

THE INDIAN INSTITUTE OF METALS DELHI CHAPTER

NEWS LETTER

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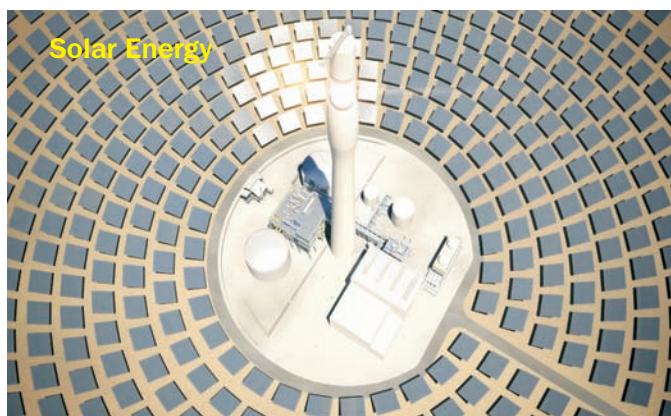


THE INDIAN INSTITUTE OF METALS – DELHI CHAPTER

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Chairman's Message

Dear Fellow Members,

India has vast storehouse of knowledge in various fields but general awareness of much of it is inadequate. We all live in a knowledge society, only those people who are able to convert knowledge into Skilled Action become its real asset. In this respect, our Hon'ble Prime Minister has aptly coined a statement MSDC **"Make in India, Skill India, Digital India and Clean India"**. Thus a knowledge economy requires developing its workers as Knowledge Technologists who are flexible with analytical skills and act as a growth engines for an innovative and knowledge driven society.

We the members of IIMDC, a professional body, ensure our strong commitment to the highest standard of values, behavior, integrity and welfare of Metals, Minerals and Material Science Sectors.

We are always committed to excellence in spirit and action. We believe everything we do and everything we think can always get better, which drives our quest for Excellence.

Lastly, whatever the strength of the individuals, we will accomplish together. We put the team ahead of our personal success and connect to building its capability. The Delhi Chapter collective trust each other to deliver our respective obligations.

We at IIMDC is ONE TEAM - Together Everyone Achieves More

I personally believe in three things: Alignment, Clarity and Trust. So we must ACT.

I would like to thank all my colleagues for their unflinching dedication, commitment and contribution to strengthening our Delhi Chapter. I am looking forward to continue on our mission of creating sustained value for our esteemed members.

I would like to place on record my sincere appreciation to the immediate past Chairman and Executive Committee members for their guidance and continuing faith in me.

With Best Regards,

K L MEHROTRA
CHAIRMAN

Indian Steel Industry – Current Status, Opportunities and Challenges

Shri S C Suri
Hon. Member IIM &
Editor-in-Chief, IIM DC Newsletter

1. For the last three years the performance of Indian Steel Industry does not present a bright picture.

The Indian Steel Industry is facing a number of challenges. An analysis of these challenges is necessary.

2. Challenges and Opportunities for the Steel Sector

The following issues are facing the steel sector:

- a) Subdued demand

- Growth in Steel consumption has been low due to fall in infrastructure investment. During April – February'15 the real consumption of steel has nosedived to 0.6 percent over corresponding period of last year.
- The recent estimates have shown that investments worth of Rs. 8.8 lakh crores (7 percent of GDP) in various projects are stalled primarily due to environment and forest clearance. The high debt/equity rate in the steel sector is another issue.
- It is, however, gratifying to note that rate of increase in stalled projects has subsequently come down in the recent period. A number of stalled projects have been cleared by the Committee earmarked for the purpose

The budget for 2015-16 has envisaged the following increased outlays and Gross Budgetary support for infrastructure sector:

- Roads: (+) Rs. 14031 cr.
- Railways: (+) Rs. 10050 cr.
- Ultra Mega: 5 nos. Projects (>4000 MW)

The Government is envisaging Rs. 70,000 crore additional investment for infrastructure for 2015-16 compared to previous year (including the fund earmarked for Industrial Corridors and Smart Cities). This would lead to higher demand for steel particularly the long products and plates.

The announcement by the Government to build 2 crore houses in urban areas and 4 crore houses for rural areas by 2022 will provide a boost of steel demand for the real estate segment.

The engineering and equipment sector contributes around 23 percent of steel consumption. The recent lack of orders in the capital goods sector and the poor demand for the consumer durables has impeded the growth of steel demand in the country.

- b) During the current year, the capital goods sector has grown by 5.7 percent and the consumer durable sector has come down by 14.2 percent. Correspondingly, it is also seen that imports of engineering goods containing steel has been going up in the last few years. This implies that Indian manufacturing is losing its sheen to the import of cheaper manufacturing goods from China and other countries.
- c) In the 2015-16 budget it has been stated that total subsidies given by the Government amounting to Rs. 3.76 lakh crores in food, fertilizer, diesel, LPG gas, etc. need to be reformulated so that the BPL population for whom the subsidies is needed get its share in full. There is an urgent need to do away with the

intermediates mopping up the fund from the Government. The money thus saved could be fruitfully invested to make up the massive infrastructure deficit of the country.

- d) The Government is keen to facilitate the PPP agreement with major risks being borne by the Government in order to attract private investment that has been languishing for the last few years.
- e) The revision in the PPP model would facilitate private participation in developing railway lines in particular stretches, enhance their share in ports and communication substantially. The construction of new ports (87 major ports and many medium ports are due for expansion) is stated to commence in a big way.
- f) It is to be appreciated that a paradigm shift in the pattern of choices towards good quality products, lighter weight with high performance, fast rate of urbanisation leading to emergence of a large number of tier-1,2 and 3 cities, each vying to become Smart Cities have made changes in our conventional ways of thinking in urbanization. The underlying desire to improve the quality of life has made imperative more use of elegant, structurally sound structure.
- g) An abysmally low level of steel-cement ratio in India compared to some developed and developing countries necessitates a series of dedicated and robust programmes for promotion of steel use.
- h) Rural demand continues to remain untapped. The opening of rural outlets by engaging rural dealers and distributors in almost all the districts and talukas in the country by the major steel producers like SAIL, Tata Steel, RINL, Essar Steel, JSW and JSPL have made steel available at the remote parts of the country. But there is abundant dearth of fabrication facilities in the rural area which acts as a deterrent for more steel use.

3. Raw Material Sourcing

- a) Of the total 28.5 billion tonnes of iron ore resources (mostly Hematite) in India, around 85 percent is of high and medium grades (> 61% Fe). The balance 15 percent is either not explored or mixed with medium grades. The accumulation of fines at plant sites and huge reserves of slimes in the tailing ponds are creating environmental problems due to prolonged storage. The onus lie with the myopic, strategies of the indigenous steel industry of neglecting the exploration and use of lean grade ores by adopting beneficiation and agglomeration facilities for sintering and palletisation, little innovation in waste disposal technologies.
- b) The general perception is that the sharp drop in global prices from \$130/t cfr China in Oct'14 to the current level of \$55/t cfr China may further come down as demand from China is to drop. The surplus availability of the material in the global market coupled with nearly 120 MT of ore inventory lying at Chinese ports has compelled the primary 3 producers (BHP Billiton, Rio Tinto and Vale) to look afresh at the expansion/ acquisition plan by them or capping the capacity utilisation in their mines to reserve production for the better days.
- c) Unfortunately, in spite of having a capacity of around 100 MT of Pellet productions, the use of Pellets by indigenous Blast Furnaces is limited (Production in FY'15 around 25 MT). On an average, only 30 percent of BF burden is Pellets and the balance is through sinter & lump Iron Ore. These plants use low grade ore, fines and iron ore tailing slimes through beneficiation. Pellets are energy saving and environment friendly and BFs must have facilities to utilize higher mix of pellets for productivity improvement and cost reduction.

