THE INDIAN INSTITUTE OF METALS - DELHI CHAPTER

IIM Metallurgy Materials Engineering

NEWS LETTER

ISSUE NO. 90/2015 VOL . XC "MONTHLY" DATE: 31.07.2015

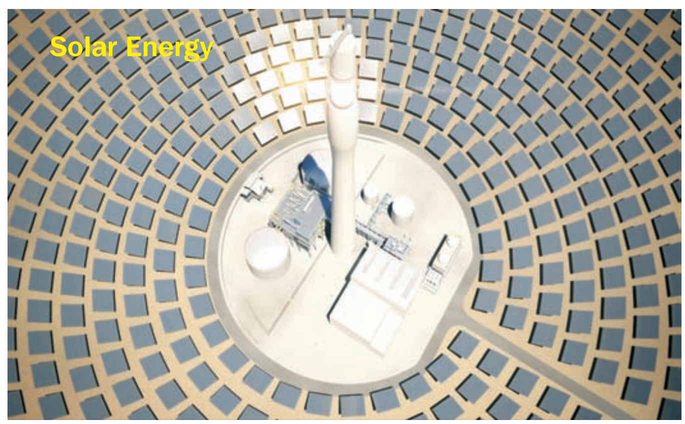
K L Mehrotra - Chairman, Delhi Chapter | **S C Suri** - Editor-in-Chief (IIM-DC Newsletter)

In The Issue

THE INDIAN INSTITUTE OF METALS - DELHI CHAPTER

Published By
The Indian Institute of Metals – Delhi Chapter
Jawahar Dhatu Bhawan, 39, Tughlakabad Institutional Area
M B Road, Near Batra Hospital, New Delhi-110062
Tel: 011-29956738, Telefax: 011-29955084
E-mail:iim.delhi@gmail.com; Website: iim-delhi.com

Offering you a full palette of innovative stainless steel



We are the global leader in advanced materials, with our heritage going back over 100 years to the very invention of stainless steel.

We are in a unique position to work closely with our customers and partners around the world, to create materials for the tools of modern life.

We believe in delivering best in product quality and technical expertise while becoming even better at customer orientation, speed and reliability.

Outokumpu wakes every day with the mission to make its long lasting materials as sustainable as possible, because our goal is a world that lasts forever.

India.sales@outokumpu.com
Outokumpu.com

outokumpu
working towards a world that lasts forever

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 conomy 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 IIM DC, 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 IIM DC is ONE TEAM - **T**ogether **E**veryone **A**chieves **M**ore 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

IIM
Metallurgy
Materials Engineering

Chairman
K L Mehrotra

Vice Chairman
V C Singhal
V K Tyagi

Hon. Secretary
Manoranjan Ram

Hon. Jt. Secretary
G I S Chauhan
Dr. Vipin Jain
N Vijayan

Hon. Treasurer
M P Sharma

Hon. Jt. Treasurer
Rahul Khanna

Members
S C Suri
R K Gupta
A C R Das
P K Chatterjee
Deepak Vaidya
Gajendra Panwar
O P Gupta
Gautam Bhatia
D. Kashiva
Ashok Kumar Rana

Advisory Committee
B R Thukral
B D Jethra
Raj Tiwari

Technical & Publication Cell
A C R Das
K K Mehrotra
G I S Chauhan
Manoranjan Ram
Dr. Vipin Jain
Gajendra Panwar
Gautam Bhatia
Dr. Arvind Bharti

Global Outlook of Steel

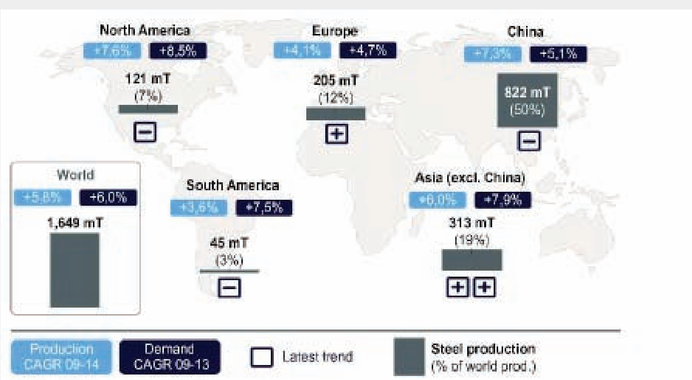
Material Extracted by Shri S C Suri
Honorary Member, IIM
From Roland Berger Strategy Consultant's Report on Global Steel Outlook

