in 2023 to USD 9.75 billion by 2030, demonstrating a CAGR of 9.8% over the forecast period. The Indian metal forging industry, traditionally serving the automotive sector, is adapting to market shifts by diversifying into non-automotive industries like agriculture, power, aerospace, and defense owing to volatility in the automobile sector. Market demand is further driven by the increasing demand for high-quality, lightweight metal and stainless-steel forged parts in the aerospace and defense sectors.

<https://www.fortunebusinessinsights.com/india-metal-forging-market-106788>

GLOBAL AUTOMOBILE INDUSTRY

The global automotive industry has exhibited resilience amid an uncertain demand environment influenced by macroeconomic factors, including higher inflation leading to elevated vehicle prices and sluggish consumer spending. Despite strikes in U.S. auto factories, supply chain disruptions, and escalating raw material costs in CY 2023, there is a sense of optimism as recovery is evident in the global automotive market.

The worldwide automotive sector anticipates a total of 95 million units in combined sales for passenger and commercial vehicles in 2024, reflecting a year-on-year growth of 3.1%. The global automotive industry experienced a substantial rebound in 2023, following a period of stability in 2022, with sales surging by nearly 10% to exceed 72 million units as supply chain obstacles alleviated. Despite high inflation and rising interest rates, the volume of car sales in North America remained consistent in 2023, with the region experiencing

15% growth. European sales notably rose by 18.6% from 2022 to 2023. In Asia, Japanese car sales rose by 15.8% in 2023 due to a lower baseline from previous semiconductor shortages, while South Korea saw a 5.2% growth after terminating tax relief. Chinese car sales reached over 22 million units, up 4.5% in 2023, representing about 31% of global sales.

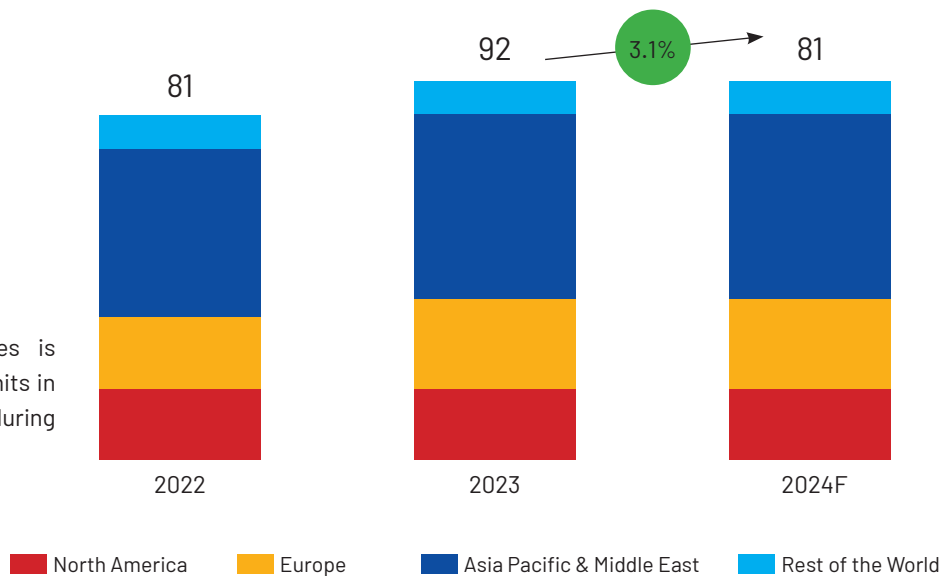
This growth showcases the industry's resilience, overcoming challenges like supply chain disruptions due to geopolitical tensions, resulting in higher costs for auto components and

raw materials. Moreover, manufacturers are adapting to new environmental regulations worldwide, mandating adherence to stringent CO2 emissions standards.

https://www.acea.auto/files/Economic_and_Market_Report-Full_year_2023.pdf

YoY OF 3.1%

The automotive outlook sales is expected to reach 95 million units in 2024, growing at a YoY of 3.1% during to that in 2023.



In 2023, the electric vehicle (EV) segment surged by 30-35%, fueled by a growing preference for eco-friendly transportation and government incentives. The global EV market was valued at USD 255.54 billion in 2023, forecasted to reach USD 2,108.80 billion by 2033. The shift to EVs globally presents new opportunities, with the Indian EV market projected to rise from USD 3.12 billion in 2022 to USD 113.99 billion by 2029, highlighting a CAGR of 66.52% and a promising future for the industry.

<https://www.thebusinessresearchcompany.com/report/automotive-aftermarket-global-market-report>
<https://www.marketsandmarkets.com/Market-Reports/global-automotive-industry-outlook-77960341.html#:~:text=%5B74%20Pages%20Report%5D%20The%20Global,3.1%25%20during%20the%20forecast%20period>
<https://www.marketsandmarkets.com/blog/AT/Automotive-Industry-Outlook-Unveiled-Trends-And-Transformations-2024>
<https://www.forbes.com/sites/sarwantsingh/2024/01/11/global-automotive-market-predictions-for-2024/>
<https://emobilityplus.com/2024/05/27/indias-electric-vehicle-surge-insights-from-the-ibef-ev-industry-report-on-a-green-transportation-revolution/#:~:text=Globally%2C%20the%20electric%20vehicle%20market,per%20IBEF%20Report%20on%20EV>

INDIAN AUTOMOBILE INDUSTRY

India stands as the third-largest automotive market globally, with the sector contributing significantly to the country's GDP at 7.1% and providing employment to 37 million individuals. The Indian automobile industry witnessed a notable 19% growth, reaching Rs. 10.22 lakh crore in FY 2023-24, primarily fueled by the strong expansion in the utility and SUV segment. Additionally, it holds a notable 4.7% share in India's exports and plays a vital role in global research and development with a 40% share. Automobile production in India during FY 2023-24 reached a total 28.43 Mn vehicles including Passenger Vehicles, Commercial Vehicles, Three Wheelers, Two Wheelers, and Quadricycles. India is a key player in the heavy vehicle market, holding the top spot as the largest tractor producer, the second-largest bus manufacturer, and the third-largest heavy truck manufacturer on a global scale.