- d) A limited reserve of coking coal with high ash content compelled Indian steel producers to use more imported coal from Australia, USA and other countries. Like Iron Ore, the global prices of coking coal has sharply comedown to the current average level of \$109.50 fob Australia. Indian producers have limited success in acquiring coal mines abroad (Mozambique by ICVL, Oman by JSPL). The indigenous washing and blending facilities must be increased, while the latest technology in PCI and CGP and alternate iron making technologies like Finex, Corex, Hismelt (use of non-coking coal and iron ore fines) must be encouraged and absorbed in order to reduce coking coal consumption

4. Excess capacity

- a) A recent estimate has put the global excess capacity in Crude steel making at 542 million tonnes. Out of this a major part (around 46%) is accounted for by China with effective steelmaking capacity of 841 million tonnes, followed by (around 20%) Europe, (around 15%) by CIS and (around 12%) by Japan. In 2013 alone around 22 new Blast Furnaces have come into operation in China.
- b) In HR Coils, the current capacity of 217 million tonnes in China has to meet full domestic demand leaving an exportable surplus with a 95 percent capacity utilisation. In CR Coils/sheets, the current Chinese capacity of 140 million tonnes is to cater to the domestic demand and exports.
- c) As regards Plate, the current capacities have been estimated at 89 million tonnes and with current capacity utilisation at around 75 percent, it caters to the demand emanating from shipbuilding and machinery and equipment sectors.
- d) The excess capacity arising out of significantly subdued demand from the end-using sectors, political conflicts in the Middle East, terrorist turmoil, recurring financial and economic problems in the Euro zones have altogether put a strong downward pressure on the global steel prices. Too much steel at a very cheap price available from China, Ukraine and Russia is exerting a downward pressure on global prices.
- e) India is among the very few countries where consumption growth rate till the other day had exceeded growth rates in production. This implies that potential consumption in the country warrants capacity augmentation and not elimination of surplus capacity.
- f) It is also true that periodic fluctuation in demand in specific categories may create a temporary surplus scenario. Currently this applies to HR Coils and Plates. The end using segments like Tubes and Pipes, white goods, shipbuilding, heavy machinery and power equipments are passing through demand contraction.
- g) The fresh capacities for which investments are being made are in the Cold Rolled products earmarked to serve the demand of auto sector, Cold Rolled Grain Oriented sheets for making transformers, TMT Bars for the real estate sector and commercial complexes.
- h) In the last category, despite significant capacities having been installed by the small and medium enterprises, the rising awareness for quality products has made a few major manufacturers to add capacities in long products (SAIL, RINL, JSW, JSPL).
- i) It is also necessary that adequate backward facilities in the form of hot strip mill with state-of-the-art technology (Compact Strip Processing or Thin Slab casting) are installed. Keeping in view the present thrust on capping CAD, the installation of HR facilities may be a better option than importing special grades HR Coils on a long term basis to roll auto grade CR and CRGO sheets. SAIL has announced plans for

new HSM and CRM at RSP. The new CRM by Tata Steel, new CRGO facilities by JSW in collaboration with JFE, the plant by POSCO would be meeting the rising demand in these two categories.

- j) As regards global demand for TMT and Structurals, fresh capacities are created in Saudi Arabia, Egypt, East and South Africa, Turkey to cater to the demand.
- k) In China the present capacity in long products is at around 500 million tonnes. It may be rated down in the coming years due to environmental norms. All this implies that if indigenous demand for long products in India lags behind installed capacity, the surplus capacity thus thrown up may face stiff challenges in the global markets. Exports would be difficult due to most competitive prices being offered by China, Ukraine and Turkey.
- l) India is planning to augment crude steel making capacity from the current level of 100 MT to around 300 MT by another decade and half. This includes 129 MT in brownfield and 81.0 MT in Greenfield capacities. It is expected that the domestic demand growth and export potential of Indian steel along with steel-intensive engineering exports (indirect export of steel) would be adequate to absorb the incremental availability of steel by 2030.

The substantial expansion in capacity plan has been based on a finished steel demand assessment which in the current context may look optimistic:

5. Future Demand and Consumption Pattern

Based on GDP Elasticity

Projected Steel Consumption in 2029-30

- 242 MT (GDP @ 7.0%)
- 263 MT (GDP @ 7.5%)
- 282 MT (GDP @ 8.0%)
- 336 MT (GDP @ 9.0%)

It must be kept in view that production and marketing of such a huge volume of steel in another 15 years' time would involve maximum support from the logistics. Tentatively it has been assessed that capacity augmentation by 200 mt would entail a requirement of fund of approximately 200 bn US\$. It would also need transportation of approximately 490 mt of iron ore, 170 mt of coking coal, 140 mt of non-coking coal, 110 mt of limestone and dolomite and handling of nearly 300 mt of cargo at Indian ports. Steel industry would need railways, roads and ports to handle a freight cargo of 800 mt (finished goods and raw materials). All these are indeed very challenging targets.

Sectoral Model Projection for 2029-30

End-using segments	Current wt. in Steel Consumption	Estimated Consumption (MT) in 2013-14	Past CAGR (%) (2002-13)	Projected CAGR (%) (2014-15 to 2029-30)	Projected Consumption (MT) in 2029-30
Infrastructure and Construction	59	44.5	9.5	7.5 – 8.5	152.5
Engineering and Fabrication	24	17.7	8.5	6.0 – 7.0	48.5
Automotive	11	7.5	14.0	8.0 – 9.5	28.7
Other Transport	3	2.2	7.3	7.0 – 7.6	6.8
Packaging	3	2.2	8.2	8.5 – 9.5	8.7
Total	100	74.1			245.6

Elasticity of steel Demand with respect to major Macro Variables
(Based on Time Series Data from 1992-93 to 2013-14)

Estimates of Elasticity of		
Explanatory Variables	Steel Demand with respect to Explanatory Variables	Explanatory Variables with respect to GDP
GDP	1.1	
GFCF	0.80	0.86
IIP	1.12	1.0
IIP Mfg.	1.01	0.84 (w.r.t. IIP)

6. Imports and exports

- a) The following table shows the increasing role of steel imports in the last three years facilitated by low priced import from China, CIS and from South Korea and Japan under Comprehensive Economic Partnership Agreement (CEPA) fiscal.

Thus, 65 percent of the above categories have been imported from South Korea and Japan in 2013-14 which now stands at 53 percent in the current fiscal.

Import – led Consumption – Facts & Strategies

Year	Real Steel Consumption ('000 t)	Finished Steel Total Imports ('000 t)	Share (%) of Imports	Share (%) of China in Total Imports	Share (%) of Japan/ S Korea (under CEPA) total Imports
2012-13	73482	7924.7	10.8	21.3	41.0
2013-14	74095	5449.81	7.4	20.0	49.2
2014-15	76355 (+3.1%)	9320.3 (+71%)	12.2	36.0	35.2

- b) There is an urgent need to have a mid-term review of the FTAs which is adversely impacting the indigenous steel industry which has already invested and is also planning to invest substantial capex in setting up fresh capacities in HR, CR mills to take care of the gaps in the downstream categories.
- c) In addition, the import of finished steel at such a progressively low rate of basic customs duties has created an anomaly of inverse duty structure with duty on coking coal hiked recently at 2.5 percent.
- d) India is likely to sign two regional pacts, namely, Trans-Atlantic Trade and Investment Partnership comprising EU and USA and Trans-Pacific Partnership between USA and select South America, East and South East Asian nations barring China and India. The Make-in-India programme launched by India is to be the principal guideline for India before signing these agreements.
- e) Around 2,00,000 – 2,25,000 tonnes of CRGO sheets are regularly getting imported by India for manufacture of Transformers. India is in the process of developing indigenous capacity for the same, albeit much delayed. Similarly, more than 3,50,000 t of coated sheets (galvanized/organic coated) are also imported for which existing domestic capacities must be enlarged to cater to these requirements. A cost competitive Indian steel industry could have prevented large imports of HR, Plates and Bars and Rods.
- f) While WTO is continuously striving to create a seamless flow of goods and services

throughout the globe under a free and fair environment, the protective measures of taxes, licenses, duties in the form of antidumping and countervailing and other non-tariff barriers are not only shrinking the size of export market, the frequent trade frictions are assuming alarming proportions in escalating into political crisis.

- g) Exploring the mineral resources only for export purposes has now been replaced by value addition within the country before exports. If value addition of the unprocessed raw materials within the country is taking time to materialise for want of entrepreneurs, domestic or foreign and the government is finding it difficult to arrange funds for the purpose, any attempt to preserve the resources in the interim period and not to export is considered anti-competitive. A host of countries like China, India, Russia, Ukraine, Indonesia, Malaysia, South Africa, Thailand, Venezuela, Vietnam, UAE, Kazakhstan are allegedly adopting restrictive anti-competitive measures on export of raw materials, much to the aggrievement of the advanced countries where excess capacity in many engineering products including steel aggravated by dwindling indigenous demand has made it imperative to export the finished products.
- h) Fighting anti-dumping and countervailing duty cases is expensive and the exporter spends much more in fighting these cases than what he earns from exports. Fighting cases in USA are all the more costly and it may very well serve the purpose of US steel producers to dissuade exporters from India from any future venture in that country and look for alternate destinations.
- i) In view of reduced domestic demand there are limitations for India to increase its exports. China faced several anti-dumping issues in 2013. China had to face problems from 14 countries across the world when it wanted to export different steel products to different countries across the globe. This problem was acute when China wanted to export products like hot rolled coils, cold rolled products, silicon steel coated products. This trading problem became more acute in 2014. The world trade is shrinking world trade is now being replaced by Free Trade Agreements (FTA) signed by different countries on mutually agreed terms.