1. Main topics covered are as under:

- Steel Industry is recovering but the situation remains fragile – Steel market is increasingly going global – will anti-dumping recent moves affect it?
- China and Brazil are current matters of concern because of overcapacity – India signals are more positive, NAFTA region is uncertain.
- New technologies and digital activities will impact steel markets. Supply chain reactivity may increase significantly.
- Impact of Manganese on steel in increasing Mn intensity of new materials leverages moderate growth for steel.

2 Global Trends

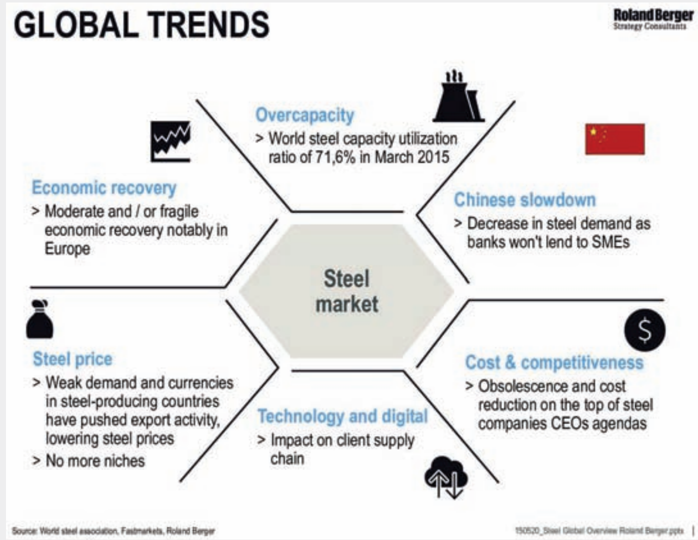
The production of steel in different regions in 2014-15 as listed below:



NB: The Global Trends in the report cover the following regions: North America, Europe, China, South America, Asia (Excl. China)

3 Steel Market

A review of the Global Trends indicates the following:



All major steel producers acknowledge that there exists several challenges in the growth and development of steel sector.

4 Country-wise review existing is indicated below:

China

There exists an overcapacity in China.

- The key drivers for the growth in China are governed by the following parameters:

Demand peaked in 2013

- 2013/2014: -3.3%
- Further decline confirmed in 2015 and foreseen till 2020

Construction

- Bubble down: 10% reduction of building sales in the construction market.

Automotive

- Slower growth

Others

- Slower growth of mechanical engineering and white goods

There are no positive signals in the growth of steel sector in China.

India

India shows a positive demand on steel demand front but capacity is increasing.

The key drivers for steel growth in India are as under:

5% p.a. demand increase from 80MT in 2013 to 89 in 2015.

Construction

- Public investment in infrastructure projects (freight network, building construction)

Automotive

- Strong growth – 4% increase in 2014

Others

- Recovery of industrial production and GDP
- India wishes to increase domestic steel capacity but Chinese steel imports are also growing simultaneously.

In the present context the several recent moves were initiated by the Indian government. The following important parameters are as under:

- Favourable regulatory framework
- Loans, waivers, tax incentives for steelmakers

Government has fixed production targets of 300MT by 2025:

- Recent announcement of the fast steel capacity addition (122 MT) – financing to be confirmed
- Consolidation of raw material provides to secure sourcing

In the meantime (2015), speculator rise of imports from China (depreciation of the rupee increases steel manufacturing cost as the large tonnage of coking coal is imported)

5 NAFTA

NAFTA steel market is recovering. It is pulled by automotives and construction sector.

The key drivers for growth and development in NAFTA region are as under:

Demand has peaked in 2014

- 2015/2014: -0,9%
- 1% increase p.y. by 2020

Construction

- 3% increase p.a.

Automotive

- Record high in 2015

Others

- Negative context in oil and gas sector
- Robust employment growth

6 Brazil

It is observed that Brazil suffers from high overcapacity.

