Date of Report: April 01, 2007

News at a glance

Post Budget Steel Fluctuations: The post budget steel fluctuations attributed to the government's coercive measure to contain the inflations. The import duties were lowered to reduce the price of steel goods at consumer ends. Custom duty on seconds and defectives were lowered to half, however the main steel producers raised steel prices up to Rs.1500/tonne on different flat and long products. But, again under the pressure and various measures adopted by the government to reduce prices, the steel majors rolled back the decision to reduce hiked prices of steel to certain level.
The market has thereafter witnessed an upward trend in prices with increase in demand.

Hindustan Zinc Ltd. has cut Zinc prices by Rs.4800/tonne or 4.8% in the beginning of the month and again by Rs.3300/tonne or 2% in the third week of the month in order to bridge the gap between domestic and international zinc prices. The company further cut prices by 2.6% to Rs.1,60,400/tonne towards the end of the month.

MMTC to tender 30,000 tonnes of pig iron: India's state-owned Minerals & Metals Trading Corp is planning to issue a new tender offering 30,000 tonnes of pig iron for export after having sold its previous lot at $357.87 per tonne fob for shipment before April 15.Though domestic demand is good, but better prices are obtained in export markets as they are rising all the time.

Copper poised for gains as sentiment remains bullish: Falling inventories at LME and strong demand from China has kept Copper prices hovering at around $6850/tonne.

Nickel Prices showed a downward trend at LME after touching the 50,000$/t level: Increase in LME Nickel stocks pressured nickel prices off their recent record high and the month ended at 45,400$/t mark.
Tin also remained bullish at LME above 14,000$/t level due to supply concerns in Indonesia, which is one of the world's largest tin producers.

CRU Index Behaviour (Source: www.cruspi.com)

Index	Jan'07	% Change(Y-Y)	Feb'07	% Change(Y-Y)	Mar'07	% Change(Y-Y)
Global	149.14	14.40	155.23	17.50	160.65	16.20
North America	141.55	-1.60	142.47	-0.90	148.39	2.20
Europe	165.97	18.70	168.05	18.40	172.45	16.50
Asia Steel	144.29	23.10	155.63	29.90	161.35	25.30
Longs	152.97	16.60	161.5	21.60	169.23	22.60
Flats	147.23	13.30	152.11	15.40	156.4	13.10
Metallics	206.62	27.00	223.06	28.50	244.6	33.20

Recovery in Global Steel prices continue with impact seen on **global CRU Index** which has been on a higher note.

Long product prices have continued to rise in the month of March across all the regions. Overall; there has been a rise in **CRUspi Longs** index.

Steel sheet prices have continued their recovery. While last month's increase in the CRUspi for sheet products was entirely driven by developments in Asian import markets, this month's rise is more broadly based and reflects increases in each of the three main regions. The **CRUspi Flats** index has been on a higher note.

There has been record increase in scrap prices in all the regions. Booming demand and tight supply sent Asian scrap prices soaring, stronger local and export demand lifted EU scrap prices, US market also showed a strong rise. The impact was distinctly seen on **CRUspi Metallics** index which had 9.70% rise on a month to month basis.

(DIPANKAR CHAKRABARTI)
Senior General Manager - Technology & Steel Operations

STEEL INDUSTRY MARKET SCENARIO

FLAT & LONG PRODUCT

Domestic Scenario:

Steel producers increase prices with rising demand; however pressure from Government forces them to rollback prices: Steel companies rolled back the prices announced on March 1 and the rollback has been 100 percent for products like TMT bars and corrugated galvanized products and 50 percent for hot rolled coil.

Resistance from Indian buyers for higher import prices: Indian hot rolled coil prices are not rising in line with international prices due to resistance from Indian users. Indian buyers are unwilling to pay more than $600/t cfr for re-rolling grade 2mm base HRC, but prices from imported sources are above this level. Chinese origin re-rolling HRC is being offered at around $620/t cfr for 2.3mm up. Southeast Asian mills are generally asking an export price of around $580/t fob, while certain Thai mills have recently raised their target export prices to $600/t fob. Freight from SE Asia to India is currently around $40/t.

Gains in Steel Market

	2005-06	2006-07	2007-08*
Domestic supply (mt)	40.5	44.4	50
Domestic demand (mt)	34.6	39.2	45
Imports (mt)	2.1	3.9	4
Exports (mt)	4.4	4.5	5
Average domestic prices (HRC) ($/tn)	560	530	all-time high
Average international prices (HRC) ($/tn)	535	550	all-time high

** Projection Source: Joint Plant Committee & estimates*

Price trend of prime steel (Flat) in Mandi Govindgarh market:

	Plate(5-10 mm)	HR Coil	HR Sheet	CR Coil	CR Sheet	GP Coil	GP Sheet
Feb'07 Week 1	30,900	30,500	30,700	35,700	35,700	37,700	37,700
Feb'07 Week 2	30,900	30,500	30,700	35,700	35,700	37,700	37,700
Feb'07 Week 3	30,900	30,500	30,700	35,700	35,700	37,700	37,700
Feb'07 Week 4	30,900	30,500	30,700	35,700	35,700	37,700	37,700
Mar'07 Week 1	31,500	31,200	31,300	36,300	36,300	38,200	38,200
Mar'07 Week 2	31,500	31,200	31,300	36,300	36,300	38,200	38,200

Mar'07 Week 3	31,500	31,200	31,000	35,900	35,900	37,900	37,900
Mar'07 Week 4	31,500	31,200	31,000	35,900	35,900	37,900	37,900

Price trend of prime steel (Long) in Mandi Govindgarh market:

	MS Billets(100*100 mm)	Concast Billets(100*100 mm)	MS Rounds (22/25 mm)	MS Squares (22/25 mm)	MS Angles(25*6mm)	MS Channel (75*40mm)	MS Channel (125*65 mm)
Feb'07 Week 1	24,300	24,600	25,800	25,800	26,000	26,100	26,800
Feb'07 Week 2	24,000	24,100	25,800	25,800	25,700	26,200	26,900
Feb'07 Week 3	24,100	24,200	26,200	25,900	25,800	26,500	27,000
Feb'07 Week 4	24,300	24,400	26,500	26,200	26,200	26,700	27,200
Mar'07 Week 1	24,800	24,900	26,700	26,400	26,200	26,900	27,200
Mar'07 Week 2	25,100	25,400	26,800	26,300	26,400	26,900	27,400
Mar'07 Week 3	25,600	25,700	27,000	26,300	26,500	27,000	27,500
Mar'07 Week 4	25,600	25,700	27,100	26,500	26,800	27,100	27,700