Year	South Korea						Japan					
	HR	CR	COA TED	PLAT ES	ELEC. SHEET	TOTAL	HR	CR	COA TED	PLAT ES	ELEC. SHEET	TOTAL
2013-14	173 (15.6)	643 (50.3)	156 (42.6)	57 (14)	77 (22)	1106 (32)	467 (42.3)	347 (27.2)	146 (39.7)	123 (30)	69 (29)	1152 (33)
2014-15	600 (290)	649 (38)	185 (42)	141 (19)	47 (11)	1622 (30)	707 (34)	273 (16)	131 (30)	90 (12)	66 (16)	1267 (23)

- j) Talking of SS, the imports of 304 grade with only 6.5 percent nickel from China is making a mockery of quality consciousness of Indian buyers and is hurting the domestic industry which is shifting from the traditional utensil grade (200 series) to the industrial (Auto, railways, transport, construction, power) grades (300 & 400 series).
- k) This process of transformation of moving up the value chain and becoming globally competitive, must be rewarded by capping cheap imports. But ingenuous Chinese exporters benefitting from subsidized power and bank loans are circumventing AD by adding Boron and thereby declaring the products outside the purview of duty and as a result imports have gone up by more than 70 percent in last three years and currently constitute around 30 percent of the total SS market.

7. Skill gap in steel industry

- a) We always take pride from the demographic advantage predicted for India that by 2025 the country would comprise of more than 65 percent of people in 18-64 years' age group as the highest in the world, surpassing those in China, Japan and USA. The uncomfortable question relates to the employability of these large numbers of people in manufacturing and services sectors.
- b) Recent NSSO survey also shows that engagement in regular wage/ salaried jobs comprise around 18 percent of the total labour force, while self-employment provides livelihood to 52 percent and the balance 30 percent in casual areas.
- c) Empirical studies have also shown that employment elasticity in manufacturing has been coming down in our country and the gap between the number of working population entering the job market opportunities being created in manufacturing and service sectors. It, therefore, becomes imperative that skill gaps between what the industry requires and what is made available by the existing level of our school/college curricula are identified and appropriate training programmes are drawn up that blend both theoretical and practical aspects of specific skill.
- d) Steel is one among the 32 sectors under National Skill Development Council (NSDC) that has recently created an Indian Iron and Steel Sector Skill Council (IISSSC) to make a long term plan for meeting the skill gap in the sector. As productivity improvement leads to cost reduction and efficient running of the plant, modern steel plants in India are in much need of skills in singular or multiple disciplines like welding, Plumbing, Electrician, crane operators, drivers, operators in BF, Coke Oven, Sintering Plant. Training in skill development not only enhances the employability of the working age people, but also raises the prospect of self-employment which can ultimately act as a warehouse of skilled manpower for employment, whenever the need arises in steel and other related industries.

8. Conclusion

- a) It has to be appreciated that the primary task of the government is to initiate simple and pragmatic policies and measures that would plug the loopholes of many of the ongoing schemes so that the benefits envisaged at the time of introduction of these laudable policies are achieved for the target population. These include single window clearance for most of the stalled projects and restructuring the PPP mode of investment in all projects. This is particularly true for project in the roadways, DFC and Industrial Corridors to attract private investment. It is very pertinent that a developing economy has to earmark substantial funds for investment for building infrastructure and food for work programmes must not be allowed to go waste without creating tangible assets in the semi urban and rural areas.
- b) To bridge the gap between our saving and investment requirements, higher volumes of FDI is needed. All the roadblocks against FDI in retail sector other than multi brand retail must be eliminated and FDI cap in defence and insurance sector must be enhanced within the current norm of regulation. It would invite FDIs in other sectors as well like communication, ports and transport, each starving for investible funds.
- c) Project Management continues to remain a weak link in project implementation. The modern techniques of PMS and the various innovative strategies being followed in developed countries to complete the project within the time and cost schedules need to be inculcated.

- d) Machineries and plant equipment for construction and installation of steel plants are not available indigenously leading to a permanent dependence on foreign suppliers from Germany, France, Italy and China. There have not been adequate endeavours on our part to indigenise equipment manufacturing. It needs an entrepreneurial commitment and zeal effectively supported by the government to set up these facilities in the country for cost saving and technical upgradation.
- e) The positives for steel demand in India, therefore, would crucially hinge on the following factors:
 - (i) Increase fixed capital formation as percentage of GDP to at least 38 – 40 percent from the current level of below 30 percent. This may be reached gradually by the next five years.
 - (ii) The growth rate in manufacturing particularly in the steel intensive segment (machinery & equipment, electrical equipments, motor vehicle & other transport equipments and furniture) must be enhanced significantly to cater to both indigenous and export demand.
 - (iii) Share of manufacturing in GDP to enhance from the current 18 percent to 25 percent in the next few years' time.
 - (iv) Completion of dedicated freight corridor connecting East, South, West and North with fast moving freight wagons. The dedicated freight corridor would also lead to development of all peripheral areas.
 - (v) 17 National industrial and manufacturing zones that have been identified to be completed as a part of Make-in-India programme.
 - (vi) Industrial corridors connecting major consumption points to be completed as per the schedule formulated.
 - (vii) Steel exports from India requires a big boost in order to take care of intermittent mismatch between availability and demand, but needs to be a regular component of production planning for each major steel plant in India.
 - (viii) There is a strong case to developing indigenous manufacturing capacities in engineering and processing industries. This would lead to substantial reduction in imports of engineering goods containing steel and make India net exporter in indirect trade in steel.

Material Extracted from Shri Sushim Banerjee DG INSDAG
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Metals Demand Heading for North

L. Pugazhenthay
Past President, The Indian Institute of Metals

During the few years prior to the last general elections in India in mid-2014, there was a slump in building, construction & infrastructural sectors. The automobile industry—an indicator of any economy—was witnessing declined sales of passenger cars, two wheelers, utility vehicles etc., for several consecutive months. Due to the cancellation of mining leases, ban on iron ore exports, or clamping of export duty on iron ore etc., the mining activity had almost come to a grinding halt thus affecting the metals industry overall. Steel consumption grew by a mere 0.5% per annum. Exports of minerals and value added metals and alloys suffered with revenue loss to the country's exchequer. Bad news, thus far.

Now, where are we heading to? The World Bank recently projected India to be the fastest growing major economy in the world this calendar year, with economic expansion pegged at 7.4% overtaking China's 7.1% for the first time. Another agency, Paris-based OECD (Organization for Economic Co-operation and Development) said "Indian Economy saw the strongest growth in the first quarter of 2015 among the large economies including the US, China, Germany, Canada, Japan etc.," Recently the UNCTAD released new data that placed India as the ninth largest recipient of Foreign Direct Investment in 2014, compared to 2013 when India ranked fifteenth in the world. Recently, a new index, Baseline Profitability Index (BPI) was released wherein India is no.1; the logic of the new index is that foreign investors evaluate the potential for increase in the value of their investment and growth. Good beginning for India, one should say.



Bandra-Worli Sea Link

Let us turn to the In domestic scenario, India registered a growth of 4.1% in April, as per the Index of Industrial Production (IIP) released recently. During the Jan-Apr 2015 period, the growth in India's steel production was 6.69%, occupying the third position after China and Japan and overtaking the US in the process. SAIL, India's largest public enterprise in steel, forecasts steel consumption to grow by 8-9% in 2015-16. The passenger car industry saw a growth of 7.7% in May 2015 vis-à-vis May 2014, while the heavy commercial vehicle segment grew by 24.4% in May 2015 compared to May 2014. A number of automobile companies are likely to expand their capacities or they are setting up new units in other locations. The govt. has scaled up the target for infrastructural projects (power, roads, telecom etc.) by 15-20% during the year 2015-16; the Centre is to award Rs.35.00 lakh crore road projects during 2015-16. The Centre raised the solar power target to 100,000 MW by 2022. Bids for power transmission projects of Rs1.00 lakh crores would be out in the next six months. Two hundred rail over bridges have been identified across the country. Development of 100 smart cities over the next five years worth Rs 4.00 lakh crores is on the cards. The National Industrial Corridor Development Authority (NICDA) is also on the anvil. The momentum has begun well and demand for ferrous and non ferrous metals should steadily go up from now on. What we missed earlier, we should more than catchup, if India wants to attain a GDP growth of 10% eventually.