The key drivers for development of steel sector are as under:

Strong demand decrease

- -7% in 2014 and -8% in 2015
- Expected recovery in 2016 (3%)

Construction

- 10% CAGR by 2019 (Olympic Games)

Automotive

- Biggest decrease since 2002 (-7%)

Others

- Exports hampered by strong currency: Petrobras.

7 Europe

The demand in Europe is soft which is responsible for generating low capacity utilization.

The key drivers are as listed below:

3,6% increase in 2014, ~2,5% in both 2015 (188 MT) and 2016 (193 MT)

Automotive

- Recovery expected to continue in coming years
- Decreasing steel intensity

Construction

- Weakened activity in 2014 but expected recovery in 2015 / 2016

8 Impact of Digital

Digitalization is shortening market cycles and making demand more variable and diversified.

- Requirement for higher flexibility, shorter lead times, higher customization (steel / alloys types), smaller lots size
- Need for steel producers to adapt to this new complexity
- More visibility on supply sources and prices

9 Impact of Manganese

There is a growing interest for Manganese application in steel.

Impact of Manganese is phenomenal in the following sector:

- Automotive
- Construction
- Railway
- Oil & Gas
- Packaging
- Mining

Conclusion

While the Outlook for steel in the Global Economy is positive with a growth of 3% forecasted in 2015

There are several risks in the medium term.

The Global Steel review indicates the following conclusions:

- There is an excess steel capacity in the world. The present steel production capacity is around 1700MT.
- This excess steel capacity in the world is forcing the large tonnage steel transfer to marketing front.
- The Indian Steel Sector is steady for the present but will have to weather the impact of global development on steel front.
- Huge steel imports are taking place in India and being competitive is vital for India
- The Indian steel industry challenges are in the following areas:
  - (i) Regulatory environment
  - (ii) Access to infrastructure
  - (iii) Raw material availability
  - (iv) Competition from low priced imports
- The Indian Steel Sector is expected to show a demand growth at CAGR of 8-9% between 2015 and 2020. This will be supported by increasing urbanization and large scale construction activity.

0000 xxx 0000

Strong eco growth in India to revive steel demand: Moody's

Rating agency Moody's projected recently an increase in demand for steel in India on the back of strong economic growth and revival of infrastructure spending. The global firm also forecast that a steel glut in world's largest producer China is expected to worsen amid slowing demand and steady production. Regarding India, Moody's said: "the country's relatively strong economic growth and the government's plan to revive infrastructure spending and increased steel consumption in the manufacturing sector will boost the country's steel demand." Moody's Macroeconomic Board forecasts GDP growth of 7.5 percent in 2015-16, up from 7.2 percent in 2014 and 6.4 percent in 2013, it added. "We expect India to post mid-single-digit steel demand growth, up from 2.2 percent in 2014. To capture this growth, India's three largest steel manufacturers by production volumes -- SAIL , Tata Steel and JSW Steel -- will add production capacity in the next one to two years," it said. Moody's projected that profitability of Indian steel companies such as Tata Steel and JSW Steel will remain the highest in the region owing to captive iron ore supplies (for Tata) and rising domestic demand. "The profitability of Indian steel companies such as Tata Steel and JSW Steel, despite steel prices being pressured by imports, will remain the highest in the region as a result of captive iron ore supplies (in the case of Tata) and more favourable domestic industry conditions," Moody's said.

As regards Asian steel industry, Moody's Investors Service changed its outlook to negative from stable, reflecting steelmakers' declining profitability amid a growing supply glut. Chinese steelmakers' earnings will decline considerably in the coming 12 months as the country's steel glut worsens amid declining demand and steady capacity, it added. Chinese steel demand will likely decline amid weakening trends in real estate, infrastructure and manufacturing, Moody's said. China accounts for 70 percent of Asia's steel demand. The glut will put pressure on steelmakers in China as well as Asia and exports from Chinese steel mills will increase. "Steel demand from Southeast Asia and India will likely increase but will be insufficient to offset the decline in China," it added. In India, the latest data by the Joint Plant Committee, under the Steel Ministry, showed that steel consumption grew 7.1 percent to 20.10 million tonnes (MT) in the first quarter of 2015-16 helped by cheaper imports and increased production of saleable steel. Tata Steel's India operations were negatively impacted in Q4 2014 and Q1 2015 when the firm imported iron ore due to a government ban on mining in May 2014 following the non-renewal of expired leases.