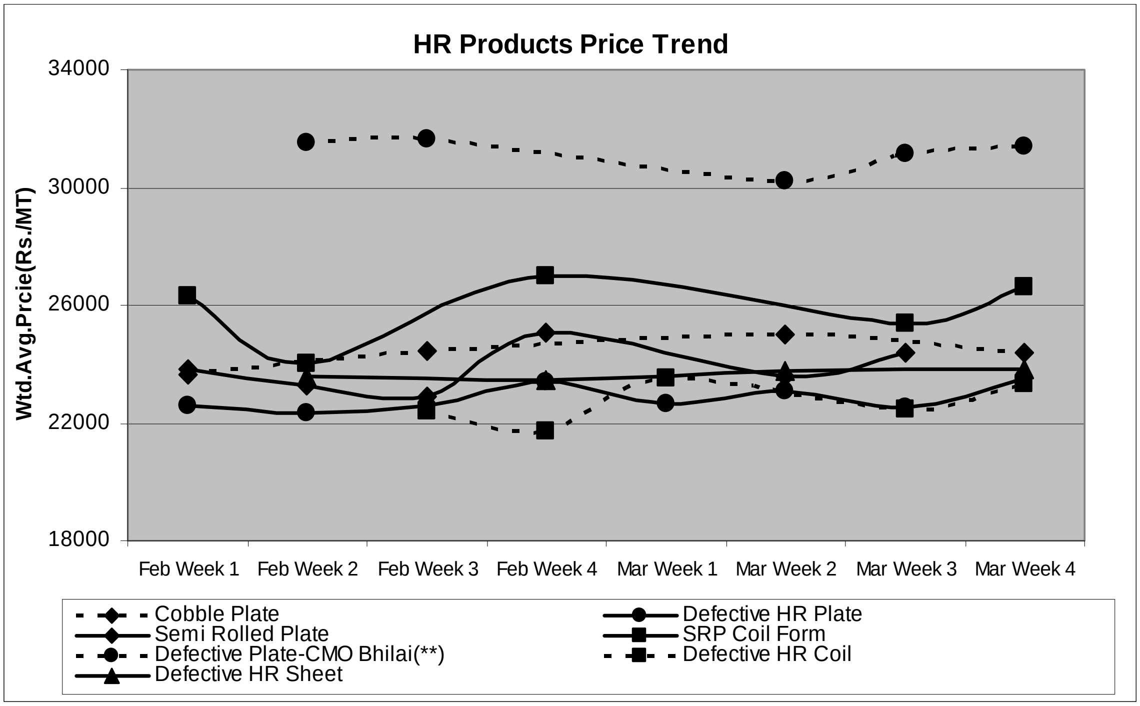
Note: Flat & Long Price (Rs. /MT, incl.excise duty, retail price)

Price Movement

	Review	**Outlook**
Items	Mar'07 over Feb'07	Apr'07 over Mar'07
HR Coils	↑	↑
CR Coils	↑	↑
GP/GC Coils	↑	↑
Long Products	↑	↑

<u>Price Trend as observed in the Auctions held at Metal Junction for Flat Products:</u>

Following graphs show the price trend observed in the auction services of www.metaljunction.com for the month of February & March 2007 for different HR and CR products.



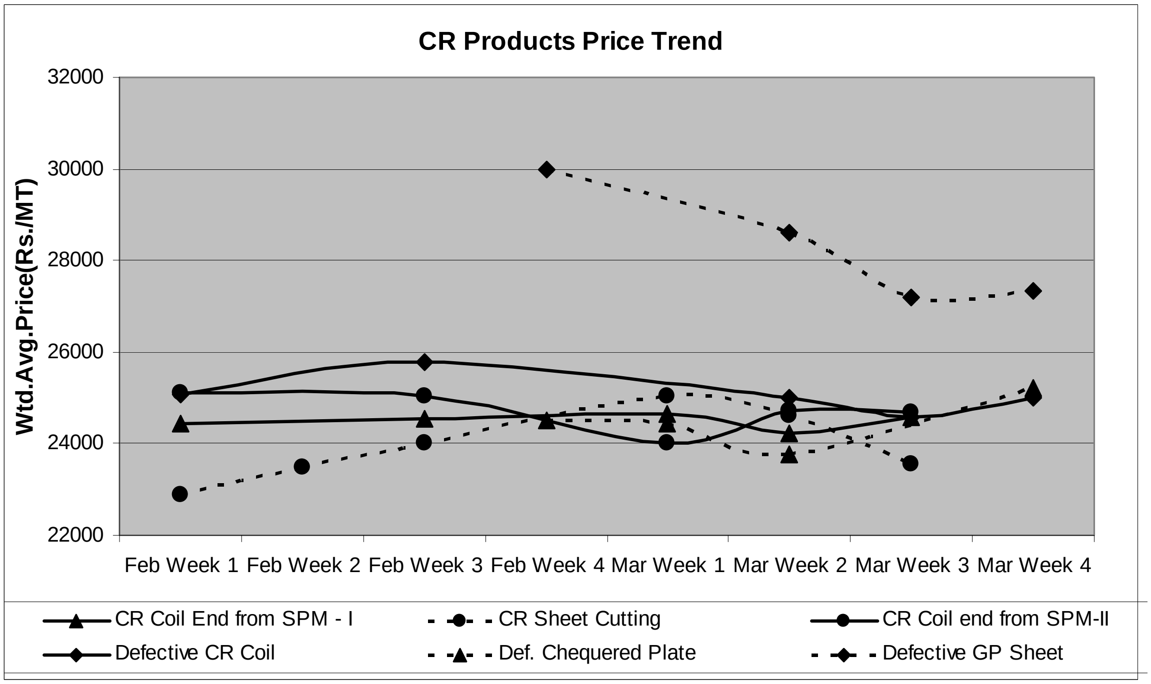
Note: Price is basic, ** implies price incl.excise duty

Attached below is the data table:

Week	Cobble Plate	Def.HR Plate	Semi Rolled Plate	SRP Coil Form	Def Plate-CMO Bhilai	Def HR Coil	Def HR Sheet
Feb'07 Wk 1	23630	22560	23809	26300	NA	NA	NA
Feb'07 Wk 2	NA	22363	23298	24029	31516	NA	23608
Feb'07 Wk 3	24455	22560	22913	NA	31622	22400	NA
Feb'07 Wk 4	NA	23383	25080	27004	NA	21740	23475
Mar'07 Wk 1	NA	22682	NA	NA	NA	23515	NA
Mar'07 Wk 2	24995	23100	23557	NA	30193	NA	23756
Mar'07 Wk 3	NA	22529	24394	25350	31123	22482	NA
Mar'07 Wk 4	24366	23538	NA	26594	31418	23317	23823