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Coal India set to embrace PPP model for difficult mines

In accordance with the Centre's public-private partnership (PPP) model, Coal India (CIL) is finally preparing to float an Expression of Interest (Eoi) in a couple of months to award long-term mining contracts to private companies, to boost production. "South Eastern Coalfields (SECL) and Eastern Coalfields (ECL) have identified some underground mines where high-technology mining would be required. They would be the first to award mines under the PPP model, during the current financial year," a top official said. "The miner would be selected through a tendering process. First, there would be an Eoi, then a pre-bid meeting and a final bid. The clearances and land should be there and the particular mine should call for a higher level of technology. And, of course, we will have to ensure this model is cost-effective," he said, adding CIL was expecting foreign miners to also come forward. Engaging private contractors for mining is already operational in CIL under a Mine Developers and Operators (MDOs) model but the state-owned miner is now looking at an expansion of this. "Awarding contracts to operators in the past few years under an MDO model were on a piecemeal basis and not on turnkey. Here, the miner would be handed over the mines for a much longer period and it would be awarded on a

turnkey basis, from production to transport till loading point," an official explained. This PPP model for CIL, to ramp up mine production, was first mooted by the Planning Commission in 2012. Later, then Union Finance Minister P Chidambaram had in his 2013-14 Budget pressed for it, to raise production. A model contract agreement is being finalised and CIL might award the mines for a period of 15 years, sources said. CIL is the world's largest producer and accounts for a little over 80 per cent of the domestic output. It has been missing the targets for several years and has been under severe pressure to raise production. Output in 2014-15 was 494 million tonnes. The demand-supply gap is estimated to go up to 200 mt in 2016-17. The central government has asked CIL to raise annual output to a billion tonnes by 2020.

Source: Business Standard

Steel Minister Narendra Singh Tomar asks SAIL to check falling market share

Steel Minister Narendra Singh Tomar directed SAIL recently to increase its competitive spirit amidst the steel major's market share dipping to 14 per cent in the last fiscal from 18.8 per cent in 2009-10. Asserting that "capacity without production is meaningless", Tomar asked Steel Authority of India (SAIL) to resolve issues with regard to modernisation and expansion plan at the earliest. The domestic steel giant is implementing a Rs 72,000 crore modernisation and expansion plan to increase capacity to 23.46 million tonnes per annum (mpta) from 14 mpta. Comparing SAIL's performance with its peers with respect to its decreasing sales turnover, Tomar asked the firm to spruce up its competitiveness, an official statement said. "Citing the falling market share of SAIL, from 18.8 per cent in 2009-10 to about 14 per cent in 2014-15, Tomar advised the functional

Dr. Vipin Jain, Senior Scientist at National Physical Laboratory, New Delhi and Hon. Joint Secretary, IIM Delhi Chapter has presented an Invited Talk entitled "*Synthesis of aluminum-graphene nanocomposite sintered using spark plasma sintering*" at FIMPART 15 (International Conference on Frontiers in Materials Processing, Applications Research and Technology) held at Hyderabad during June 12-15, 2015. The conference was organized by "Materials Research Society", Singapore at Novotel International Convention Center, Hyderabad. Delegates from more than 47 countries over the globe have participated at this international conference. The conference covered diverse topics of importance under 14 different symposia. The symposia topics included materials for energy, materials processing, ferrous alloys, light alloys, nano/nano-structured materials, smart materials, powder metallurgy, materials for elevated temperatures, modelling and simulation, materials characterization, materials performance, metallic glasses, polymers, ceramics & composites and biomaterials. More details of the symposium are available at the website <http://www.fimpart.org/2015/>

directors and CEOs to ensure better marketing of its enhanced production," it added. While taking stock of annual performance of PSUs under the Ministry, Tomar told SAIL "capacity without production is meaningless" and asked it to resolve all issues pertaining to modernisation at the earliest besides starting production of finished goods from its modernised mills. "For profits to be higher, it is pertinent that techno-economics of production are internationally benchmarked, and the latter can't happen till the capitalisation of all your production units are balanced," Tomar said in a official statement. The statement added, "While reviewing the performance of steel major SAIL, Tomar expressed concern regarding the integrated operationalisation of upstream and downstream production facilities in a time-bound and synchronised manner." Noting that capacity augmentation will lead to enhanced use of raw materials, Tomar directed SAIL management to pay adequate attention to commensurate expansion of its mines, so that the company doesn't resort to procuring ores from outside market to feed growing production. The statement said the Minister consented to take up environmental and forest clearance issues with relevant ministries to help de-bottleneck the raw material security plan for SAIL's current and future plans. "Apprised of the pressure put on Net Sales Realisation (NSR) on account of depressed steel prices, the Minister advised SAIL management to increase their share of value added steels, such as production of auto-grade steel," the statement said. Tomar also expressed

concern over the rising borrowing of the company to fund its expansion plan, and appreciated company's effort in launching a cost awareness initiative across all its plants and units, the statement said. The minister also took stock of the yearly performance of MSTC Limited and Ferro Scrap Nigam Limited (FSNL) and told officials, "The PSUs of this country uphold our national pride. You are not only expected, but obligated, to perform to your very best and give maximum returns to the national exchequer." The Minister was accompanied by Secretary, Steel Rakesh Singh and other senior officials of the Ministry of Steel in the review meetings. MSTC, the only PSU to offer e-commerce facility, updated the Minister on its recent success in conducting e-auction of coal. Tomar asked CMD of MSTC Limited, SK Tripathi, to approach states to help carry out the e-auction of metallic and non-metallic minerals. The statement added Tripathi expressed eagerness to facilitate the process, and sought government's help in convincing other PSUs to utilise the e-commerce platform of MSTC to carry out their trading and procurement activities. MSTC also proposed formation of a joint venture between itself and FSNL, for establishing a ship-breaking yard using the expertise of latter in ship-breaking, and that of former in sale of scrap. Besides, the company also expressed interest in sale of thermal coal, forest, agricultural and rural produce, defence procurement and auto shredding. The total volume of business transacted by MSTC portal increased from 26,883 crore in 2013-14 to Rs 29,924 crore in 2014-15. In its review presentation, FSNL showed interest in exploring business potential in removing overburden at mines, and recovering non-ferrous metalics from slag. Taking note of the construction of toilets by PSUs under the Swachh Vidyalyaya Abhiyaan, Tomar also expressed concern over the slow pace of progress, and directed the PSUs to complete the assignment by end of June.

Source: www.metaljunction

JSW Steel is now largest steel maker in India

Company reports higher revenue than SAIL and Tata Steel India in Fy15, but lags both in profits

Sajjan Jindal-owned JSW Steel is now the largest steel maker in the country ahead of long-time market leader Steel Authority of India (SAIL). Last year, the company had overtaken Tata Steel to become the number two in the industry.

JSW Steel reported net sales of Rs 52,971 crore in the year ended March against Rs 45,710 crore reported by SAIL. In comparison, Tata Steel's India operations reported net sales of Rs 33,666 crore in the same period.

Including its global operations, however, Tata Steel remains the largest with revenue of Rs 139,503 crore. That's the reason why Tata Steel is not losing much sweat over the rise of JSW.

"Tata Steel remains the preferred choice for marquee customers and we sell every bit of steel that we produce in India," said T V Narendran, Chief executive officer of the India operations of Tata Steel, at the company's earnings conference.

Analysts say the top slot in the domestic market in terms of revenues is a huge leg-up for JSW Steel and is the culmination of its long-term plan to close the capacity and product portfolio gap with its two larger peers. The company has been steadily raising its production capacity in the home market through brownfield expansion and strategic acquisitions.

JSW tops the industry in capacity utilisation, too. In the fourth quarter, it operated its plants at 90 percent rated capacity. In comparison, Tata Steel India operated at 80 percent capacity due to raw material shortage. "JSW's revenue run-rate clearly indicates that it had higher utilisation levels compared to its peers in the March quarter," said an analyst with a local brokerage house.

State-owned SAIL and 19.5 million tonne capacity as on March 31, 2015, while 108-year old Tata Steel India can produce 10 million tonne steel at its Jamshedpur works. JSW Steel, on the other hand, has 14.3 million tonne capacity, making it the country's second largest steel producer after SAIL in terms of production capacity.

Analysts, however, say a single quarter performance may be too short a period to judge whether JSW Steel can sustain its position at the top as the largest steel maker in the domestic market. Tata Steel is close to commissioning its 3 million tone green field unit in Orissa while SAIL is raising its capacity to 23 million tonnes.

Also, JSW has a lot of ground to cover on profitability. At the operating level, Tata Steel India was the highest at Rs 8,011 crore in the year ended March (down 35 percent yoy) followed by JSW Steel, which witnessed a marginal fall of 0.25 percent on a year-on-year basis to Rs 5,967 crore. SAIL though showed a 19 percent increase on year-on-year basis at the operating level to Rs 2,858 crore in FY15.

In terms of net profits, JSW Steel is much lower than its peers. It recorded a net profit of Rs 1,796 crore in FY15 (up 75 percent from preceding year). SAIL saw its profits at Rs 2,117 crore down 24 percent from same period last year on high finance cost. Tata Steel India led this list reporting a net profit at Rs 6,439 crore.