Source: Source: Metaljunction

World's Top Steelmaker Says Output Waning as Demand Stumbles

Mills in the world's biggest steelmaker are churning out less even as economy shows signs of stabilizing. Crude-steel production in China shrank 1.3 percent to 410 million metric tons in the first half compared with the same period of 2014, according to the National Bureau of Statistics on Wednesday. June's output fell 0.8 percent from a year ago. After decades of rapid growth spurred an unprecedented expansion in steel supply, output is now dropping as mills in China contend with a property-led slowdown, overcapacity and losses. The country's producers are the linchpin of the global industry, accounting for about half of supply, and the slowdown is hurting iron ore demand. Growth in Asia's largest economy held at 7 percent in the second quarter, beating expectations. "The slowdown in construction and real estate means that the Chinese economy is now less dependent on steel production than it was," Andrew Colquhoun, head of Asia-Pacific sovereign ratings at Fitch Ratings Ltd., said by phone from Hong Kong. Steel reinforcement bar retreated 23 percent this year to 2,130 yuan ($343) a ton recently, according to Beijing Antaike Information. 2-3 weeks back, the benchmark fell to the lowest since at least 2003. Iron with 62 percent content delivered to Qingdao sank to $44.59 a ton on July 8, the lowest since at least 2009. Construction is slumping as policy makers seek to shift the economy away from investment-led growth toward consumption. The amount of land purchased for real-estate development fell 34 percent in the first six months, official figures showed. About 35 percent of China's steel demand is related to housing and construction, according to Goldman Sachs Group Inc.

Still Pressure

"There's still pressure on the steel industry," Ma Yan, an analyst at Nanhua Futures Co. in Hangzhou, said before the data was released. "The speed with which the demand is decreasing still outpaces the pace of output cuts." Iron ore imports by China, the world's largest buyer, shrank 0.9 percent to 452.9 million tons in the first half, customs figures showed recently. Prices that rose as China expanded are falling to a so-called new normal level and will remain there through 2020, Rio Tinto Group said. The decline is hurting smaller producers. Mount Gibson Iron Ltd. a few days back described the impact of the drop as devastating, and the Perth, Western Australia-based company said it was considering the early closure of its second mine. Mills in the China Iron & Steel Association reported losses of 16.5 billion yuan in the first five months as demand stalled, Chairman Zhang Guangning said recently. Steel output in China probably peaked in 2014, according to the association. Output of steel products rose 2 percent to 559 million tons in the first six months from a year earlier, the statistics bureau said Wednesday. Given the domestic slowdown, mills have been increasing overseas sales, which climbed 28 percent to 52.4 million tons in the first half, customs data showed recently.

Source: Source: Metaljunction

Govt needs to act fast to check cheap steel imports

Indian economy is facing one of the stiffest challenges to sustain the momentum of rising exports. In FY15 the total exports declined by 1.2% compared to the previous year's performance and in Q1 of FY16 it went down by 11.6%. The lower trend of export growth had adversely affected our inflow of foreign exchange. Simultaneously the country witnessed a drop in imports but at a lower scale, 0.6% in FY15 and 7.2% in Q1 of the current fiscal. Thanks to a steep decline in crude oil and other prices the outgo of foreign exchange due to high imports had a lower rise and the country could contain the CAD to 1.3% of GDP in FY15.

For the steel sector, the country exported 5.9 MT of steel in FY15, a negative growth of 2% compared to the previous year, while imports at 10.0 MT grew by 76%. There was a net deficit of R238 billion in FY15 and it stood at R92.5 billion in Q1 of FY16, threatening to be much higher than last year. The significant drop in global steel prices had affected export proceeds while it contained exchange outflow despite higher imports.

Rising imports are always indicative of growing size of the domestic market. In some cases the trend of high imports also signals a low manufacturing capability in the commodity sector and under services category it signifies poor state of IT and communication facilities that necessitate some essential imports of technology and equipment. This is the standard model of progress by all developing economies.

Looking from this angle, India presents a unique picture. We have become a major exporter in IT and communication segments that are currently serving all the domestic needs of the country by creating massive capacities or expanding their range of services to meet the potential needs of the sector. The automobile is another example where the shortfall in domestic capacities to cater to all variety of needs of the customer segments has led to creation of manufacturing hubs by the global auto majors in association with domestic players.