Summary of price and % change (m-m & y-y basis):

Products	Feb'07 Price (Avg.)	Mar'07 Price (Avg.)	% change(Mar'07 over Feb'07)	% change(Mar'07 over Mar'06)
Cobble Plate	24043	24681	2.65	22.47
Def HR Plate	22716	22962	1.08	22.27
Semi Rolled Plate	23775	23976	0.84	12.09
SRP Coil Form	25777	25972	0.75	25.79
Def HR Coil	19005	23105	4.69	15.35
Def HR Sheet	23542	23790	1.05	NA



Price is basic

Attached below is the data table:

Week	CR Coil End From SPM-I	CR Sheet Cutting	C R Coil End From SPM-II	Def CR Coil	Def Chequered Plate	Def GP Sheet
Feb'07 Wk 1	24439	22900	25098	25082	NA	NA
Feb'07 Wk 2	NA	23500	NA	NA	NA	NA
Feb'07 Wk 3	24557	24000	25050	25776	NA	NA
Feb'07 Wk 4	NA	NA	NA	NA	24500	29982
Mar'07 Wk 1	24659	25050	24000	NA	24450	NA
Mar'07 Wk 2	24223	24600	24706	25000	23750	28625
Mar'07 Wk 3	24567	23550	24669	24564	NA	27192
Mar'07 Wk 4	NA	NA	NA	25001	25200	27350

Summary of price and % change (m-m & y-y basis):

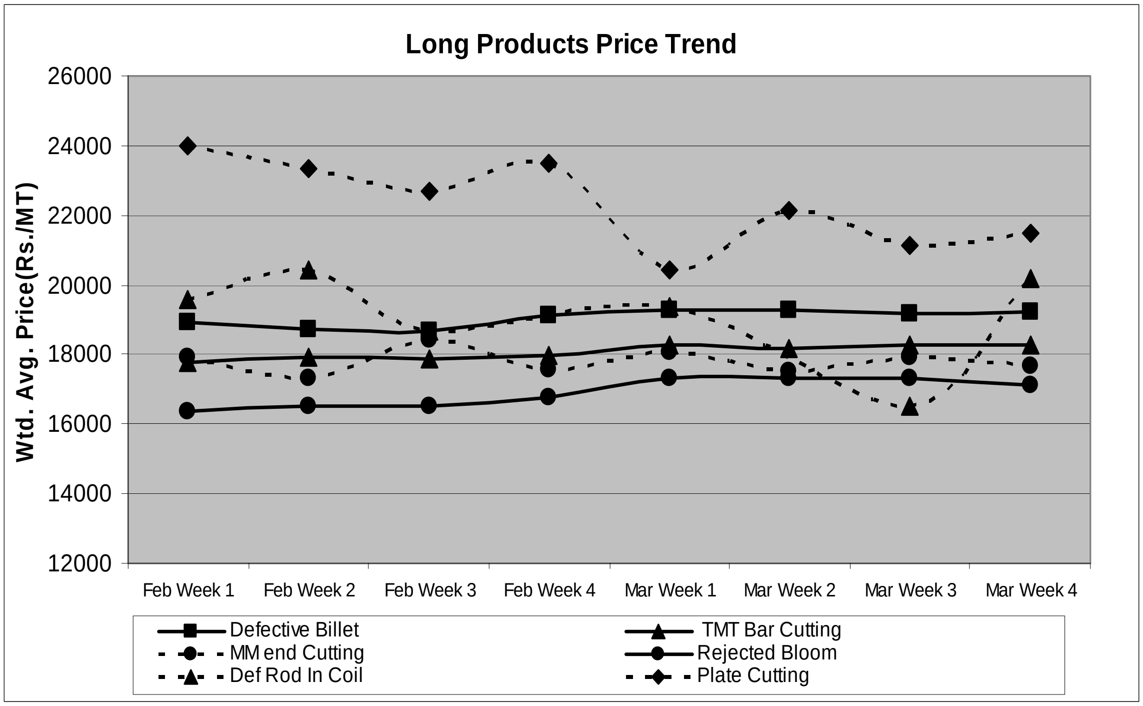
Products	Feb'07 Price(Avg.)	Mar'07 Price(Avg.)	% change(Mar '07 over Feb'07)	% change(Mar '07 over Mar'06)
CR Coil End from SPM-I	24498	24483	-0.06	35.55
CR Sheet Cutting	23467	24400	3.98	NA
CR Coil End from SPM-II	25074	24458	-2.46	46.25
Def CR Coil	25429	24855	-2.26	20.36
Def Chequered Plate	22575	24467	-0.14	25.58

Outlook: Post budget has seen a positive impact on domestic steel market. The auction platform also witnessed an improved price trend. The auction platform

has overall maintained a stable price trend since the beginning of this month and an improved price trend as compared to the earlier month.
With upward trend in raw material prices and demand remaining strong, the auction prices are expected to show an improved price trend in the coming month.

Price Trend as observed in the Auctions held at Metal Junction for Long Products:

Following graph shows the price trend observed in the auction services of Metal Junction for the month of February & March 2007 for different long products.



Price is basic

Attached below is the data table:

Week	**Def Billet**	**TMT Bar Cutting**	**MM End Cutting**	**Rej Bloom**	**Def Rod In Coil**	**Plate Cutting**
Feb'07 Wk 1	18900	17756	17929	16350	19600	24014
Feb'07 Wk 2	18742	17899	17322	16533	20407	23341
Feb'07 Wk 3	18683	17873	18403	16500	18650	22708
Feb'07 Wk 4	19113	17979	17546	16750	NA	23474
Mar'07 Wk 1	19264	18267	18092	17300	19362	20442
Mar'07 Wk 2	19271	18152	17495	17300	NA	22156
Mar'07 Wk 3	19200	18260	17899	17325	16500	21136
Mar'07 Wk 4	19210	18287	17646	17120	20200	21461