<https://economictimes.indiatimes.com/industry/auto/auto-news/indian-automobile-industry-grows-19-pc-to-rs-10-22-lakh-cr-in-fy24-report/articleshow/111108386.cms>

In the Indian automobile market, two-wheelers and passenger cars held 75.3% and 17.6% of the market share, respectively, with small and mid-sized cars dominating the passenger car segment. For the year 2023-24, total automobile exports reached 4,500,492 units, with two-wheelers contributing approximately 76.8% of the total export volume and Passenger Vehicle Exports witnessed a growth from 662,891 to 672,105 units, marking a positive increase of 13.8%.

The Indian government continues to strengthen the automotive and auto components industries through various initiatives. The Production-Linked Incentive Scheme has excelled, drawing a proposed investment of ₹ 67,690 Crores, surpassing the initial target of ₹ 42,500 Crores over a period of five years. Complementing this, proactive measures like 'Make in India', the Foreign Trade Policy (FTP), and schemes such as Advance Authorization and Export Promotion Capital Goods Scheme have been put in place to enhance automobile manufacturing and export endeavors.

One of the key drivers of the Indian automobile industry is the adoption of EVs. Registrations have surged from 1.25 lakh units in 2020 to 10.25 lakh units in 2023. This significant change was also highlighted in the FY 2022-23, Economic Survey in which the government set ambitious goals for the Indian EV market. It projects a robust 49% CAGR from 2022 to 2030, aiming to achieve annual EV sales of 1 crore units by 2030. India's EV sector is rapidly advancing, driven by government support, environmental concerns, and technological progress. With initiatives like FAME II subsidy of ₹ 11,500 benefitting both EV manufactures and consumers, India targets significant EV adoption to revolutionize transportation sustainably.

<https://www.investindia.gov.in/sector/automobile>
<https://pib.gov.in/PressReleasePage.aspx?PRID=1996790>
<https://auto.economictimes.indiatimes.com/news/industry/understanding-why-india-is-witnessing-rapid-ev-adoption/105125958>

Automobile Production Trend

Category	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Passenger Vehicles	40,28,471	34,24,564	30,62,280	36,50,698	45,87,116	49,01,844
Commercial Vehicles	11,12,405	7,56,725	6,24,939	8,05,527	10,35,626	10,66,429
Three-Wheelers	12,68,833	11,32,982	6,14,613	7,58,669	8,55,696	9,92,936
Two-Wheelers	2,44,99,777	2,10,32,927	1,83,49,941	1,78,21,111	1,94,59,009	2,14,68,527
Quadricycles	5,388	6,095	3,836	4,061	2,897	5,006
Grand Total	3,09,14,874	2,63,53,293	2,26,55,609	2,30,40,066	2,59,40,344	2,84,34,742

<https://www.siam.in/statistics.aspx?mpgid=8&pgidtrail=13>

Automobile Domestic Sales Trend

Category	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Passenger Vehicles	33,77,389	27,73,519	27,11,457	30,69,523	38,90,114	42,18,746
Commercial Vehicles	10,07,311	7,17,593	5,68,559	7,16,566	9,62,468	9,67,878
Three-Wheelers	7,01,005	6,37,065	2,19,446	2,61,385	4,88,768	6,91,749
Two-Wheelers	2,11,79,847	1,74,16,432	1,51,20,783	1,35,70,008	1,58,62,087	1,79,74,365
Quadricycles	627	942	(12)	124	725	725
Grand Total	2,62,66,179	2,15,45,551	1,86,20,233	1,76,17,606	2,12,04,162	2,38,53,463

<https://www.siam.in/statistics.aspx?mpgid=8&pgidtrail=14>

In the near future, ICRA predicts a stable demand trend in the automotive sector, with growth rates varying across segments in FY 2024-25. Anticipated increases in volumes for two-wheelers, passenger vehicles, and three-wheelers are projected, driven by positive demand factors. In contrast, the commercial vehicle sector is forecasted to maintain consistent volume levels. Forecasts for FY 2024-25 suggest an expected growth rate of 11% for two-wheelers, 5% for both passenger vehicles and commercial vehicles, and 4% for tractors. Nevertheless, challenges like escalating input costs, rising fuel prices, higher interest rates, and inflation rates needs carefully monitoring.

INFRASTRUCTURE SECTOR IN INDIA

Infrastructure plays a vital role in facilitating India's growth towards achieving a USD 26 trillion economy. Strategic investments in infrastructure modernization and pro-business reforms are pivotal for efficiency and cost reduction. The National Infrastructure Pipeline, BharatMala Pariyojana, and PM Gati Shakti - National Master Plan initiatives are poised to drive substantial growth in the infrastructure sector and enhance connectivity nationwide. FY 2024-25 Interim Budget boosts infrastructure capital outlay by 11.1% to ₹ 11.11 lakh crore, emphasizing the nation's dedication to robust infrastructure growth. In alignment with India's target of achieving a USD 5 trillion economy by 2025, prioritizing infrastructure development is imperative. The Government's introduction of the National Infrastructure Pipeline along with initiatives like 'Make in India' and the production-linked incentives scheme aims to catalyze the advancement of the infrastructure sector. The National Infrastructure Pipeline expands to 9,142 projects, with an estimated USD 1.9 trillion investment, particularly focusing on transportation sectors.

ROADS & RAILWAYS

The construction of national highways in India has seen steady growth, with a remarkable 5.3% CAGR from FY 2014-23. Noteworthy achievements include the development of 10,457 km of highways in FY 2021-22 and 10,331 km in FY 2022-23 under the Ministry of Road Transport and Highways. In FY 2023-24 highway construction surged by 20% year over year, touching 12,349 Km reflecting a notable growth in infrastructure development. The Government of India's commitment to infrastructure is evident through the allocation of ₹ 2.78 lakh crore in the Interim Budget of 2024-25. India's road network has expanded by 59% over the past decade, and now ranks as the second-largest globally.

<https://www.financialexpress.com/business/roadways-highway-construction-up-20-on-year-in-fy24-3451839/>

During FY 2023-24, the Indian Railways recorded their highest ever freight loading of 1,591 MT, a growth of 5% over last year, as well as earned the highest ever revenue of ₹ 2.56 Lakh crore. The fiscal year also saw unprecedented achievements in rail electrification, new line construction, and track replacement. Rail electrification reached a total of 7,188 km, up from 6,565 km in the previous fiscal year. The Indian Railways also accomplished 5,300 km in laying new

lines, doubling, and gauge conversion.