Source: Business Standard

Steel imports hit record high, surge 71% in FY15

Steel imports by India surged by a whopping 71% to touch a record high of 9.31 million tonne in 2014-15, putting pressure on the already squeezed margins of domestic firms. Steelmakers in India, which remained a net importer of steel for the year, have been on the wrong foot for quite some time now, mainly due to dearer raw materials while their counterparts in China, Japan and Russia took advantage of lower iron ore prices and in some cases, sops offered by the government. India had imported 7.38 mt of steel in 2009-10, 6.66 mt in 2010-11, 6.86 mt in 2011-12, 7.93 mt in 2012-13 and 5.45 mt in 2013-14. Exports, however, have been at slower pace than imports, especially in more recent years. Shipments of steel stood at 3.25 mt in 2009-10 and 5.98 mt in 2013-14, only to plunge 8 % to 5.5 mt last fiscal. "Due to rising imports from countries like China, Japan and Russia, domestic steel industry is struggling to retain margins. Cost structure in these countries have significantly come down because of fall in the prices of iron ore and depreciation of their currencies against dollar. So in dollar terms, their cost of production has come down," said Anjani Agrawal, national leader (mining and metals), E&Y. "The government should act by initiating protectionist measures by increasing import duty. Many countries in the world have taken such measures and India should also do this. The rise in imports will impact the Indian steel industry, particularly the smaller ones because their cash flow would be squeezed," he added.

Stating that the long-term future for the steel sector was still exciting, he, however, said because of significant jump in imports even the bigger companies will find it difficult to service their debt. The problem of the domestic steel industry got compounded with the subdued demand. Though the last fiscal was better compared to the previous one, it still remains below potential. Real consumption of the alloy grew by 3.1% to stand at 76.35 mt in the last fiscal compared to 59.34 mt in 2009-10, 66.42 mt in 2010-11, 71.02 mt in 2011-12, 73.48 mt in 2012-13, 74.09 mt in 2013-14. However, pinning hopes of a better demand days ahead, they continue to raise their output. Production for sale saw a steady rise to 88.12 mt in 2014-15 from 60.62 mt in 2009-10, 68.62 mt in 2010-11, 75.69 mt in 2011-12, 81.68 mt in 2012-13 and 87.67 mt in 2013-14.

Steel imports to India attract duties between 5% and 7.5%. Domestic industry has been clamouring for raising the duty to at least 10%. The steel ministry has also written to its finance counterpart to raise the duty.

Source: Industrial Angles/Financial Express

SAIL spends seven times more on employees for producing a tonne of steel than new plants

New age steel plants have left public sector steel maker SAIL far behind in terms of employee efficiency. In 2014-15, SAIL spent seven times more on employees for producing each tonne of

steel as compared to JSW Steel. The Sajjan Jindal-owned company also out performed Tata Steel in this regard. According to the annual results of the companies, Tata Steel's standalone business (India) spent ₹50.73 crore on employees for producing each tonne of steel against ₹12.39 crore spent by JSW Steel. SAIL lagged far behind at ₹70.07 crore, despite several modernisation and expansion projects undertaken to improve efficiency. But, the lower spend on employees is by no means an indication of lower production. JSW Steel's production at 12.63 million tonnes was only marginally lower than SAIL's 13.91 million tonnes in 2014-15. Tata Steel's production from India stood at 9.07 million tonnes. SAIL's problem stems from its massive employee count. While the 2014-15 numbers are not yet out, it ended March 31, 2014, with 97,897 employees. In comparison, JSW had 11,099 people on its rolls. On the same date, Tata Steel had 36,199 employees working in India. In fact, on an average SAIL spends less on each employee than any other steelmaker in the country. In the 2013-14 fiscal, its average spend per employee was ₹9.80 lakh compared to Tata Steel India's ₹10.14 lakh and JSW Steel's ₹11.69 lakh.

Source: www.metaljunction

Condolences for Metallurgy Legend – Shri A C Wadhawan

I feel utterly shocked. Shri A C Wadhawan was a great soul. To me he was a wonderful friend. He had enormous affection for me. I enjoyed his best wishes. I cannot imagine that he is no more. It is not only that I feel lost, the vast metallurgical community has lost a stalwart who stood by each one of the fraternity in times of need.

Yours in grief

P. Rama Rao, Past President, IIM,
Former Secretary, Deptt. of S&T, Govt. of India

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We are deeply saddened to hear the sad news of the passing away of Dr. A C Wadhawan. While his mortal remains will be gone, the accomplishments and contributions to the zinc industry will remain forever.

We obtained our Metallurgy degree the same year in 1962. Our careers followed different paths. He spent his entire career in industry, while mine was in academia. But the Indian Institute of Metals brought us together. We became close friends. I admired his wisdom and the guidance he offered on the Advisory Committee to the President. He was an icon to many of us in metallurgy. He mentored many of the present leaders in our community.

I also remember his bringing recognition to the zinc retorts of Zawar as a historical landmark by ASM.

We mourn his demise. But we also celebrate his life.

We pray to the Almighty to give strength to you and other members of your family to bear this loss.

Yours in sorrow

S. Ranganathan, Past President, IIM

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I and Neeloo have learnt with deep sorrow about Mr. A C Wadhawan leaving this planet for heavenly abode. We have highest regards for his human values, eminence, excellence and national commitments. He is one among the very few who has made unique and unparallel contributions to non-ferrous, metal, iron and steel etc. among many other contributions. It is a colossal loss for you and we pray God to give strength to you and your family. It is great loss for all of us. He mentored many of us and encouraged, taught ethics, courage etc. We pray for his soul to rest in peace. I am sure that he shall always stay with you and the family in your thoughts and actions, so he would be with us in all the times.

Best regards,

Neeloo and Baldev Raj (Past President, IIM)

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Contd....

We are deeply saddened by the news of the sad demise of Dr. A C Wadhawan who has had close contact with Bhabha Atomic Research Centre (BARC) and many of our senior colleagues. Late Prof. C V Sundaram and Late Dr. Brahm Prakash had professional consultations with Dr. Wadhawan on several occasions. I personally had interacted with Dr. Wadhawan in matters related to the Indian Institute of Metals and his guidance and inspiration had deep impact on me.

We, the members of the Metallurgy Community of BARC deeply mourn passing away of Dr. Wadhawan. May his soul rest in peace and the bereaved family may get the strength to bear the irreparable loss.

With personal regards,

Yours sincerely,

Srikumar Banerjee (Past President, IIM)

FASc., FNA, FNAE, FNASc., FTWAS

Homi Bhabha Chair Professor

Bhabha Atomic Research Centre,

Trombay, Mumbai – 400 085

Telefax No. 2550 5333

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Veena and myself were deeply grieved to learn of Mr. Wadhawan's sudden passing away.

We have not had an occasion to meet you both in the last few months, but nonetheless you were on our mind on frequent occasions, for various different reasons- for example your "graceful togetherness".

In fact, to us, "Mr. Wadhawan and Mrs. Wadhawan" have always been one entity. Now, to think that Mr. Wadhawan is physically not part of that entity anymore is very painful to us and that in itself lets us sense the immense sorrow and enormity of loss that you must be experiencing.

In the professional context, Mr. Wadhawan was a giant of the metals industry and the corporate world. His contributions to the Indian Institute of Metals is legend. People like me, who were younger than him, sought advice and guidance from him unabashedly, because he was by nature a giving person. He was generous, kind and very empathetic.

Personally I owe a lot to him and he is unforgettable.

At this juncture, and even in the future, our thoughts will be with you.

With regards,

Sanak (Past President, IIM) and Veena Mishra

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I am shocked to hear the sad news of the death of your loving husband and my friend Avinash from Mr. Pugazhenthay. He was a through gentleman. I remember how the Annual Technical Meeting of IIM was so superbly organised by him in Udaipur in mid-nineties under his Presidentship. You played a supplementary role in the cultural and ladies programs. My hearty condolences to the departed soul.

With regards,

G. S. Upadhyaya (Retired professor, IIT, Kanpur)

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Indicators point to good days ahead for Indian steel industry'

That Indian steel consumption in the first two months of the current fiscal has grown by 7% is good news particularly for an industry planning to add fresh capacities of minimum 5-8 million tonnes by year-end. The skeptics may cite the low base data of last year. Nevertheless, it is worthwhile to examine if the trend of first two months can be extrapolated for the whole year.

First, the coal mining auctioning process has raised the hope of boosting of supply of indigenous coal for steel plants. CIL is putting up maximum endeavours to raise coal availability. It also appears that allocation of mines by bidding mode would lead to raising power costs, but that would happen in later stages and the government intervention into the modality of price fixation cannot be ruled out.

Secondly, as the same process is likely to be extended for iron ore mines also, there is a renewed hope of activity in states of Odisha, Karnataka, Jharkhand and Goa.

Thirdly, the government has reiterated in MM&DR that mine exploration activities, a non-starter till now, would recommence and each concerned state government has been assured of sharing of financial costs in exploration. PSUs like SAIL is going ahead with further exploration of their captive mines to keep pace with the need of fresh capacity augmentation.

Fourthly, the Railways are being persuaded to lay out tracks in mining areas to facilitate quick evacuation.