For a high capital-intensive industry like steel with a minimum gestation period of four years between commencement and commissioning, the investor is worried on ROI with a subsequent drastic change in the market scenario, both domestic and global. The banks are equally concerned about the ability of the creditors to repay loans as per schedule and restrain further loans. The high capital cost adds to the worry of current and prospective investors. In the context of high capital cost and lower margin due to subdued market condition, the benefits of lowering cost of raw materials like iron ore and coking coal are not helping much and this is clearly evident from the declining profitability of the steel industry and this phenomenon is largely engulfing other sectors of the industry.

Under such a scenario the government needs to act fast to restrict imports, and specifically steel imports, flowing from the idle capacities in China, South Korea, Japan, Russia, Ukraine and Turkey to provide a level playing field to the investment already made and prospective volumes . Looking around we find Indian steel exports are facing a large number of restricted market access from anti-dumping, countervailing duties, safeguard levies and various other NTBs like standards and specifications (latest measures from Indonesia, Thailand and Malaysia).

Recently the US has issued notifications to strengthen the trade measures and put in place an effective method of monitoring steel imports against the views of group of consumers preferring cheap imports from China. We also have a class of consumers and trading merchants who clamour for cheap imports. The government must weigh the interests of indigenous investors desirous of giving a boost to the sagging manufacturing sector and help employment, income and utilisation of domestic capacities and those of the consumers opting for cheaper varieties of steel and largely of inferior grades. The author is DG, Institute of Steel Growth and Development. Views expressed are personal.

Source: Metaljunction

Hike in import duty on steel upsets EEPC

The government's move to protect domestic steel industry through increased import duty has upset the engineering industry. It has since demanded that the duty drawback rates be increased by

60 per cent. If this is not done, then "engineering exports this fiscal may miss the target," EEPC India Chairman Anupam Shah said. The government has hiked the import duty on flat products of steel, from 7.5 per cent to 10 per cent. Likewise, on long products such as TMT bars, the levy has been raised to 7.5 per cent from five per cent. "We are not against support to the domestic industry against imports from countries such as China, but then, with the domestic prices being influenced by such levies, the drawback rates should simultaneously go up," Mr. Shah said. The current duty drawback is around 1.9 per cent. And, it should be increased by 60 per cent of the import duty hike. Since steel accounts for about 50 per cent of total value of engineering products, the duty drawback rates for engineering products should have been raised by 1.25 per cent at the bare minimum, the EEPC said. It may be mentioned that iron and steel is freely importable, but over the years, there has been an increase in imports of finished steel from 6.67 million tonnes in 2010-11 to 9.32 million tonnes in 2014-15, according to Union Steel Ministry data. Not only industry but even lenders had pressed for a hike in import duty saying that the imports were hurting domestic industry. The EEPC claimed that imports constituted only 10.7 per cent of total production. But, if imports were curtailed through duties, the user industries would be completely at the mercy of the domestic steel industry, it said.

Source: Metaljunction

Steel market not favourable as import gets cheaper

The 24th session of 'Synergy' - the apex employee engagement forum - was organized by business excellence department of Bhilai Steel Plant (BSP) at Human Resource Development Centre recently. The workshop focussed on universal rail mill (URM) and bar & rod mill (BRM) projects. BSP chief executive officer S Chandrasekaran along with executive director (ED) (works) YK Degan, ED in charge (projects) SB Jagdale, ED (mines) SK Saha, acting ED (material management) PK Banga, acting ED (personnel & administration) Madhuri Menon interacted with department executives. S Chandrasekharan, in his address, urged participants to expedite working process while ensuring safety. He added that market is not favourable for steel producers with imports getting cheaper.

Source: Metaljunction

Declining steel prices haunt raw material makers

Where declining steel prices have not spared large integrated domestic primary producers, an escape route for steel-making raw material industries such as pellets, sponge and pig iron units, even smaller in size, does not arise.

Due to this, in the past three or four months, several sponge iron unit across the country have shut down, pellet plants have been unable to sell and the pig iron industry has seen capacity utilisation drop significantly.