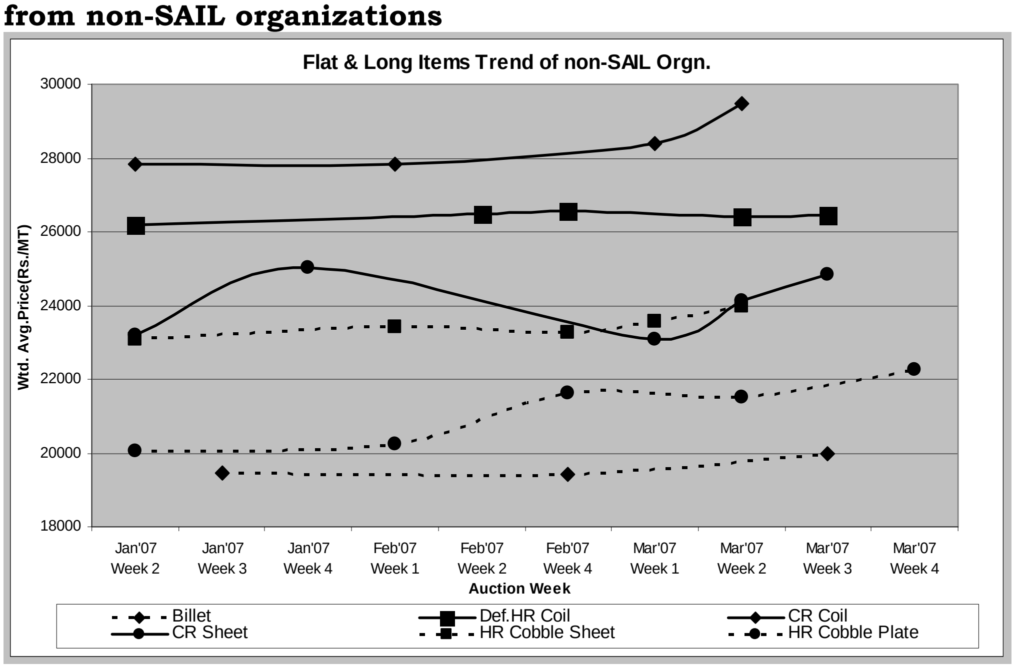
Summary of price and % change (m-m & y-y basis):

Products	Feb'07 Price(Avg.)	Mar'07 Price(Avg.)	% change(Mar'07 over Feb'07)	% change(Mar'07 over Mar'06)
Def Billet	18859	19236	2.00	15.84
TMT Bar Cutting	17877	18241	2.04	14.24
MM End Cutting	17800	17783	-0.10	15.87
Rejected Bloom	16533	17261	4.41	17.72

Outlook: Steel makers hiked prices by Rs 800-1,200/tonne w.e.f 1st March'07, post budget. The impact was felt in the auction platform where there was an improvement in price. However, with pressure from government, steelmakers rolled back the price hike both on flat and long in order to contain inflation. This saw its effect on Ingot prices which had a dip in the range of Rs.100-350/tonne.Prices started stabilizing in the second week of the month with Ingot showing an improved price trend across various places. Billet auctioned from Kolkata had 1.45% change on a week to week basis; Billet auctioned from Durgapur had 3.88% change on a week to week basis. TMT auctioned from Kolkata had 3.01% change on a week to week basis.

Prices further improved in the third and fourth week of the month. Melting scrap prices improved in the range of 4.9 to 5.5% over a month. Ingot price at Kolkata improved by around 10% over a month, Ingot price at Mandi and Ghaziabad improved by around 5% over a month, Ingot price at Raipur improved by around 3% over a month. The auction platform has overall maintained a firm price trend. Prices are expected to improve further correlated to increase in demand especially from construction segment and also an upward trend seen in raw material prices.

The graph below indicates the price trend of Flat & Long items auctioned from non-SAIL organizations



Price is basic

Ingot Price (8 weeks trend)

	Kolkata	Mandi	Ghaziabad	Raipur	Mumbai
Feb'07 Week 1	16752	20336	19691	18330	20275
Feb'07 Week 2	16729	20274	19687	18348	20300
Feb'07 Week 3	16726	20496	19976	18685	20477
Feb'07 Week 4	16976	20468	19898	18748	20690
Mar'07 Week 1	17222	20776	20172	18985	20836
Mar'07 Week 2	17283	20596	20005	18910	20850
Mar'07 Week 3	17894	20864	20314	18980	20736
Mar'07 Week 4	18241	21205	20922	19172	20825

Price: (Rs. /t, basic)

International Scenario

Price increase among rising demand and scrap costs for long products. Flat products price increase in Europe and North America which has been supported by reduced import pressures.

Asia: HRC and CRC market sentiment has remained strong in South East Asian market.
China: Domestic billet market has firmed up since the end of Chinese New Year and prices have remained stable. Export prices have soared to about $470/tonne FOB with supply remaining tight. Domestic merchant bar prices have remained stable.
Chinese CRC export prices have moved up sharply by almost $60/tonne and offers have been prevailing at $630-650/tonne fob Europe and SE Asia. Steep increase in HRC export prices (prevailing at $540-550/tonne fob) and active market has led to a rise in CRC export prices. The domestic market has seen a drop in HRC prices since the beginning of the month as compared to export market. This is mainly due to the negative sentiment prevailing for the time being which is soon expected to recover by the beginning of next month when local prices will again move up.
Domestic plate prices have overall remained stable.

Europe: Prices have strengthened in European market. Hot-dipped galvanized coil prices have strengthened in the month of March. Rebar and Wire Rod prices have also shown a continuous rise with activity remaining strong in the market.

US: The market has seen an upward momentum in the entire month. HR and CR coil prices have been increasing and have remained firm. The longs market has also seen a favourable movement. Wire Rod prices continued an upward trend with demand remaining steady.
Plate prices increased in Brazil by 5% as demand strengthens: Plate for pipe making is in strong demand for the oil and gas sectors, plate are currently selling for US$860-870/tonne to domestic buyers. At the end of last year, the prices were US$800-850/t.

CIS: Rebar export prices have strengthened by around $60/tonne as compared to last month. Prices have been prevailing at $550-560/tonne fob Black Sea.

Wire Rod export prices have also increased by $50/tonne.From around $480-485/tonne fob Black Sea in the beginning of the month, prices moved in the region of $530-560/tonne fob Black Sea at the end of the month. Slab prices have increased by at least $50/tonne with shortage of material existing in the market.