<https://timesofindia.indiatimes.com/india/railways-achieves-record-revenues-freight-loading-in-fy-2023-24/articleshow/108953286.cms>

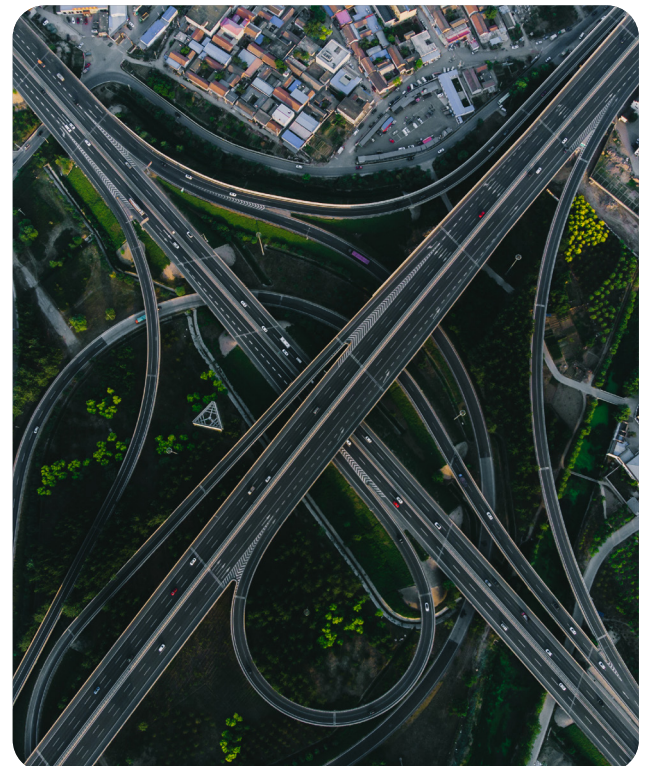
Indian Railways are gearing up for a significant transformation in FY 2024-25 with a dedicated budget of ₹ 6,500 crore allocated for the complete electrification of the rail network. This heralds a transformative era for the Railways, making substantial strides towards the nation's sustainability objectives. Indian Railways is actively involved in advancing technology, particularly in signaling and telecommunications. A significant focus is the conversion of 15,000 km of rail lines to automatic signaling systems, along with plans to equip 44,000 km with 'KAVACH', an indigenously developed Train Collision Avoidance System, within next 5 years.

https://www.business-standard.com/india-news/indian-railways-aims-to-implement-kavach-system-across-44-000-km-in-5-years-124062400236_1.html

<https://www.ibef.org/industry/indian-railways>

<https://pib.gov.in/PressReleasePage.aspx?PRID=2014849>

<https://pib.gov.in/PressReleaseframePage.aspx?PRID=2010619>



ENERGY

India's rapidly growing energy needs are anticipated to surpass other nations, driven by its large scale and growth prospects. To meet this demand sustainably, India aims to predominantly utilize low-carbon, renewable energy sources. Pledges such as achieving net zero carbon emissions by 2070 and sourcing 50% of electricity from renewables by 2030—mark critical global efforts in combating climate change.

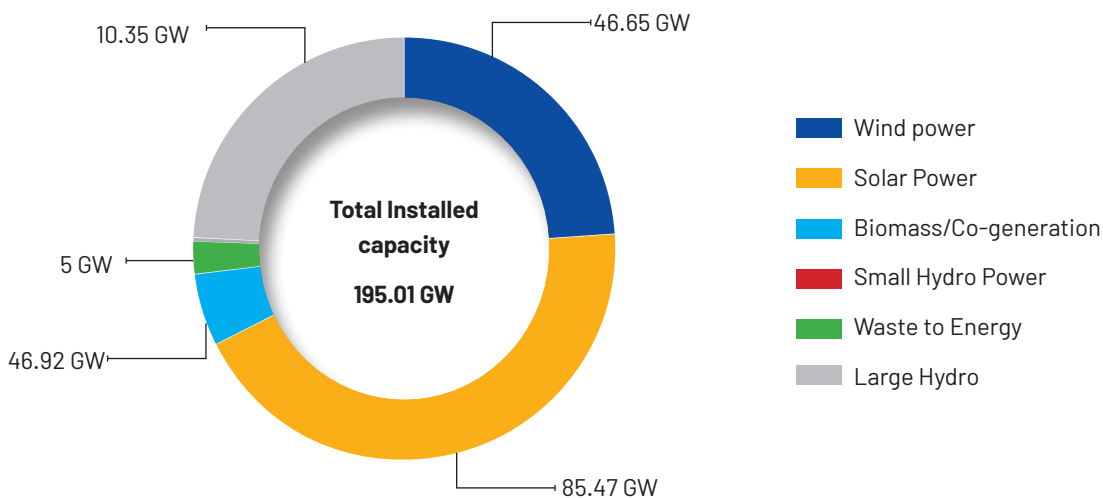
Renewable Energy

India has secured the 4th global position in Renewable Energy Installed Capacity, Wind Power Capacity, and 5th in Solar Power Capacity, as per the REN21 Renewables 2024 Global Status Report. With an ambitious target of achieving 500 GW of non-fossil fuel-based energy by 2030 set at COP26, India showcases remarkable growth, boasting a 396% increase in installed non-fossil fuel capacity over the past 8.5 years, currently exceeding 203.19 GW (inclusive of large Hydro and nuclear) in FY 2023-24, representing about 45.5% of the total capacity as of June 2024. India aims to produce 5 MT of green hydrogen by 2030, supported by 125 GW of renewable energy capacity. In the 2024-2025 Interim Budget, India's Government significantly boosted funding for sustainable energy initiatives, doubling support for the National Green Hydrogen Mission to Rs. 600 crores.