Pig and sponge iron are two different forms that are the result of different production processes. Sponge iron is used by mini-steel mills to improve the steel they produce, while pig iron is used mainly by foundries. Iron ore pellets are spheres used as raw material for blast furnaces at steel plants.

"Concerns over staying afloat have risen in the sponge iron industry as moving in line with steel prices' rates of sponge iron have dropped to Rs. 3,000 per tonne from Rs. 22,000 a year ago", Deependra Kashiva, executive director of the Sponge Iron Manufacturers Association, told Business Standard.

"The industry has an annual capacity of 50 million tonnes but currently is producing only 17-20 million tonnes. When an industry is running at 30 per cent of the total capacity, it can never make money, he added.

There have been several shutdowns in recent months, mainly in Karnataka and Chhattisgarh, according to industry executives, "Of the 66 units in Karnataka, 36 have shut down, two have been sold at the scrap rate and the rest are running at half the capacity. This is the situation in one state", said Kashiva. "Chhattisgarh is no different. With 75 sponge iron units, several shutdowns have taken place there, too," he added, stating numbers were not immediately available.

Most sponge iron industry executives said apart from low steel prices, lack of quality raw materials like iron ore and non-coking coal at the right price was also posing an issue.

Source: Business Standard

Ground-breaking bioethanol project announced by ArcelorMittal

Global steelmaker ArcelorMittal, carbon recycling company Lanzatech and leading steel production technology provider Primetals have announced that they have entered into a letter of intent to construct Europe's first ever commercial-scale production facility to create bioethanol from waste gases produced during the steelmaking process.

The EUR87 million project will be located at ArcelorMittal's steel plant in Ghent, Belgium and will commence later this year. Bioethanol production is expected mid-2017.

There will be two construction phases: phase one providing an initial capacity of 16kt of ethanol per annum by mid-2017; and phase two stepping it up to 47kt by 2018.

ArcelorMittal has signed a long-term partnership agreement with Lanzatech and this will mean further plants across the steelmaker's global estate. Taken to its full potential in Europe alone, the project could lead to the production of 500kt of bioethanol per annum.

According to a press announcement made by ArcelorMittal, bioethanol can cut greenhouse gas emissions by over 80% compared with conventional fossil fuels. "It will predominantly be used in gasoline blending," claims the world's largest steelmaker, but can be further processed into other products 'such as drop in jet fuel'.

The announced project will be able to produce 47kt of ethanol per annum, which is enough to fuel half a million cars with ethanol-blended gasoline. It will, claims ArcelorMittal, 'demonstrate the added value of recycling waste streams, not only by reducing emissions at source – reducing ArcelorMittal's direct carbon footprint – but by keeping fossil fuels in the ground through the production of commodity chemicals and fuels that would otherwise be made from oil'.

ArcelorMittal says that 50% of the carbon used in the chemistry of steelmaking leaves the process as carbon monoxide. "This waste gas stream is either flared or used to heat and power the steel mill," explains the company, adding that, either way carbon monoxide is combusted and the resulting CO_2 is emitted. Using the Lanzatech process, however, recycles the waste gases and ferments them with a proprietary microbe to produce bioethanol, every tonne of which displaces 5.2 barrels of gasoline as well as reducing ArcelorMittal's CO_2 emissions by 2.3 tonnes.

In fact, Lanzatech's carbon recycling technology was recently awarded an Environmental Protection Agency Presidential Green Chemistry Award in the USA.

Carl De Maré, president, innovation, at ArcelorMittal, said the partnership was an example of how the steelmaker is looking at all potential opportunities to reduce CO_2 emissions and support a transition to a low carbon economy. "It is an example of why our carbon footprint should be viewed on a life cycle analysis basis, given steel is 100% recyclable and the material impact we make on reducing the carbon footprint of our customers through product innovation," De Maré said.