The table gives an overview of price movement in flat & long steel sector in China (Domestic) CIS (Export) US (Import) & EU (Domestic):

Item Description	% Change over a week(Mar'07 Week 4 over Mar'07 Week 3)	% Change over a month(Mar'07 over Feb'07)	% Change in the last 6 months
Chinese Domestic HR Coil (2mm and up) Eastern China Yuan/t	0.00	-1.18	2.94
Chinese Domestic HR Coil (2mm and up) Southern China Yuan/t	-1.61	-1.61	3.88
Chinese Domestic CR Coil (0.5-2mm) Eastern China Yuan/t	-12.56	-13.92	-6.60
Chinese Domestic CR Coil (0.5-2mm) Southern China Yuan/t	-2.00	-3.54	6.52
Chinese Domestic Wire rod (mesh quality) Eastern China Yuan/t	0.00	0.00	2.21
Chinese Domestic Wire rod (mesh quality) Southern China Yuan/t	0.00	-0.31	1.27
CIS Export Rebar Black Sea/Baltic Sea $/t	0.00	16.00	23.41
CIS Export Billet Black Sea/Baltic Sea $/t	0.00	9.09	30.12
United States Import CR coil $ per short ton	0.00	11.11	6.06
United States Import HR coil $ per short ton	0.00	16.98	12.73
EU Domestic Hot rolled coil Euros per tonne	0.00	0.00	0.47
EU Domestic Cold rolled coil Euro per tonne	0.00	0.00	0.47
EU Domestic Hot-dip galvanized coil Euro per tonne	0.00	0.00	0.47

Note: 1 RMB=0.13US$

OUTLOOK:

Global: Prices have risen for steel sheet and long products in Europe and North America and are expected to continue to rise over the second quarter, although lethargic demand and high inventories will limit price rises in North American sheet products.
The long products market in US is expected to remain strong with rising scrap prices and construction season in progress.
An excellent European market for flat products and continued strength of global construction market is expected to keep second quarter prices on an upward note.
The Chinese market is also expected to witness strong demand for long products and flat products with Chinese industrial production and construction demand remaining good. The Asian market is expected to witness price improvement in the next few months.

India: Steel prices have recovered in the past one year after experiencing a drop in January/February 2006. This was in line with global trends, and volumes and capacity utilization levels continue to be strong. Steel prices are expected to improve further in the domestic market in alignment with international prices and import prices which are higher than domestic prices by Rs.2500-3000/tonne.High demand for steel across the country for construction, general shortage of semi-finished steel products in the market coupled with tight supply in the international market is further expected to improve domestic steel prices.

Data Sources:
1) www.ncdex.com
2) Steel Trade Intelligence
3) Metal Bulletin
4) Steel Business Briefing
5) MEPS
6) Steel Town Weekly (Mandi Govindgarh)

(DIPANKAR CHAKRABARTI)
Senior General Manager - Technology & Steel Operations

STEEL INDUSTRY MARKET SCENARIO

SCRAP

Domestic Scenario

Imposition of Rs.300/tonne export duty on iron-ore, announced in the Budget (2007-08): This has spelled doom for the export industry as Chinese companies have stopped imports from India after the announcement. The exports are set to fall 32.3% in March as compared to earlier year. About 80% of the iron ore exports from India comprise of fines while the rest are of lumps.
This has in fact led a happy note for the domestic steel producers for whom iron ore is a key raw material and few days earlier also this was the main bone of contention for them as iron ore exports had reduced domestic availability, thereby putting pressure on prices. The long-term iron ore prices had seen an increase of 71 per cent in 2005-06, 19.5 per cent in 2006-07 and 9.5 per cent in 2007-08.

Indian Iron-Ore Prices Landed at China

	Jan'07	Feb'07	Mar'07 Wk 1	Mar'07 Wk 2	Mar'07 Wk 3	Mar'07 Wk 4
Indian 63% Fe $/t CFR China	80-83	83-85	83-85	83-85	83-85	93-95

Pig Iron: Pig Iron prices have remained firm in the month of March.

Pig Iron price Trend of Various Steelmakers

Unit	Feb'07 Week 4	Mar'07 Week 4
RINL (Si= 0.75% max)	14,500	14,800
KISCL (Si 1.25-1.74%)	15,250(Gujarat region)	15,250(Gujarat region)
	15,800(Coimbatore region)	15,750(Coimbatore region)
RSP (Si 0.8+/-0.2%)	14,500	14,350
BSL (Si max 1%)	14,650	15,200
Tata Metaliks Ltd.Redi (Si 0.75-1.25%)	15,500-15,750	15,300-15,600

Price in Rs./tonne is basic

Sponge iron prices showed a firm price trend throughout the month of March and there was improvement in price by around 0.8% on a month to month basis. With demand coming up, further new capacities are coming on stream in sponge iron sector.

Melting Scrap prices remained firm in the month of March with an increase in the range of 4.9 to 5.5% on a month to month basis.

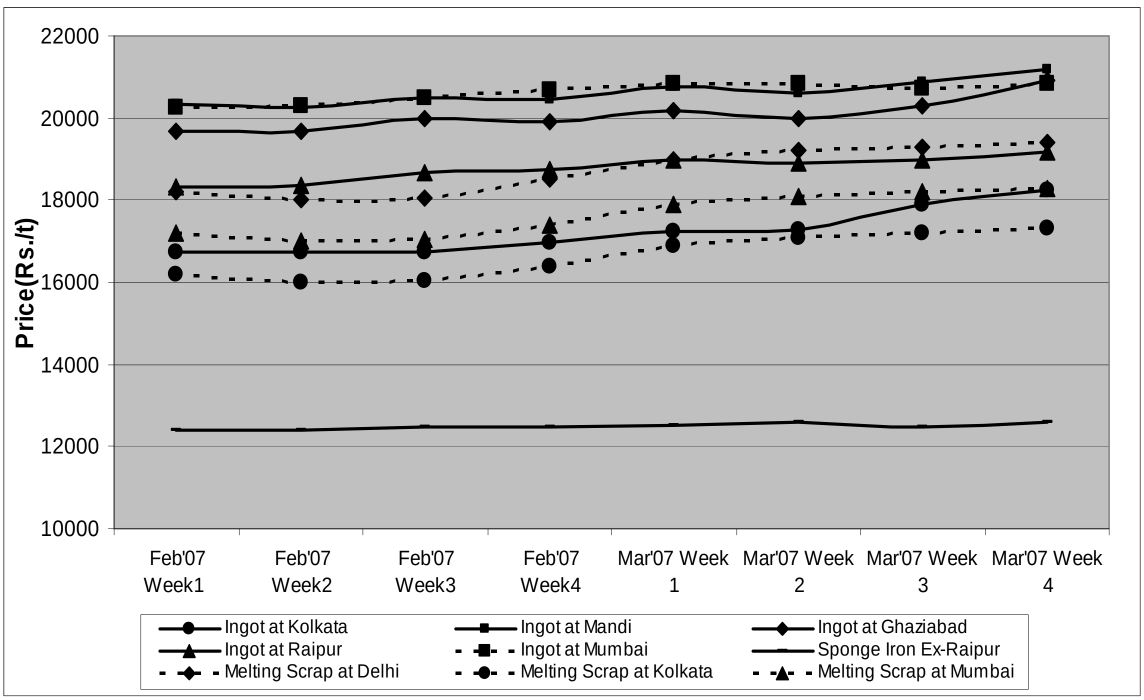
Melting Scrap Price (Rs. /t, Incl.Excise & Sales, Landed)