<https://www.investindia.gov.in/sector/renewable-energy#:~:text=India%20stands%204th%20globally%20in,fuel%2Dbased%20energy%20by%202030.>



Renewable energy Installed capacity as on May 2024



Solar Energy

Over the past 9 years, India has witnessed a remarkable 30-fold increase in installed solar energy capacity, reaching 85.47 GW as of June 2024. The country's solar energy potential is estimated at 748 GWp by the National Institute of Solar Energy (NISE). In alignment with Government initiatives, India aims to reduce projected carbon emissions by 1 billion tons by 2030, diminish the nation's carbon intensity by less than 45% by the decade's end, and achieve net-zero carbon emissions by 2070. To bolster this vision, the government has sanctioned the development of 57 solar parks encompassing 39.28 GW nationwide, alongside plans for specialized solar cities and parks. Furthermore, there is a strategic focus on advancing Floating PV Projects to enhance renewable energy infrastructure. The 2024-25 Interim Budget allocated Rs 10,000 crore to solar power grid projects for FY 2024-25 BE, marking a significant 110% increase from the previous allocation of Rs 4,757 crore.

TRANSMISSION & DISTRIBUTION (T & D)

Fueled by a growing appetite for energy and a national commitment to renewable integration, India's Transmission & Distribution network is undergoing a strategic expansion. As of March 31, 2024, India's T&D network boasts a robust capacity, encompassing 4.85 lakh ckm of transmission lines and 12.51 lakh MVA of substation capacity. This reflects a significant expansion of 14,203 ckm and 70,728 MVA compared to March 2023. India's draft National Electricity Plan targets 900 GW of generation capacity by 2032, with a focus on renewables. To support this, the transmission sector expects significant investments and a 2.29 lakh ckm expansion of lines and 13 lakh MVA substation capacity increase by 2032. This expansion strengthens the grid for efficient renewable energy integration. The distribution sector is mirroring this progress. This is evident in the decline of Aggregate Technical & Commercial (AT&C) losses, dropping from 21.2% in FY21 to 15.4% in FY23. Billing and collection efficiencies have also seen an upward trend, reaching 87.0% and 97.3% in FY23, respectively, compared to 84.8% and 92.9% in FY21. To further combat energy wastage and improve grid management, the government is actively installing smart meters. As part of the National Smart Grid Mission (NSGM), over 10.8 million smart meters were installed by April 2024, out of a targeted 222 million. Furthermore, building on the success of the first phase of the Revamped Distribution Sector Scheme (RDSS), the government is considering launching a subsequent phase to further strengthen the distribution network.

TELECOM INDUSTRY

The Indian telecom sector, the world's second-largest industry, boasts a substantial subscriber base of 1.091 billion as of April 2024, encompassing both wireless and wireline subscribers. India demonstrates an impressive overall tele-density of 85.76%. Additionally, the rural market, with a tele-density of 59.44%, offers significant growth potential, while the urban market showcases a higher tele-density of 133.42%. The industry's exponential growth in recent years is driven by affordable tariffs, wider availability, Mobile Number Portability (MNP), expanding 4G/5G coverage, evolving subscriber consumption patterns, government initiatives to boost domestic telecom manufacturing, and a supportive regulatory environment. India is expected to reach 350 million 5G subscriptions by 2026, constituting 27% of all mobile subscriptions. As India prepares for 5G deployment, a focus lies on upgrading a significant portion of its telecom towers to fiber, with 36% already completed and plans in motion for 1.2 million towers.

<https://www.investindia.gov.in/sector/telecom>

OIL & GAS INDUSTRY

India is the third largest energy and oil consumer in the world and the fourth largest global refiner. India's refining capacity stands at 256.8 MTPA as of April 2024, comprising 23 refineries. The oil and gas sector are among the eight core industries in India and plays a major role in influencing the decision-making for all the other important sections of the economy. According to the IEA (India Energy Association), primary energy demand is expected to nearly double to 1,123 MT of oil equivalent. By 2030, India's demand is expected to reach 6.7 million bpd, up from 5.4 million bpd in 2023. Oil demand in India is further forecasted to reach 38 million barrels per day by 2045. Road diesel consumption is expected to skyrocket by 520,000 barrels per day (bpd), reflecting the nation's economic expansion. While gasoline demand will also climb by 270,000 bpd as car ownership rises. To meet this rising demand, India's refining capacity is projected to expand from 5.8 million bpd in 2023 to 6.8 million bpd by 2030.

<https://indbiz.gov.in/india-set-to-drive-global-oil-demand-by-2030-1ea/>

GLOBAL STEEL PIPES & TUBES SECTOR

The global steel pipes & tubes market, valued at USD 133.20 billion in 2023, is poised for steady growth at a CAGR of 6.1% until 2030. This surge is fueled by the booming construction of new petrochemical plants worldwide. Steel pipes & tubes are vital components in these facilities, playing a crucial role in piping systems, pressure tubes, and heat exchangers. As investments in petrochemical plants continue to rise, the demand for steel pipes & tubes is expected to follow suit, propelling the market forward.

The global steel tubes market thrives on rapid industrial growth and urbanization trends globally. Industries like construction, automotive, and oil and gas are propelling the demand for steel tubes due to their strength and versatility. Steel tubes play vital roles in providing structural support in construction and manufacturing components in the automotive sector. Carbon steel tubes, the primary segment within the steel tubes market, are highly preferred for their versatility and cost efficiency. The oil and gas sector stand as the predominant segment in the steel tubes market, largely attributed to the widespread utilization of these tubes in exploration, drilling, and transportation operations. The infrastructure and construction industry depend significantly on steel tubes for a multitude of purposes. In recent years, the ERW (Electric Resistance Welded) steel pipes and tubes market has experienced notable growth and evolution. The rising demand from diverse industries for durable yet cost-effective steel pipes and tubes has

propelled market expansion. Consequently, this trend has fostered innovation, sustainability, and globalization within the industry.

<https://www.imarcgroup.com/steel-tubes-market>
<https://www.verifiedmarketreports.com/product/global-erw-steel-pipes-and-tubes-market-outlook/>

INDIAN STEEL PIPES & TUBES SECTOR

The India Steel Pipes and Steel Tubes Market was valued at USD 32.88 billion in 2023 and is forecasted to expand at a CAGR of 6.43% to reach USD 37.69 billion by 2030. Key factors driving this growth include rising oil & gas demand, global steel pipe needs, a thriving transportation sector, and a construction industry resurgence post-pandemic.

