Outlook

Tata Steel is geared to meet market requirements through a strategy that aims to mitigate possible challenges, while making the most of every opportunity.

India

Economic growth has been subdued in Financial Year 2012-13 against the backdrop of the global slowdown, high interest rates impacting consumption and slowing down of fixed asset investments.

The slowdown in the Indian economy has not altered the belief in the long-term potential of the economy. Decisive policy actions on issues such as curbing wasteful subsidies, attracting foreign direct investment to reduce the current account deficit and an increase in infrastructure spending are expected to restore business confidence and lead to stronger growth. However, continual lack of action on the policy front in a pre-election year may act as a deterrent to realise the full potential of the economy.

Flat steel demand is expected to remain challenging due to slow growth in the automotive and other consuming industries. Long steel demand is expected to be slightly better off, driven by a steady construction sector outlook.

Europe

The macro-economic outlook in Europe remains challenging. Fears have receded of an imminent collapse of the eurozone economies, but they are not widely expected to grow this year. Growth is only expected to return in the second half of the year.

The eurozone GDP outlook is matched by forecast steel demand in Europe. The World Steel Association predicts EU demand will drop by a further 0.5% in 2013, following the 9.3% drop in 2012. However, the WSA forecasts suggest a return to relatively robust growth of 3.3% in 2014.

Taking into account the current demand supply conditions in the European steel industry, the Company has focused its strategy in Europe on its customers and, in particular, on providing them with an expanded portfolio of premium products and services.

South East Asia

South East Asia (SEA) remains an attractive market for steel consumption as demand growth in the region has been resilient in recent times. Steel demand in SEA has grown by 10 mtpa in the last 5 years, driven primarily by the construction sector, and is expected to continue growing with a strong line-up of infrastructure projects.

However, macro-economic factors and regulatory changes in the region remain a key business risk, with China likely to remain the largest steel exporter to SEA.

In Singapore, the downstream reinforcement solutions operations of the Company will target a third consecutive year of ~15% y-o-y growth in sales of value added products. In Thailand, the Company plans to strengthen its leadership position as a player in the construction space with a steady increase in the growing automotive segment.