Place	**Delhi**	**Kolkata**	**Mumbai**
Feb'07 Week 1	18,200	16,200	17,200
Feb'07 Week 2	18,000	16,000	17,000
Feb'07 Week 3	18,050	16,050	17,050
Feb'07 Week 4	18,500	16,400	17,400
Mar'07 Week 1	19,000	16,900	17,900
Mar'07 Week 2	19,200	17,100	18,100
Mar'07 Week 3	19,300	17,200	18,200
Mar'07 Week 4	19,400	17,300	18,300

Price Movement

	Review	**Outlook**
Scrap	March 2007 over Feb 2007	April 2007 over March 2007
Pig Iron	↑	↑
Sponge Iron	↑	↑
Melting Scrap	↑	↑

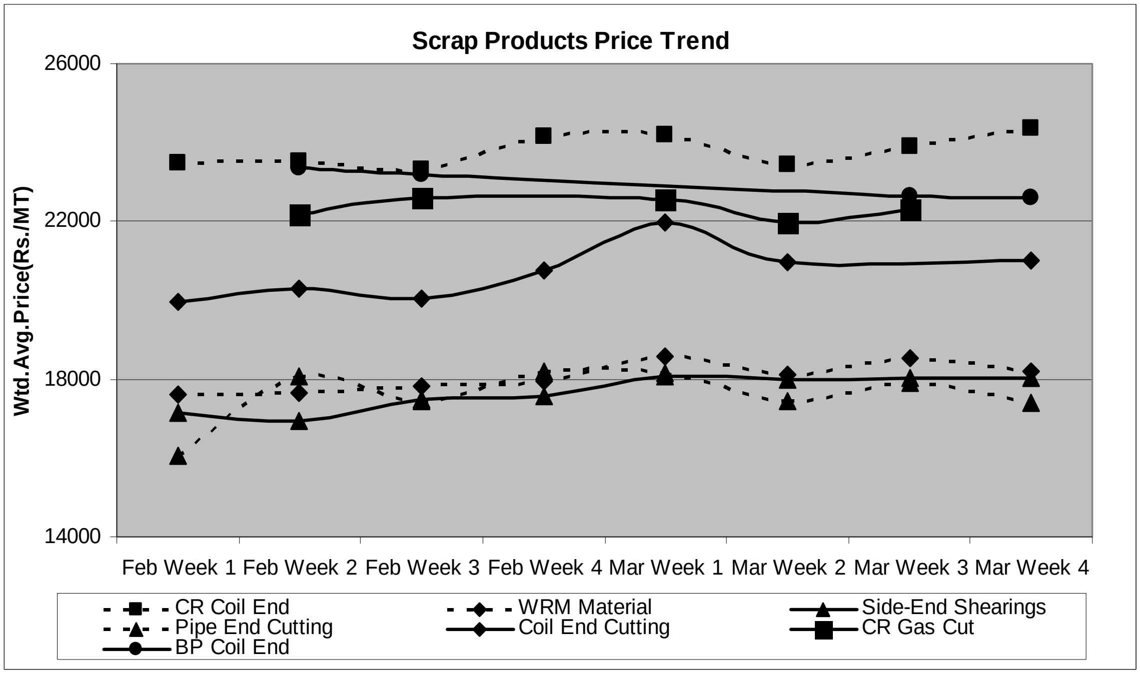
A comparative price trend of Ingot, Sponge Iron and Melting Scrap: A firm trend is noted throughout the month of February and March.



Ingot & Sponge Iron is basic; Melting Scrap price is including excise duty & sales tax. Price (Rs./t)

Price Trend as observed in the Auctions held at www.metaljunction.com:

Following graph shows the price trend observed in the auction services of Metal Junction for the month of February and March 2007 for different scrap products.



Price is basic

Attached below is the data table:

Week	**CR Coil End**	**WRM Material**	**Side-End Shearing**	**Pipe End Cutting**	**Coil End Cutting**	**CR Gas Cut**	**BP Coil End**
Feb'07 Wk 1	23500	17592	17155	16050	19961	NA	NA
Feb'07 Wk 2	23522	17661	16920	18050	20306	22200	23350
Feb'07 Wk 3	23311	17824	17482	17426	20030	22600	23200
Feb'07 Wk 4	24153	17933	17550	18210	20750	NA	NA
Mar'07 Wk 1	24176	18567	18088	18169	21989	22550	NA
Mar'07 Wk 2	23426	18101	18000	17420	20966	21964	NA
Mar'07 Wk 3	23896	18550	18038	17885	NA	22300	22650
Mar'07 Wk 4	24357	18201	18013	17414	20997	NA	22600

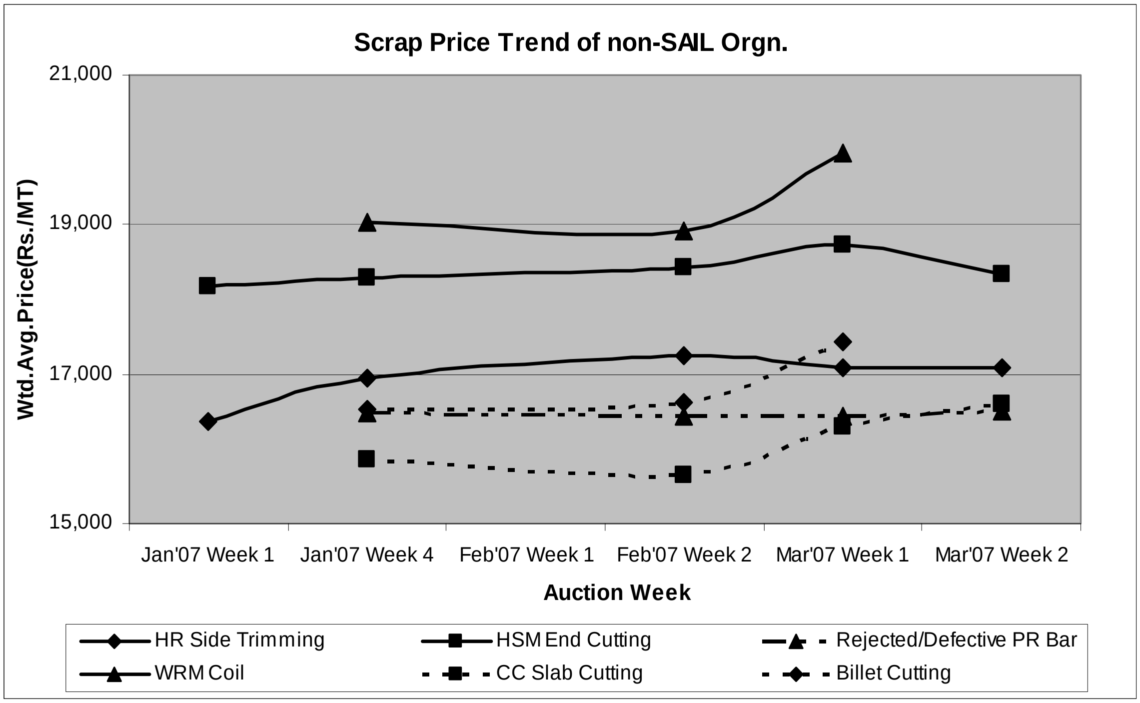
Summary of price and % change (m-m & y-y basis):