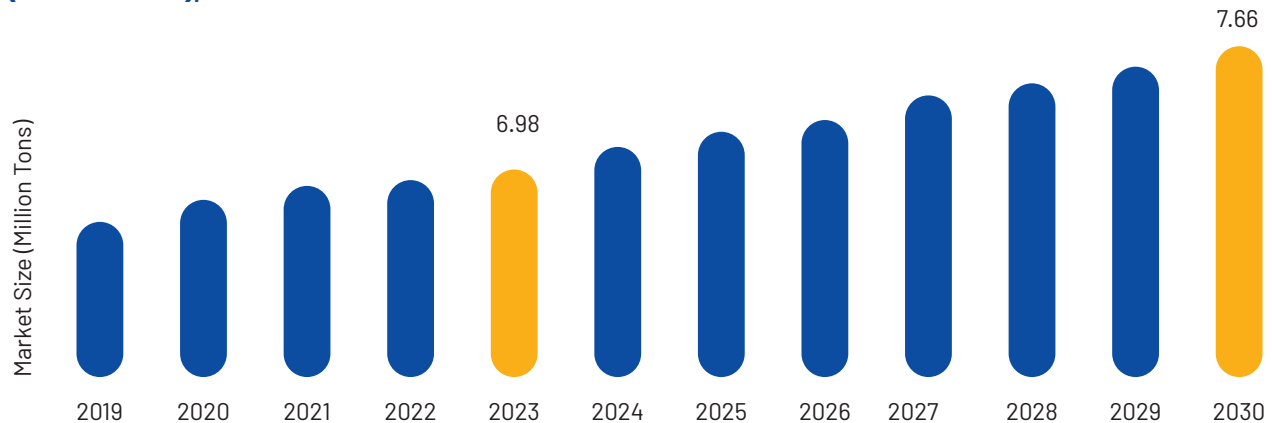
In 2023, India's steel pipes and tubes market measured 6.98 million tons, projected to rise to 7.66 million tons by 2030. This sector is vital in India, making up about 8% of the country's total steel usage. The industry is split into two main

segments: Electric Resistant Welded (ERW) and Submerged Arc Welded and Seamless (S&S), a total market value of around Rs. 50,000 crores. In terms of volume, the domestic market is divided 70:30 between these segments.

The Indian government is dedicated to ensuring safe and clean tap water supply meeting quality standards for all rural households consistently. To achieve this goal, the Jal Jeevan Mission (JJM) was launched and substantial strides have been achieved in advancing tap water accessibility to rural households since the inception of the Jal Jeevan Mission. As of January 30, 2024, States/UTs have reported providing over 10.98 Crore additional rural households with tap water connections under the JJM. Consequently, out of 19.27 Crore rural households in the country, more than 73.76% now have tap water supply in their homes.

<https://www.blueweaveconsulting.com/report/india-steel-pipes-and-steel-tubes-market#:~:text=What%20is%20the%20expected%20growth,period%20between%202024%20and%202030.https://pib.gov.in/PressReleasePage.aspx?PRID=2002716>

India Steel Pipes and Steel Tubes Market Size, By Volume (Million Tons), 2019-2030



Source: [BlueWeave Consulting](#)



OPPORTUNITIES & THREATS

Opportunities

Infrastructure Boom

- Government push for Public-Private Partnership (PPP) in large infrastructure projects
- ₹ 11.11 lakh crore allocated in Interim Union Budget 2024-25 for infrastructure development
- Increased focus for affordable housing under PM Awas Yojana
- 'Smart Cities Mission' fostering real estate and infrastructure growth

Government Initiatives

- Railway infrastructure upgrades including high-speed corridors, optical fiber network expansion, new lines, and dedicated freight corridors
- Clean energy initiatives and expansion of renewable energy capacity, particularly solar, benefiting structural solutions and tube businesses
- Vehicle scrapping policy allocating funds for replacing old vehicles, driving demand for new vehicles and steel consumption.
- Production Linked Incentive (PLI) Scheme for the automobile and auto component industry to boost domestic manufacturing of Advanced Automotive Products (AAT)

Emerging Opportunities

- 5G infrastructure rollout requiring installation of telecom towers, creating opportunities for the engineering structure segment
- Expansion of India's oil & gas sector leading to facility upgrades and opening new markets for boilers, steel tubes, and pipes
- Expansion of exploration & production activities driving demand for forging products.

Global Trends

- Global transition towards green energy boosting demand for steel
- US focus on increasing investment in renewable energy potentially impacting steel tube demand
- 'China Plus One' strategy positioning India as an alternative manufacturing hub due to low-cost production, technological advancements, and favorable government policies, leading to increased exports

Threats

- Fluctuating geopolitical circumstances pose a significant risk to overall business stability
- Global turmoil and high inflation are driving up commodity and crude oil prices, squeezing profitability and impacting the export market
- Rising freight charges are leading to higher logistical costs, further impacting industry profitability

COMPANY OVERVIEW

ABOUT GOODLUCK INDIA LIMITED

Goodluck India Limited (GIL), founded in 1986 by graduates of the Indian Institutes of Technology (IIT), stands as India's foremost company specializing in engineering products. Based in Ghaziabad, the company excels in transforming raw steel into high-quality engineering solutions. With its promoters boasting three generations of expertise, GIL draws from over thirty years of manufacturing experience, dedicated to delivering top-tier steel products and comprehensive engineering services. In 2016, the company rebranded as Goodluck India Limited to reflect its evolution and commitment to excellence in the industry.

The company boasts a well-reputed management team and a dedicated workforce of over 4,000 personnel, all focused

on empowering growth. With a customer base of over 600 clients spread across 100 countries worldwide, it strategically focuses on high-margin, value-added products in sectors such as Auto, Solar, Railways, and Defense. The company is associated with prestigious programs in the Defense and Aerospace industries and caters to marquee clients globally. Its value-added product segment includes Engineering structures & precision fabrication, Forging, Precision pipes & auto tubes and CR coils, pipes & tubes. With a diverse product range offering customization options, strong capital and operational efficiencies, and a commitment to deleverage its balance sheet, Goodluck India Limited stands tall with a sharp focus on providing engineering solutions to high-growth downstream user industries.