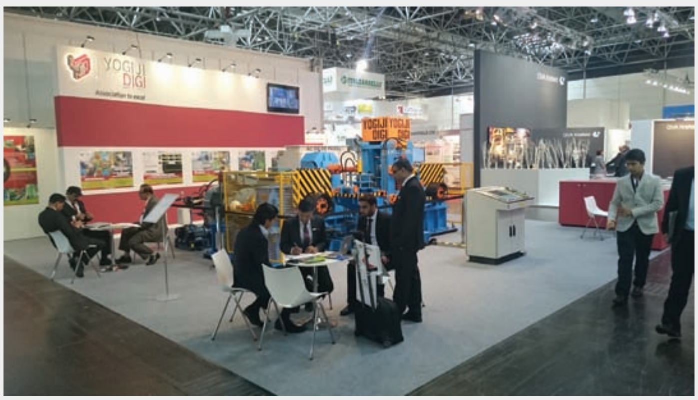
Source: www.steeltimesint.com

SAIL Signs MoU with NSDC

Steel Authority of India Ltd (SAIL) and National Skill Development Corporation (NSDC) signed an MoU for skill development in steel sector at SAIL Ispat Bhawan, Lodi Road. This MoU has been signed as a follow up to the MoU signed between Ministry of Skill Development & Entrepreneurship (MSDE) and Steel (MoS) on July10, 2015. The MoU between SAIL and NSDC will focus on three areas including – skilling of on-roll employees of SAIL, skilling of off-roll manpower working in SAIL and skilling of local youth for future employability and income generation.

Source: Business Standard

METEC 2015, Germany - YOGIJI DIGI SHINES AT WORLD STAGE OF STEEL & METALLURGY



Every four years in the month of June visitors & exhibitors from all over the world converge in Dusseldorf Germany, the city on the River Rhine where the four global trade fairs METEC (International Metallurgical Trade Fair), THERMPROCESS (International Trade Fair for Thermo Process Technology) GIFA (International Foundry Trade fair) & NEWCAST (International trade fair for Precision Castings) take place alongside each other.

YOGIJI DIGI – who are one of the leading flat steel solutions providers in the industry were one of the key exhibitors in METEC 2015 exhibition representing our country on the world stage. YOGIJI DIGI highlighted our country's motto of "MAKE IN INDIA" promoting our country's excellent manufacturing capability by displaying 4 HI SS Cold Rolling Mill at their stand. It was one of the very few heavy machines in running condition during the entire exhibition attracting attention of the visitors from around the world.

Apart from YOGIJI DIGI, our country was represented by several prominent manufacturing companies in the steel sector. Manufacturers of Hot rolling mills, section rolling mills, tmt bar mills, gear boxes etc. showcased our country's manufacturing prowess during the five day event.

Management Thoughts Humility Occupies the Top Position		
People who are humble always emerge as winners. Take the case of five fingers in our hand as follows:		
1	Thumb – Director (F)	It is very important as nothing can be done without it. Writing or holding something needs the thumb
2	Pointer Finger	This second finger next to the (Director-(P&P) thumb points things to the eyes
3	Central Finger (CMD)	It is a long one. To show victory, two fingers are used including this
4	Forth Finger (Ring Finger) (Director-Commerce)	It is used to wear ring and add beauty
5	Little Finger (Last) (Director-HR)	It is the smallest and is considered unimportant
But in really, this little finger occupies the top position. When we pray to God or wish others, this little finger is the first in position while others are behind it. When soldiers salute the flag by lifting their right hand and place on the forehead, little finger is at the top position while others are below it. Human Resource/IR is on top. Human Resource is our biggest assets.		

With more than 78000 visitors from more than 120 countries visiting the trade quartet, YOGIJI DIGI showcased its forte in providing world class flat steel solutions such as Cold Rolling Mills, Color Coating Lines, Push Pull Pickling Lines, Galvanizing

Lines, Electrical & Industrial automation etc. at affordable investment. Buyers & industry luminaries from countries such as Turkey, Iran, Egypt, Russia, Vietnam, Kenya, Nigeria, France, Italy, Brazil, China, USA etc. visited the trade fairs and the programs coordinated with them concentrating on the issue of resource optimization and energy efficiency. High quality additional events took place alongside the trade fairs involving seminars, international congresses and lecture series.

As the Managing Director of Messe Dusseldorf Mr. Joachim Schafer put it aptly: "The Bright World of Metals shines brighter than ever", YOGIJI DIGI marked India's presence globally by shining on the world stage.