Fifthly, in tune with global prices, the indigenous prices of iron ore have been brought down with an assurance of more production by NMDC in FY16. The production growth of 3.3% in crude steel by ISP plants and of 0.4% by mini and other mills during April-May '15 are reflective of the above developments.

The continuation of this trend in Indian steel industry is however dependent on some of the macro factors. It is now increasingly felt that marginal drop in Repo rates leading to insignificant reduction in lending and deposit rates by the commercial banks is not going to fuel investment activities in a large way. The rising volume of stalled projects in power, manufacturing, ports, roadways is undermining fresh investment intentions. The response of the lending banks in restructuring the credits extended (5/25 is one of them) is sector-specific and cannot be broad based unless improvement in market scenario is perceived over all sectors. Latest cases of Essar steel and Bhushan steel having their loans recast may not immediately trigger of similar fortunes for other stalled projects. The likely turnaround in steel sector in the coming months following revival of projects in infrastructure is the point in favour of the industry.

Also from the NPA point of view, it is always prudent to focus on the large debtors and steel sector provides ample examples.

It is indeed unfortunate that one of the most reputed consultants in global steel industry does not share the in-built potential of Indian steel industry to grow and sustain the good fortunes and considers the capacity augmentation endeavours by Indian steel majors as merely adding to the global excess supply syndrome and favours that India must recommence exporting iron ore.

As a case in contrast, Arcelor Mittal, POSCO, Nippon-Sumitomo, JFE, Hyundai have expressed keen desire to invest in India in joint ventures or as equity partners to transfer technology to their Indian ventures so that mostly value-added products which are not indigenously available are produced to cater to the growing segments like automobile, power equipments, oil and gas, construction. This trend squarely puts to rest all misgivings on the expansion of Indian market or good exporting opportunities from India. A 36% lower exports compared to last year should be a thing of the past.

The author is DG, Institute of Steel Growth and Development. The views expressed are personal.

Source: www.metaljunction

Steel industry needs increase in demand, not duty protection

A small increase in the import duty on steel matters little for steel companies, whose problems range from weak domestic demand to rising imports and falling prices. A bigger hike may have affected end-user sectors as well. While the duty hike itself may be insufficient, combined with a few developments, it does offer some hope for steel makers. The import duty on steel has been hiked by 2.5 percentage points, with the revised duty on flat steel products at 10% and long steel products at 7.5%. The hike is designed to stem a flood of imports from countries such as China and Russia. In April-May, the government's Joint Plant Committee (JPC) data shows that steel imports rose by 54.5%, continuing a trend seen in FY15. The global demand for steel has been weak, even though output has not fallen much, leading to surplus steel flooding world markets. In FY15, Indian companies were also hampered by an adverse exchange rate situation. While the rupee stood relatively firm versus the dollar, emerging market currencies tumbled, especially the Russian rouble. Domestic producers were at a disadvantage. Of late, things have improved on this front. The rupee has been depreciating gradually of late, and is up 6% over a year ago and by 2.8% since end-March. That gives some support to the domestic industry. The declining global iron-ore prices are another concern. Though costs decline, buyers of steel have a better bargaining power and force steel producers to pass on these benefits by cutting prices. That has led to steel prices declining. But iron-ore prices appear to have recovered and are trading at around \$60 a tonne, after having fallen to below \$50-levels. Even now, they are 40% down from their year-ago levels. Prices could fall again, and have even turned soft in recent weeks. But if they can hold on to most of their gains for a few more months, it should give some support to steel prices. A Dolat Capital research note dated 18 June points to a \$20/tonne decline in steel prices in the past month. The duty hike should help. Fitch Ratings estimates the landed cost of imported steel products could increase by Rs.500-1,100 a tonne because of higher duties. The risk is that importers may lower prices further to negate these hikes. Lastly, JPC data show a 7% increase in steel consumption in April-May, over a year ago. That seems too good to be true. Low growth a year ago is only partly responsible. If this growth continues, especially post-monsoon, it may be the beginning of a revival in consumption. That will be good news for domestic steel companies.

Source: Metaljunction

Stainless Steel Production Reaches 41.7 Million Metric Tons in 2014

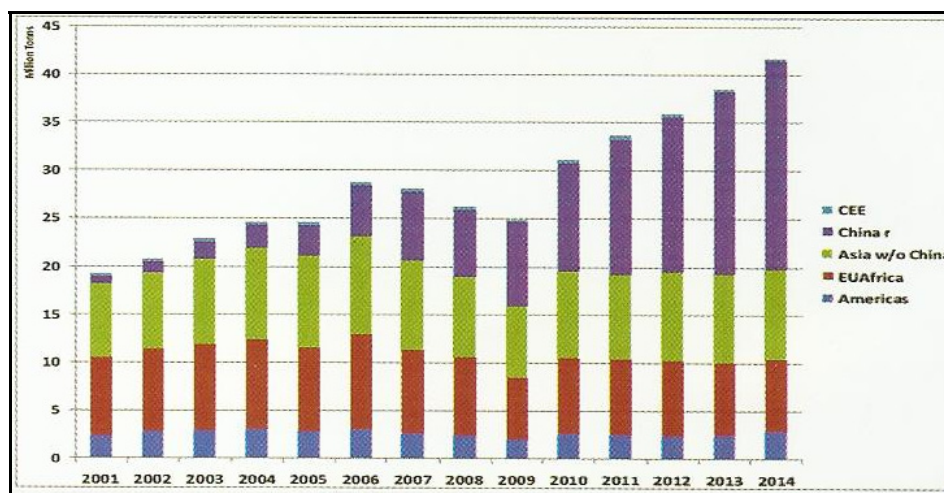
The International Stainless Steel Forum (ISSF) has released Figures for the full year 2014 showing that stainless steel melt shop production increased by 8.3% year-on-year to 41.7 million metric tons (mmt). China continues to grow and its share is more than 50% of total world production. Production has increased all regions except for Central and Eastern Europe.

Stainless and heat-resisting melt shop steel production [000 metric tons]

Region	Quarter				Year 2014	+/- % y-o-y
	1/2014	2/2014	3/2014	4/2014		
Western Europe/Africa	2,164	2,116	1,682	1,608	7,570	1.0%
Central/Eastern Europe	71	72	70	64	277	-6.3%
The Americas	670	717	711	716	2,813	14.6%
Asia (w/o China)	2,371*	2,387*	2,374*	2,202*	9,333*	0.6%
China	5,084	5,603	5,336	5,670	21,692	14.3%
Total	10,359*	10,894*	10,173*	10,259*	41,686*	8.3%

source ISSF

Source: Stainless India



A Graphical representation of the World Stainless Steel Melt Shop Production over last 15 years

Steel traders urges govt. to drop new quality control order

Steel traders and users have urged the government to drop the latest move to widen the ambit of an extant Quality Control Order and to allow them to procure raw material from alternative sources, meaning imports.

The recent QCO move was to bring more products like hot rolled sheets/plates under mandatory registration with the Bureau of Indian Standards (BIS). Bombay Iron Merchants' Association (Bima), with a little over 900 members and trade worth Rs 50,000 crore annually, has argued in a letter to the steel ministry that the government seeks to take away the rights of users.

"The proposed draft has created panic in the steel industry. Industrial raw materials like hot rolled sheets and plates are used by well regulated industries like white goods and the engineering sector that are governed by the International Organisation for Standardization and BIS. So, why is there a need to regulate the raw materials? The government wants to restrict import of steel into India and deprive us from the alternate source of raw material procurement," said Nikunj Turakhia, administrative director of Bima.

According to the argument, producers have adopted a dual pricing policy for buyers in India and abroad. They charge buyers here 15-20 percent more over those abroad.

"Therefore, steel import is necessary for survival of the trade and also for user industries, for lower cost of manufacturing. Hence, the government must not allow the domestic primary steel producers to continue charging premiums from users, and to continue imports," said Turakhia.

According to trade sources, India's steel imports surged 71 percent to a record high of 9.3 million tonnes in 2014-15. With cheaper import, Indian producers continued to match the landed cost of imported steel, which put pressure on their margins.

Steel imports were 7.4 mt in 2009-10, 6.7 mt in 2010-11, 6.9 mt in 2011-12, 7.9 mt in 2012-13 and 5.45 mt in 2013-14. Exports were 3.25 mt in 2009-10 and nearly 6 mt in 2013-14; they then fell to 5.5 mt in FY15. India imports steel from China, Japan and Russia.