4,12,000

Total Manufacturing Capacity

2,560.40 Crores

Domestic Sales

923.45 Crores

Export Sales

Sale breakup between Domestic Market & Global Market

100 Countries

Exporting Worldwide

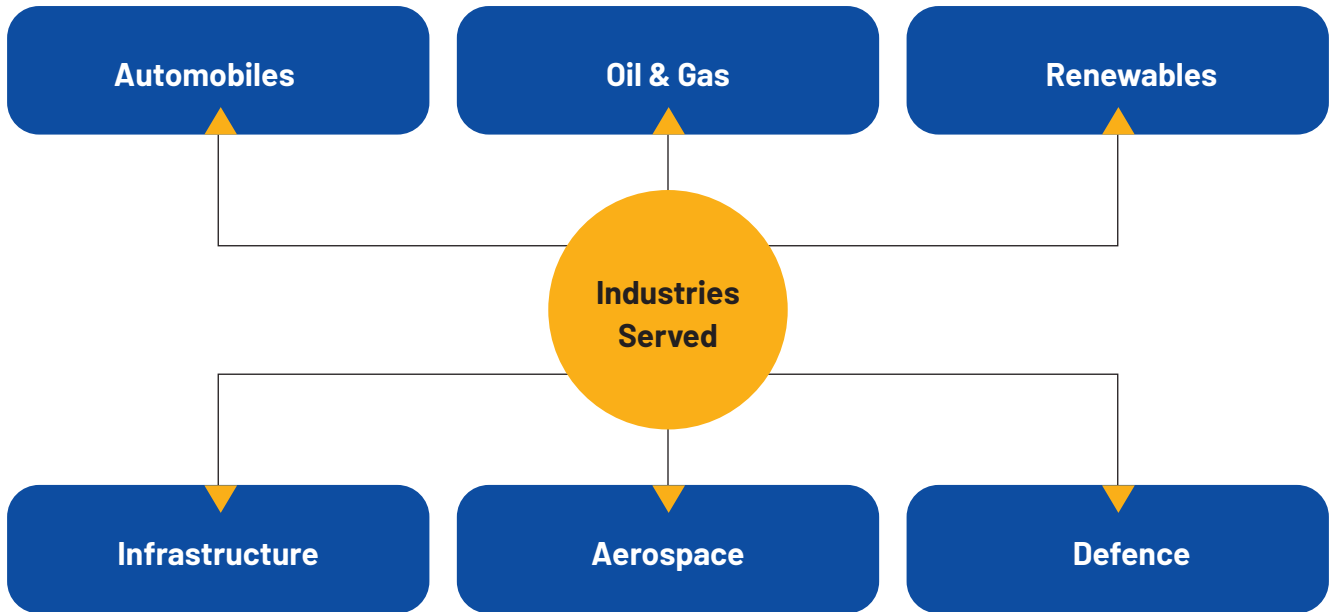
4000 +

Workforce



Different sectors catered & marquee clients

The company offers a versatile range of products and services tailored for multiple industries which includes Infrastructure, High Speed Railways, Aerospace, Defense, Automotive, Oil & Gas, and Renewables.



The company's prominent client base includes entities from the public sector, private sector OEMs, and various central and state government departments. With a successful track record spanning over three decades, the company has effectively catered to both domestic and international clients. It has solidified its presence in key export markets such as the United Kingdom, United States, South Africa, UAE, Germany, and France, delivering top-tier specialized engineered products. Serving renowned automotive giants like Ashok Leyland, Bajaj Auto, TVS, SML, Isuzu, ISGEC, ISRO, NTPC, BMW, Audi, and others, the company is dedicated to delivering industry-leading solutions globally.

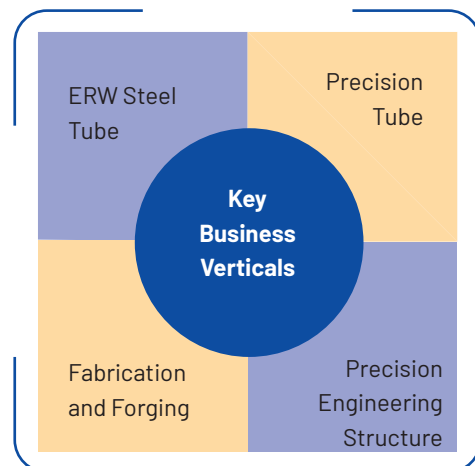
Accreditations

EN 9100:2018/AS 9100D certificate

IATF 16949: 2016 certificate

Production expertise

GIL operates six manufacturing facilities collectively capable of producing 4,12,000 MT per annum.. The company has expanded its infrastructure by making first bullet train infrastructure under the joint workshop of L& T, IHI Japan and Goodluck at Bhuj and have completed almost 40% of the project fabrication.



Engineering Structures and Precision Fabrication section: The company's Engineering Structures and Precision Fabrication division excels in designing and constructing station buildings, super-critical bridges for high-speed bullet trains, smart city structures, car ports, solar parks and architectural features like wire-drawn bridges. It is the primary supplier of critical components essential for several flagship projects of L&T in the domestic infrastructure sector. It has also secured orders to supply and fabricate heavy-duty structures for the steel industry, leveraging its proven expertise and track record.

Products offered: Railway, road, Bridges and Girders, Structures for Roads & Highways, Primary & Secondary Structures for Boilers & Turbine Generators, Girders for Steel & Concrete Girders Building Structures.

Forging unit: It serves essential components for a wide range of industries including oil & gas, automotive, general industrial equipment, marine, aerospace, and defense sectors. The company's specialization lies in manufacturing steel, duplex, carbon, alloy steel forgings, and flanges across over 100 grades. Moreover, the company is a trusted supplier to esteemed programs of DRDO, contributing materials to prestigious initiatives like BrahMos. The product mix of high-value businesses is set to grow, enhancing EBITDA per ton..

Products offered: Forged flanges, forged shafts, gear shanks, blind & tube sheets, gear rings, defense products etc.

Precision Pipes and Auto Tubes: GIL, the second-largest manufacturer of auto-grade precision steel tubes in India, currently operates at more than 90% of its current capacity. A new facility near its existing plant in Sikandrabad, with a capacity of 50 KTPA, is set to begin operations during the FY 2024-25. The company supplies tubes to key segments of the automotive industry including passenger cars, commercial vehicles, and two-wheelers. It is experiencing growing demand from automotive OEMs and holds a preferred Category-2 supplier status for international clients.