Products	**Feb'07 Price (Avg.)**	**Mar'07 Price(Avg.)**	**% change(Mar'07 over Feb'07)**	**% change(Mar'07 over Mar'06)**
BP Coil End	23275	22625	-2.79	28.23
Coil End Cutting	20262	21317	5.21	NA
CR Coil End	23622	23964	1.45	27.07
CR Gas Cut	22400	22272	-0.58	39.94

Pipe Cutting	17434	17722	1.65	9.36
Side-End Shearing	17277	18035	4.39	15.93
WRM Material	17752	18355	3.39	13.81

Outlook: Scrap prices showed a good movement in the auction platform and remained aligned with the domestic market. With strong demand for raw materials prevailing in the market, a firm trend prevailed throughout the month and a further improved trend is expected in the coming month.

The graph below indicates the price trend of Scrap items auctioned from non-SAIL organizations



Price is basic

International Scenario:

Sharp rise in scrap prices in the international market with demand remaining buoyant. There has been record scrap prices in all regions. Pig iron prices have remained stable throughout the month of March.

Asia: Asian scrap prices have been at record levels. Booming demand and tight supply has sent Asian prices soaring. Pig Iron prices have shown a rise in Asian market with sentiment remaining strong.

China: Ferrous scrap prices have risen in domestic market on tight supply and drop in imports. High quality heavy scrap is being quoted at $237-$299/tonne. Domestic demand remains strong. Iron ore and Pig iron prices have also buoyed in China and are unlikely to go down in the short term.

US: Scrap prices in US have risen by $50-80/tonne.

UK: Scrap prices showed a rise of around 10% in the month of March with export business booming up. Turkish buyers paid $360/tonne cfr for 80:20 heavy scrap ex-Europe. Material availability is tight and prices are expected to increase upward.

EU: Stronger local and export demand has lifted EU scrap prices.

Steel Scrap No 1 Heavy melting United States Iron Age composite – d/d Pittsburgh/Philadelphia/Chicago

Month	Average Price($ per long ton)	Price movement
Jan-07	219.25	
Feb-07	233.83	↑
Mar-07	281.20	↑

Steel Scrap No 1 heavy melting United States fob East Coast $ per tonne

Month	Average Price($ per long ton)	Price movement
Jan-07	252.5	↑
Feb-07	276.25	↑
Mar-07	305	↑

Steel Scrap Shredded United States fob East Coast $ per tonne

Month	Average Price($ per long ton)	Price movement
Jan-07	261.25	↑
Feb-07	281.25	↑
Mar-07	310	↑

HMS 1 & 2 (80:20 mix) Iron and Steel Scrap Rotterdam Export $/tonne

Month	Average Price($ per tonne)	Price movement
Jan-07	268.75	↑
Feb-07	283.75	↑
Mar-07	323	↑

Steel Scrap HMS 1&2 fob Rotterdam Export (50:50 mix)

Month	Average Price($ per tonne)	Price movement
Jan-07	255	↑
Feb-07	268.75	↑
Mar-07	305	↑

Steel Scrap Shredded fob Rotterdam $ per tonne

Month	Average Price($ per tonne)	Price movement
Jan-07	273.75	↑
Feb-07	288.75	↑
Mar-07	328	↑

OUTLOOK:

The raw material prices have remained on the forefront with increase in demand coming from steel sector. The month of March has witnessed a firm price trend for Ferrous Scrap, Pig Iron, Hot Briquetted Iron and Iron-Ore both in the international and domestic market.

With increase in steel output in the coming years, demand is further expected to increase for raw materials and prices are expected to remain firm in the short-term.

Data Sources:
1) Metal Bulletin
2) Steel Trade Intelligence
3) Steel Business Briefing
4) Steel Town Weekly (Mandi Govindgarh)

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STEEL INDUSTRY MARKET SCENARIO

STAINLESS STEEL

Domestic Scenario:

Stainless Steel market shines with prices soaring upward: The spiraling cost of nickel which is the main raw material for stainless steel has forced the domestic stainless steel makers to keep prices upward. Salem Steel plant has also retained its higher prices. Nickel price has seen huge appreciation in one year from average $15000 a tonne to average $47,000 a tonne.

Price Movement

	Review	**Outlook**
Steel Product	March 2007 over February 2007	April 2007 over March 2007
Stainless Steel	↑	↑

Auction Trend of Commercial Quality Stainless Steel

Auction Week	CQSS Type I - Baby Coil	CQSS Type II – SS Assorted Sheets	CQSS Type III -CR Coils	CQSS Type V HR SS Sheets	SS Melting Scrap
Jan'07 Week 2	84011	NA	59234	62346	37406
Feb'07 Week 1	90544	84795	85594	121985	38576
Feb'07 Week 3	105676	82800	76114	73820	39356
Mar'07 Week 3	117845	117876	131118	106298	43571

Auction Trend of Commercial Quality Stainless Steel

Prime SS			
Auction Week	SS Low Nickel	Type-300	Type-400
Jan'07 Week 2	111815	268371	53754
Feb'07 Week 1	185200	185921	60261
Mar'07 Week 1	89146	195341	53818
Mar'07 Week 3	111104	217410	49694

Note: Auction prices in Rs. /MT quoted above are basic

Outlook: The auction platform has remained aligned with domestic stainless steel market. Prices have improved as compared to earlier month and this has been mainly due to spiraling cost of raw material. The international market has also witnessed an improved price trend in the range of 3.5% to 4.5% and prices are further expected to improve in the coming month.