Source: Business Standard

Govt. to Bring 18 Steel Products under Quality Control Order

The government is set to bring 18 steel products, including hot-rolled (HR) coil and cold-rolled (CR) coil, under an extant quality control order for the sector, taking the number of steel items under it to 33. The objective is to ensure better quality for domestic end-use industries and putting brakes on galloping imports of the alloy. The proposal, pending concurrence from the

BIS, follows the persistent demand of domestic steelmakers, who have been struggling to sell their products as result of dumping of products, including seconds and defectives, by China, Japan, Korea and Russia, among others. A steel ministry source said a list of products to be brought under quality control has been sent to the BIS nearly one-and-a-half months ago for its concurrence. As soon as it comes, the norms will be implemented. "The commerce ministry had directed us nearly two years ago to improve quality on 40 items. Subsequently, 15 items were brought under the Steel and Steel Products (Quality Control) Order, 2012, in October last year. We have a fresh list of 18 items where quality control is required after consulting stakeholders for BIS consultation", said the official. These 18 items account for nearly 70% of the total imports, which stood at 9.32 mt last fiscal. The order would also apply to domestic steelmakers. The steel industry is not averse to the idea, hoping that it would provide them some cushion from imports, which grew 71% in 2014-15 over the previous fiscal. The government insists on improving the quality of the products, which has a direct bearing on the safety and security of human beings and infrastructure. While it ensures better products, it also acts as a guard against imports of inferior quality products.

Source: Steel Rerollers Association

Outokumpu's stainless steel fuel tank wins ISSF New Applications Award

A stainless steel fuel tank developed by Outokumpu received the New Applications Award by ISSF (International Stainless Steel Forum) in the Best New Development Award category at the ISSF Annual Conference in Hong Kong, China.



Outokumpu and the Swedish fuel system company TechROi Fuel Systems (TFS) developed a new innovative stainless steel fuel tank.

Stainless steel properties make the tank a competitive alternative for plastic tanks. Use of Outokumpu HyTens® steel grade allowed extremely thin walls and tailored strength, making the tank circa three kilograms lighter than the conventional fuel tank made of plastic, thus reducing the overall vehicle weight and making the car less fuel consuming and consequently mitigating emissions.

According to the ISSF, the winning concept provides a combination of good design, appropriate material selection, engineering expertise and sufficient delivery reliability. The stainless steel fuel tank is superior in terms of crashworthiness and does not need surface treatment or maintenance.

Said Outokumpu CEO Mika Seitovirta: "We are very pleased with the ISSF's recognition of this innovation, which showcases the potential that stainless steel and customer focused innovation have in meeting the demands of car industry. As a versatile, long-lasting and 100% recyclable material, stainless steel offers great opportunities for a number of industries to create a more sustainable future."

The award received is the first ISSF New Applications award for Outokumpu. The ISSF awarded Outokumpu for Sustainability in 2011 for reducing landfill waste in Sheffield, UK and in 2014 for a long-term study assessing the risk of cancer among the stainless steel industry employees in Outokumpu's Kemi and Tornio sites in Finland. The International Stainless Steel Forum (ISSF) is a non-profit research and development organization which was founded in 1996 and serves as the world forum for the international stainless steel industry.

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OUTOKUMPU CEO MIKA SEITOVIRTA ELECTED THE CHAIRMAN OF ISSF

The International Stainless Steel Forum (ISSF) elected Mika Seitovirta, Outokumpu CEO, as new chairman in the organization's 19th Annual Conference in Hong Kong, China. His position and duties as the Outokumpu CEO continue. The term of the ISSF chairman is two years.

Says Mika Seitovirta: "Long-lasting, durable and 100% recyclable, stainless steel is the optimal material for a wide range of industries and applications. As the ISSF vision says, stainless steel provides sustainable solutions for everyday life. It is a privilege to chair the International Stainless Steel Forum, and drive the industry forward to ensure continuous drive towards customer focused innovations and a more sustainable future."



The International Stainless Steel Forum (ISSF) is a non-profit research and development organization which was founded in 1996 and serves as the world forum for the international stainless steel industry.

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State power firms to import 52 MT coal in FY16

State-owned power generation companies will import about 52 million tonnes of coal, accounting for 70 per cent of total dry fuel imports by power firms in the current fiscal, to meet their requirements. As per a document prepared by Power Ministry in consultation with Central Electricity Authority (CEA), 37 power producers, both public and private, would need to import 73 million tonnes of coal to meet their fuel demand. As many as 25 PSU power generation companies would have to import about 52 million tonnes of coal, while 12 other private players would import about 21 million tonnes in 2015-16 financial year. The government has asked power generation utilities to take necessary action in the matter, the document added. More than 21 MT of coal will be imported by the private power generation utilities. Of the 12 private power companies, Reliance Infrastructure will import 5.2 MT for its Dahanu thermal power plant and Adani group will ship 4.7 MT for its Tiroda project in Maharashtra. The government has set an ambitious target of raising the output of state-owned Coal India to one billion tonne even as the coal major missed its goal of producing 507 MT of dry fuel during 2014-15. It was able to produce 494.23 MT. Last month, the company produced 57.27 MT of coal as against its target of 56.87 MT. The Ministry of Coal has fixed a target of 550 MT of production for Coal India during the current fiscal.

QUANTITATIVE ANALYSIS

Quantitative Analysis

Scenario 1

Two guys are fighting and a third guy comes along, then a fourth and they start arguing about who's right.

You are in Kolkata

Scenario 2

Two guys are fighting and a third guy comes along, sees them and walks on.

That's Mumbai

Scenario 3

Two guys are fighting and a third guy comes along and tries to make peace. The first two get together and beat him up.

That's Delhi

Scenario 4

Two guys are fighting. A crowd gathers and soon it becomes a State-level political issue.

Then you are in Chennai

Scenario 5

Two guys are fighting. A crowd gathers to watch. A guy comes along and quietly opens a tea/coffee stall.

That's anywhere in Kerala

Scenario 6

Two guys are fighting and a third guy comes along, then a fourth and they start to figure out an algorithm to solve the fight, without actually getting involved; making sure they earn a lot of foreign currency for the state.

Then you are in Bangalore

Source: Industrial Angles/Business Standard

Rising Chinese Imports Remain a Concern for Steel Firms

Tata Steel Managing Director TV Narendran expressed the anguish of local steelmakers, whose margins are increasingly coming under pressure, when he told a TV channel that imports continued to have an "adverse impact. The industry is waiting for the government to address the problem."

Steel imports rose 71 percent in 2014-15 to 9.31 million tonnes (mt), when its exports suffered a setback of eight percent to 5.5 mt, thanks to structural problems and tepid demand in target markets. The industry has made many representations to the government for protection from imports. But unlike the European Union, which saw merit in industry body Eurofer's representation that stainless steel products originating in China mostly and also Taiwan are sold in the region below production cost and would be putting anti-dumping duties of up to 25.2 percent. Delhi is yet to act.

The only development here so far is a Budget announcement that although the tariff rate on steel products under chapters 72 and 73 of the Customs manual is raised from 10 to 15 percent, the existing effective rates have remained unchanged. This left steelmakers disappointed. More recently, however, Steel Minister Narendra Singh Tomar said. "The industry and the government are equally worried about China dumping steel here. We have told the finance ministry about the compulsion for higher steel import duty. We are hoping for a favourable outcome."

Narendran complains about the arrival of a lot of China-origin steel. But South Korea and Japan, which under free trade agreements (FTAs), are selling steel here under falling rates of import duty are also causing market disturbances. Making the best of major devaluation of local currencies rouble and hryvnia, steel groups in Russia and Ukraine are exporting steel in a big way. India continues to receive a good amount of steel from the two countries. If Chinese exporters are not restrained, they will continue to sell more and more products here. Considering the state of our steel industry, Delhi should give serious consideration to industry suggestion of removing steel from the purview of FTA. The industry's case will become stronger if it could back up the demand for taking out steel from the two FTAs with "adequate facts and figures" for New Delhi to intercede with Tokyo and Seoul.

On a few occasions, Prime Minister Narendra Modi suggested that the steel industry would be playing a pivotal role in taking the 'Make in India' programme forward. Delhi's target is to raise the share of manufacturing sector in GDP from the current about 15 percent to 25 percent and in the process create an additional 100 million jobs by 2022. It will only be appropriate that the manufacturing sector as it rapidly expands should be using India-made steel. The country is targeting steel capacity growth of 300 mt by 2025 in which all major producers have plans to participate in a big way. But they will be cramped from doing so if imports continue to play havoc.

A point not to be missed is that China, where growth has slowed and investment in infrastructure and construction fallen stepped up exports by 51 percent in 2014 to 93.78 mt, much to the annoyance of steelmakers in the EU, the US and here. They remain skeptical that Beijing cancelling export tax rebates for steel alloys containing hardening chemical boron will lead to restraining of Chinese exports. As the Chinese prime minister is keen to consolidate the economy, GDP growth will stay around seven percent a year. He is also pushing hard to end corruption among bureaucrats and politicians and scrap environment polluting and uneconomic steel capacity in the face of opposition from provincial satraps.

All this boils down to flat steel demand in China, where double digit consumption growth became routine since the turn of the century. Morgan Stanley says demand for finished steel in China slid one percent to 689 mt in 2014 marking a break with years of rapid growth. Contraction in production in the first two months of 2015 by 1.5 percent to 130.5 mt on a year-on-year basis is confirmation of China Iron and Steel Association stand that production in the world's largest producer has "already hit a peak". Indian production during this period was up 7.2 percent to 14.563 mt. let imports not hamper our growth.