The company is forging ahead with new avenues of growth and key drivers. Its commitment to delivering consistent quality offerings to both domestic and international clients have garnered significant customer loyalty, evident in the rising number of repeat orders. The focus on high-margin products has not only bolstered profitability but has also positioned us as a vital contributor to export revenue streams.

Products offered: CDW tubes, ERW tubes, Engineering tubes and boiler tubes.

CR Coils, Pipes and Tubes: The company engages in the production and global export of engineering products, offering a diverse array of galvanized and cold-rolled sheets and coils, as well as galvanized and black steel tubes & hollow sections. Its clientele includes a mix of public sector and private sector OEMs, along with various central and state government entities at both national and international levels.

Products offered: Cold rolled coils & sheets, corrugated sheets, hollow sections, GI pipes.

Segment Wise Capacity

60,000 MTPA

Engineering Structures & Precision Fabrication

30,000 MTPA

Forging

1,16,000 MTPA

Precision Tubes & Auto Tubes

2,06,000 MTPA

CR Coils, Pipes & Hollow Sections

Key Operational Highlights of FY 2023-24

Incorporated a wholly-owned subsidiary, Goodluck Defense and Aerospace Pvt Ltd, to strengthen its presence in the defense sector exclusively.

In FY 2024, the company ventured in the construction of Station Buildings and Super Critical Bridges for High-Speed Bullet Train, and Smart City Structures related to the bullet train project

GIL's recent expansion into the construction equipment industry and the manufacturing of hydraulic tubes for the automotive sector signifies a strategic move towards diversification and growth within its business segments.

The company is working rigorously on renewable energy which will offset millions of KG of CO2 emission

Future Enablers for Growth

Value addition in high volume GI Pipe business

In the highly competitive GI Pipes sector, there is a notable absence of value-added offerings. GIL's strategic focus is on enhancing product value by transitioning certain GI lines to manufacture Tracker Tubes, a critical component for the Solar Energy sector. The company has made significant progress in garnering substantial interest in Tracker Tubes from prominent domestic and international clientele.

Capacity addition in high value-added product (VAP) segments

Precision Tubes: GIL stands as the second-largest manufacturer of auto-grade Precision Steel Tubes, boasting a current capacity of 116 KTPA. With a robust reception from both domestic and international auto OEMs, the Company is in the process of establishing an additional 50 KTPA capacity in the Precision Tubes segment. The projected Capex for this expansion is expected to be finalized by Q1-FY2025, thereby elevating the total capacity to 166 KTPA. As a supplier to esteemed global automotive OEMs, a substantial 60% of this volume is presently exported to overseas clients.

Forging: In the preceding fiscal year, the Company successfully integrated a fully automated metal press unit, elevating its single-piece press capacity to 14 tons. The addition of this unit, alongside the associated capital expenditure, will substantially enhance the Company's overall forging capacity, nearly tripling it to 30 KTPA from the previous 12 KTPA, thus facilitating increased volume growth. This strategic move has not only positioned the Company well for securing high-value export orders but has also garnered strong market interest. Leveraging the management's adept technical capabilities and track record in delivering crucial components, the Company is

actively exploring opportunities to venture into new realms of sub-sea forged components.

Driving Structures business

As a leading Category-1 supplier of vital components to esteemed domestic infrastructure firms, the Company regularly secures contracts for the supply and fabrication of these critical elements for key projects within the national infrastructure sector. The establishment of its new facility in Kutch, Gujarat significantly enhances GIL's capabilities in providing supply and fabrication services for specialized bridges along the National High-Speed Rail Track, contributing to the prestigious construction of India's inaugural bullet train linking Mumbai and Vapi, Gujarat, in collaboration with Larsen & Toubro, a renowned engineering conglomerate.

Drawing on its established reputation and expertise, the Company has secured contracts from various user industries and metro entities for the provision and fabrication of robust, heavy-duty structures. Leveraging its extensive track record, the Company anticipates further orders for upcoming bullet train and metro ventures across India in the near future.

Value addition in high-volume low-margin GI Pipe business

Capacity addition in high value-added product (VAP) segments

Financial Performance

In FY 2023-24, Goodluck India Limited had a total revenue of ₹ 3,535 crores, a significant increase from the previous year ₹ 3,085 Crores. The company experienced a 14.55% increase in sales volume. In the FY 2023-24 GIL achieved a sales volume of 3,83,795 tons as compared to 3,16,718 tons in previous FY 2022-23. The profits for the FY 2023-24 was Rs. 179 Crores as compared to that of the previous year amounting to ₹ 120 Crores marking a significant increase of 49.1%. EBITDA for this year was ₹ 292 Crores as against previous year of ₹ 218 Crores marking an increase of 34.2%.

It had a successful year with good progress in profitability, profits, and other parameters. It focused on export business, with 85% of exports to developed markets in Europe, America, and Australia. The company is able to increase top line by 15-20% by better utilization of assets without any additional capacity additions. Furthermore, it has successfully completed a QIP of ₹ 200 crores to meet working capital requirements.

Key Ratios

Key Ratios	FY 2023-24	FY 2022-23
EBITDA Margin (%)	8.40	7.20
PAT Margin (%)	3.75	2.85
Debt Equity Ratio	0.60	0.97
Inventory Turnover Ratio	5.48	5.67
Debtors Turnover Ratio	9.93	9.62
Interest Coverage Ratio	3.77	3.33
Current Ratio	1.73	1.42
Operating Profit Ratio	8.11	6.71

The company's return on Net Worth for the financial year is 15.93% slightly lower in comparison of previous year's return on net worth which was 16.02%. The explanation of significant changes in ratio in comparison to previous financial year is mentioned in the financial part of the annual report.

Future Outlook

Goodluck India Limited is paving the way for a promising future with its strategic vision and innovative approach. As the company expands its reach into new markets and ventures, it remains committed to putting customers at the forefront of its operations. With a growing market share in renewable energy and investments in subsidiaries like Goodluck Defence and Aerospace Limited, The Company is poised for continued success. The recent financial performance highlights this trajectory, with a significant rise in Profit After Tax for FY 2023-24. As Goodluck India Limited charts its course for the future, it stands as a beacon of growth and prosperity in the industry.