International Scenario:

China: Stainless steel coil prices moved up in the month of March. Prices for 304/No.1 HRC (3mm x 1,250mm) have increased to about RMB 36,000-36,500/t, incl.17% VAT, in both Wuxi and Foshan markets, compared with early February prices of about RMB 33,000/t. Prices for 2mm thick ferrite 430/2B CRC have moved up to around RMB 15,000/t, compared with early February prices of 14,000-14,500/t.

Stainless Steel prices rise in Asian market: Asian prices are catching up with Europe, with Chinese mills pushing above $5,000/t for CR304 and producers across the region striving to offset surging nickel costs.

European Stainless surcharges soar upwards: Nickel's volatile price movement led to a rise in alloy surcharges on austenitic stainless steel for the month of April. Type 304 austenitic sheet surcharges for April average around €2,620/tonne (up by €250/t from March). For type 316 they are at about €4,350/t (a €360/t rise) and for ferritic type 430 they move up by a relatively modest €10/t to €235/t.

Nickel reached record high to touch at $50,340/tonne: The rapid ramp up in the global stainless steel production has sent Nickel prices soaring 200 percent year on year surge to $45,500 per tonne on the London Metal Exchange (LME), as the metal is the key input for the production of stainless steel.

Increase in Stainless Steel production: Chinese stainless steel production touched 5.3 million tonnes in 2006, a growth of 68% year on year, and it helped total Asian production, including India, rise 20.6 per cent to 15.1 million tonnes. The second largest production group was Western Europe and Africa, which had a combined production of 9.97 million tonnes, a growth of 13.4 per cent y-o-y, according to ISSF.

The tables below give an overview of stainless steel prices worldwide

Stainless Steel Asia Grade 304 HR sheet cif East Asian port

Month	Average Price($ per tonne)	Price movement
Jan-07	3850	
Feb-07	3875	↑
Mar-07	4060	↑

Stainless Steel Asia Grade 304 2mm CR coil 2B cif East Asian port

Month	Average Price($ per tonne)	Price movement
Jan-07	4150	
Feb-07	4225	↑
Mar-07	4380	↑

Chinese Domestic Stainless Coil Prices, RMB/t FOB Foshan (incl.17% VAT)

	Dec'06	Jan'07	Feb'07	Mar'07
HR 304	30800-32500	30500-31800	33000-33500	36000-36500

Chinese Domestic Stainless Coil Prices, RMB/t FOB Foshan (incl.17% VAT)

	Dec'06	Jan'07	Feb'07	Mar'07
CR 304 2B	35000-36000	34700-35500	36500-36800	38500-39000

Europe:

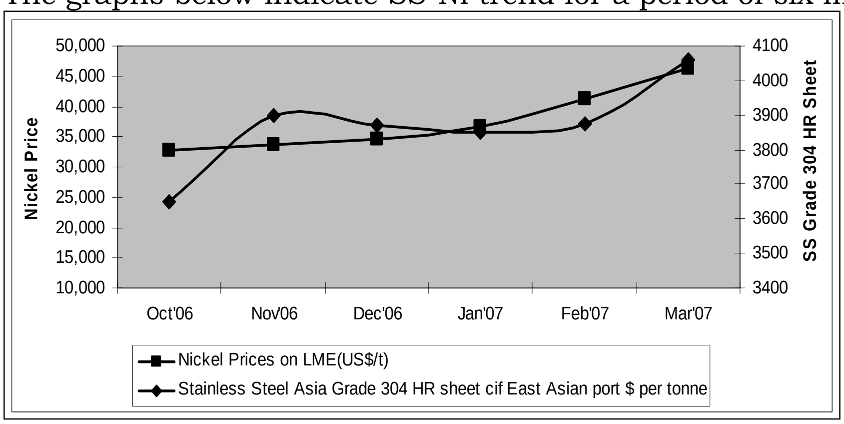
CR 304 2B 2mm,Euro/t Ex-Works	Dec'06	Jan'07	Feb'07	Mar'07
N.Europe	1750-1850	1750-1800	1700-1800	1650-1750
S.Europe	1750-1800	1700-1750	1650-1750	1600-1700

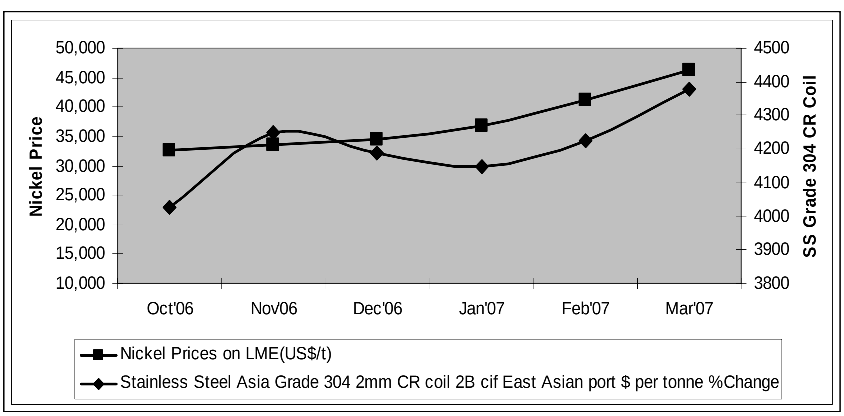
Note: 1US$=Rs.43.25, 1Euro=Rs.57.77, 1 RMB=0.13US$

Nickel Trend: Nickel price touched it's highest at 44,495 US$/t in the month of February'07 and 50,340 US$/t in the month of March'07.

Month	**Average Price of Nickel**	**% Change(m-m)**	**% Change(y-y)**
Jan'07	36,799	6.52	153.02
Feb'07	41,158	11.85	174.90
Mar'07	46,282	12.45	211.28

The graphs below indicate SS-Ni trend for a period of six months.





OUTLOOK:

Globally, stainless steel prices are expected to remain on an upward note on the back of rising Nickel prices. The current elevated nickel prices are causing problems for both stainless steel consumers and producers.

India: Stainless steel prices to remain improved further after the cost of key input nickel jumped three-fold in global markets over the past one year. Prices of stainless steel are further expected to increase.

Data Sources:
1) www.lme.co.uk
2) Metal Bulletin
3) Steel Business Briefing
4) MEPS

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