Source: Steel Rollers Association

Low Global Prices to Encourage Iron Ore Import

India is likely to remain a net importer of iron ore in 2015-16 as falling international prices might encourage steel majors to continue importing the key raw material.

The quantity imported might not be as high as in the last financial year. However, with an expected increase in domestic production of iron ore.

In 2014-15, India imported 15 million tonnes of iron ore, an all-time high. Exports were a meagre 4.5 million tonnes.

This year, the country's imports will again far exceed exports.

During this year, imports are likely to be around 10 million tonnes despite the reopening of mines in Odisha and the huge pile-ups in several places. However, the downward trend of international prices will keep importers interested in the global seaborne trade. CFR China would be below \$50 per tonne.

Also, inconsistency in the supply of iron ore and availability of high-grade ore at cheap prices will be encouraging for the steel mills to keep their import intact.

Indian steel mills, which do not have captive mines, require around 95 million tonnes of iron ore per annum.

JSW Steel, which was the largest importer last year at 10 million tonnes, will continue to be the major importer in FY16. Other importers include Tata Steel and Welspun.

"This year, we are going to increase our capacity utilization above 90 percent. Though the availability of domestic iron ore will improve during the year, we will continue to import to meet the requirement at our plants. However, we may not import as much as last year and might end up at around 6 million tonnes from South Africa," Vinod Nowal, deputy managing director, JSW Steel, said.

Tata Steel, which imported around two million tonnes last year, is expected to import this year, too, to feed its Kalinganagar steel plant, which will be operational, analysts tracking the sector said.

Last year, imports took place at \$70-90 per tonne and this year, prices are hovering around \$50 per tonne, which is a good enough reason for the mills to import iron ore containing very high grades, Nowal added.

He, however, said price correction carried out by NMDC last week was not enough. Instead of the reduction of Rs 500 per tonne in prices of fine, they should have reduced by at least Rs 1,000 per tonne, he said.

"The recent correction of Rs 500 per tonne in domestic prices of iron ore fines by NMDC is welcome. However, more downward correction in ore prices are required to ensure imports are totally avoided. We need to continuously evaluate this domestic pricing aspect of iron ore fines vis-à-vis import offers in view of continued pressure on global steel pricing as well," H Shivaramkrishnan, chief commercial officer, Essar Steel, said.

The production of domestic iron ore is pegged at 137-140 million tonnes for 2014-15. For the current financial year, a growth will come from NMDC and mines in Karnataka and Odisha.

Recently, the Rungta mines received environmental clearance. NMDC has announced it would increase production by 20 percent to 35 million tonnes as against 31 million tonnes in FY15.

In Karnataka, production is set to increase in 2015-16. Goa is also likely to commence production towards the second half of this year.

Source: Steel Rerollers Association

Unused Mobile Phones are Squandering Gold Worth £100 Million

A new study has revealed that unused mobile phones are actually squandering gold worth £100 million in the UK. Contracts that promote frequent upgrades and a lack of effective recycling,

have built up a mobile phone mountain of an estimated 85 million handsets, the Independent reported. Dr. James Suckling of the University of Surrey said that each of these phones has been manufactured using precious metals such as gold, copper and silver, which are costly to extract, both in cash terms and environmental impact. Replacing just the gold would cost about £110 million and release about 84,000 tonnes of carbon dioxide into the atmosphere, he added.

Source: Financial Express

Plans on to raise share in auto segment

Debu Bhattacharya, managing director of Aditya Birla flagship company Hindalco, has been a part of the company's ups and downs for the last 16 years. Last week, Hindalco crossed the Rs 100,000-crore revenue mark for the first time. Bhattacharya, who is also the vice-chairman of Novelis, spoke to HT about the company's future plans Excerpts:

Q. How did you manage to increase production at Hindalco at a time of irregular supplies?

A. Innovation has been the key at all Hindalco units, mostly with asset sweating (the maximum we can achieve from existing assets). Then, there are our employees. The total number of employees at the new plants is about 3,000 and an additional 6,000 are on contract. At each factory, local youth have been trained through institutional and on-the-job training. Trainees are also sent to established factories like Renukoot for live training from experienced hands.

Q. Did all this lead to the record turnover?

A. There were three main reasons – putting up of the new assets gave us additional production, ramping up of existing capacities and asset sweating.

Q. Novelis has been a market leader in its space of beverage cans. What are your plans for that company?

A. We plan to increase its share in automotives. We are already supplying to car makers like Audi and Ford; we want to extend that. Automotive now accounts for 12% of Novelis's business. We would like to raise that so that all large car companies use Novelis products.

Q. How will the Chinese factor impact global aluminium prices in the near term?

A. China has seen a massive capacity expansion, creating large excess capacities in primary aluminium. So exports from China have accelerated and may increase further on removal of export duties.

Source: Hindustan Times

Moil Slashes Manganese Ore Prices by up to 25%

Public sector enterprise Moil recently slashed prices of various grades of manganese ore by up to 25% for the April-June quarter.

In a filing to BSE, the country's largest manganese producer said it has reduced prices of all grades of manganese ore by up to 25% over the previous quarter.

Prices of all ferro grades of ore with manganese content of 46% and above have been reduced by 10%.

While prices of ferro grades of ore with manganese below 45% have been reduced by 15%, it said.

"Prices of all grades of SMGR have been reduced by 20% over the previous quarter," the filing said.

The company also cut existing price of Electrolytic Manganese Dioxide by 5%.

The company revises prices of manganese ore on quarterly basis.

The government has already started the process for the disinvestment of Moil's 10% stake through an offer for sale which could fetch around Rs 500 crore to the exchequer.

It holds 71.57% in the miniratna PSU which is the largest producer of high grade manganese ore – an essential input for steel making.

Source: Steel Rerollers Association

Metallic Insight

As a school student, I had a keen interest in engineering but was unable to decide whether I should pursue a BTech, BE or a BSc degree. My uncle happened to be a metallurgical engineer who worked with aeroplane and submarine bodies. I was fascinated with planes, and naturally, I wanted to pursue a career that would allow me to explore my interests. That is how I decided to study metallurgical engineering. I opted for a BMet over other options, such as civil, chemical and instrumentation engineering. Materials (metals and non-metals) form the backbone of post-engineered products. Starting from bridges, cars, steel structures of buildings and the microchips used in electronic gadgets to the nano-fibres used for tissue implants, all these materials are used in engineered products developed to improve the quality of life. The demand for engineers in this field is rising with the steel sector accounting for the highest percentage of GDP. As part of the four-year course, we have studied subjects including mineral beneficiation, geology, physical metallurgy, iron-making, steelmaking, foundry metallurgy, electrochemistry and corrosion, etc, other than common subjects like maths, physics, chemistry, mechanics, strength of materials, machine designing, electrical and electronics, etc.

Source: Times of India

Winning Starts With Beginnings

Everything big starts with something little. Nothing great is created suddenly. Nothing can be done except little by little. Never decide to do nothing just because you can only do a little.

People who think they are too big to do little things are perhaps too little to be asked to do big things. Small opportunities are often the beginning of great enterprises.

Within a little thing lies a big opportunity. Small things make a big difference; therefore, do all that it takes to be successful in little things.

One of the most frequent prayers I pray is, "Lord sends small opportunities into my life." I know that if I am faithful in the small things, bigger opportunities open up to me.

You will never do great things if you can't do small things in a great way. All difficult things have their beginning in that which is easy, and great things in that which is small.

One of the major differences between people who have momentum and those who don't is that those with momentum are growing by taking advantage of small opportunities. The impossible, many times, is simply the untried. Here's some of the best advice I've been given: "Do something!"

The courage to begin is the same courage it takes to succeed. This is the courage that usually separates dreamers from achievers.

The beginning is the most important part of any endeavour. Worse than a quitter is anyone who is afraid to begin. Ninety percent of success is showing up and starting. You may be disappointed if you fail, but you are doomed if you don't try.

Don't be deceived; knowledge alone of where you want to go can never be a substitute for putting one foot in front of the other. Discover step by step excitement. To win you must begin.

The first step is the hardest. 'That's why many fail – because they don't get started they don't go. They don't overcome inertia. They don't begin'. Don't be discouraged. Little steps add up, and they add up rapidly.

Dare to begin. No endeavour is worse than that which is not attempted. You don't know what you can do until you have tried. People, like trees, must grow or wither. There's no standing still. Do what you can. "It is always your next move".

This is the thirteenth of series of "Nuggets of truth" which are our sound food for soul. Get ready to blow the lid off our limited Thinking & create your recipe for happiness & success.

Compiled by Shri K L Mehrotra
Chairman – IIM-DC & Former, CMD – MOIL



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