The organization is strategically positioned to capitalize on its fundamental strengths in providing top-tier products to the defense & aerospace, automotive, oil & gas, and renewable energy sectors, addressing the vigorous domestic demand while also venturing further into international markets.

Further, to broaden its range of offerings and the company has ventured into aligned sectors, such as producing metal crash beams for road safety, leveraging strategic technical

and marketing collaborations with a renowned European company.

The technology committee plays a key role in capturing AI and Digital Transformation ideas within its initiatives. It is looking to enter the construction industry machines sector and continuously enhance production facilities with a focus on Research & development. The company aims to actively invest in facilities and R&D, develop technologies and update and enhance production facilities to meet their goals.

Risk Management Framework

The company's Risk Management Framework is a structured approach to identify, assess, prioritize and mitigate risks that could potentially impact on its business operations. It has established various policies and procedures and control to monitor and manage risks effectively ensuring resilience and sustainable performance.

The key risk and mitigation strategies are:

Raw Material Risk

The escalating prices of crucial raw materials, particularly steel, are influenced by factors such as inflation, geopolitical tensions, and disruptions in the supply chain. Inability to secure these raw materials at competitive prices could potentially affect the company's operations and profitability.

To mitigate this, it focuses on optimizing the utilization of a specific raw material. Its contracts are structured with formula-based mechanisms that allow us to adjust for fluctuations in steel prices, effectively safeguarding its operations against volatility in raw material costs.

Policy Risk

The Indian government's emphasis and investments in infrastructure projects significantly benefit the company's business. However, a potential reduction in the government's infrastructure targets and budget over the long term could adversely affect the market and the company's profitability.

To mitigate this risk, the company is enhancing its market presence with the introduction of new products. This strategy aims to minimize the impact of any market downturn that may arise.

Supply Chain Disruptions

The global geopolitical crises have led to significant disruptions in the global supply chain network and a notable rise in freight costs, posing potential challenges to the Company's profitability.

To address this, the Company is actively exploring strategic sourcing and supply alternatives. Additionally, efforts are underway to improve supply chain transparency through enhanced international coordination and collaboration.

Economic Risk

The Company faces potential challenges from a global economic slowdown and geopolitical tensions, which could reduce demand and impact its export operations, particularly in Europe and Russia.

To mitigate these risks, the Company maintains a presence in more than 100 countries and is actively expanding into new market destinations. It conducts thorough market research to assess geographical risks and opportunities, ensuring minimal risk exposure. Furthermore, the domestic market remains a significant source of business opportunities, providing additional stability.

Technology Risk

Continuous equipment and technology upgrades are essential to improve efficiency and meet evolving global market demands. Failing to adopt the latest sustainable technologies could result in lost business opportunities. Moreover, ongoing investments in advanced technologies and equipment present growth challenges for the Company.

To address these challenges, it prioritizes technology integration and maintain a consistent investment strategy in upgrading its equipment. This approach enhances the productivity and competitiveness, ensuring the company to meet its current market requirements effectively.

Human Resource Risk

A skilled and stable workforce is crucial for sustaining the Company's growth in a labor-intensive sector. Challenges such as shortages in skilled labor, high attrition rates, or mismatches in required skills can disrupt operations, productivity, and growth prospects.

To mitigate these risks, the Company implements various initiatives aimed at attracting and retaining talented employees while enhancing employee engagement. Its people-centric policies foster a culture of meritocracy at all levels. Additionally, it prioritizes capability development and capacity augmentation activities to ensure it has the right skills in adequate numbers to support its operations effectively.

Human Resources

The company recognizes its employees as the most valuable asset, essential for its growth and ongoing success. It is dedicated in continually improving the knowledge, skills, and capabilities of its workforce. The company actively promotes the acquisition of new talent and reward outstanding employee performance. Moreover, it has fostered an empowered, collaborative, harmonious, and transparent work environment that upholds values of meritocracy and encourages innovation.

The Company's commitment to continuous improvement includes enhancing employee skills through progressive policies and ongoing investments. It conducts regular training programs covering technical skills, safety protocols, behavioral competencies, leadership development, and adherence to values and codes of conduct. Throughout the year, it has implemented initiatives aimed at boosting employee capabilities, productivity, and fostering collaborative teamwork. Additionally, external specialists lead workshops focused on staff safety to raise awareness of potential hazards among its workforce. It prioritizes the health, safety, and security of its employees, supported by various engagement initiatives aimed at increasing employee satisfaction and motivation.

The company had introduced and enhanced numerous employee-centric policies and initiatives to meet the evolving needs and challenges of its workforce effectively. It prioritizes recognizing and rewarding employees for their contributions and longstanding dedication. Additionally, the company is also implementing a Performance Linked Incentive Scheme specifically for employees directly involved in production.

Moreover, it provides platforms for employees to share their ideas and provide feedback, which contributes to its ongoing efforts to enhance productivity and operational effectiveness.

Corporate Social Responsibility

At Goodluck India Limited, Corporate Social Responsibility is integral to its operational philosophy. The company

is dedicated in fostering sustainable development by actively engaging in community upliftment, environmental stewardship, and employee welfare. Its initiatives span diverse areas, including education, healthcare, and skill development, aimed at empowering local communities and promoting social inclusivity. Environmental sustainability is a priority, driving us to adopt eco-friendly practices and support conservation efforts. It prioritizes the health, safety, and well-being of its employees through rigorous safety standards and continuous skill enhancement programs. Upholding ethical standards and fostering transparent governance practices are fundamental to its approach.

Internal Control Systems

Goodluck India Limited maintains a robust internal control system to ensure the reliability of financial information through the timely and accurate recording of all financial, commercial, and operational transactions. This system also safeguards assets from unauthorized use or disposition and ensures strict adherence to applicable regulations. GIL prioritizes the effectiveness of its internal audit system, which involves regular monitoring and review of all operations and services. Moreover, the Company's Audit Committee conducts periodic reviews to assess the adequacy and effectiveness of these internal controls, reporting key findings to the Board for necessary corrective actions.

Cautionary Statement

Statements in the Management Discussion and Analysis describing the Company's objectives, projections, estimates, and expectations may be forward looking statement within the meaning of applicable laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include economic conditions affecting demand/supply and price conditions in the market in which the Company operates, changes in Government regulations, tax laws, other statutes and other incidental factors.