0000 xxx 0000

Andy Mukherjee: Steeling for China's fall

An abrupt slowdown in Chinese demand could send deflationary ripples around the world. The threat to commodity producers like Australia and Indonesia is obvious. But India, too, must beware. If surplus Chinese output starts flooding onto world markets, India's struggling steelmakers might turn into zombies. India's banks are propping up too many weak producers. They need to get tough. Otherwise, they will be throwing good money after bad and that, in turn, will make it harder for the country to dethrone China as the world's fastest-growing major economy. The Indian steel industry has $50 billion in debt, 10 times what the steelmakers earned in the last financial year before interest, taxes, depreciation and amortisation, according to Credit Suisse. Meanwhile, prices of Chinese hot-rolled coil, used for buildings and cars, are tumbling toward the $300-a-ton mark, a record low. The 30 per cent jump in China's June net steel exports comes amidst deteriorating profitability and an inventory pileup, according to HSBC. The industry's desperation is showing. Tata Steel, India's most competitive major producer, has seen its shares fall 44 per cent over the past five years, compared with a 59 per cent rise in the benchmark Sensex. This month, lenders restructured a part of Bhushan Steel's $5 billion debt; last year, the company's managing director was arrested in connection with a bribe-for-loan scandal. Bhushan denied any wrongdoing. Essar Steel, controlled by the billionaire Ruia brothers, is also struggling to repay loans.

Such anxieties were commonplace in the 1990s, too. What saved the bloated industry? The People's Republic joined the World Trade Organisation in 2001, its economy took off, and Chinese steel demand absorbed the excess capacity. This time, though, China won't be a saviour. If anything, China's slowdown could accelerate, leaving policymakers in Beijing with no option except to throw the monetary taps wide open to revive growth. While Asia would welcome a steadying of Chinese domestic demand, the region would be at risk if monetary easing leads to a sudden depreciation in the yuan. A cheaper Chinese currency would quite literally be a "beggar-thy-neighbour" policy. The more steel India produces at uncompetitive prices, the bigger the eventual hit to lenders, particularly state-owned banks. So it is in their own interest to cut off life support to producers, eliminating superfluous capacity. Mistakenly, however, the banks are looking to the government to square the circle. They hope Prime Minister Narendra Modi's government will so massively boost investment in rail, roads and affordable housing that last year's abysmal three per cent growth in domestic steel demand will accelerate quickly to offset the oversupply.

The lenders' gamble suffers from a chicken-and-egg problem: there is little chance of a full-throttled investment revival until banks are healthy; but banks won't be healthy until they dump the bad loans clogging their lending arteries. These loans have financed an inexplicable doubling of domestic steelmaking capacity since 2007 to almost 120 million tons a year. Even now, more new steel plants are coming online - India could add almost 7 million tons of new steel capacity in the current financial year. This is an awful waste of capital. But the misallocation is not due to equity markets: slumping stock prices quite clearly suggest that shareholders won't finance any new mills. Lenders, however, would rather pretend everything is okay and write new loans, rather than take immediate losses. The bankers hope the government will shield the over-leveraged steel industry from the heat of Chinese furnaces. Depending on who you ask, the case for protectionism is either watertight or full of holes. Most of the 71 per cent increase in steel imports into India during the last financial year was because of higher Chinese shipments, according to Fitch Ratings. By increasing import duties, New Delhi can at best keep domestic steel prices near $400 per ton. But even that would not protect the industry: some Indian steel companies pay $250 per ton in borrowing costs alone. As Credit Suisse India strategist Neelkanth Mishra noted recently in the Financial Express, the overall industry may not be able to pay interest on its debt.

When New Delhi stepped in last month and raised import duty rates by a third on flat steel, exporters of automobiles, washing machines and air conditioners complained. If they have to buy steel at inflated costs when global metal prices are tanking, what chance do they have in world markets, and what hope can there be for Mr Modi's "Make in India" campaign? Exporters want a rebate on higher steel prices. It's a fair demand, which will nonetheless mean that taxpayers pay twice. They pay a subsidy to manufactured goods exporters so the latter bring in valuable foreign exchange and create jobs; they will pay again when banks finally realise that the zombie steelmakers won't revive, and have to ask their biggest shareholder - the government - for fresh capital. Unfortunately, the extend-and-pretend game is likely to continue. The government doesn't have the fiscal leeway to give state-run banks the $15 billion in fresh capital that Morgan Stanley believes they urgently need. Indications are that the pitiful budgetary allocation of $1.25 billion for recapitalisation may be raised to $3 billion, and even this may take months.

Time is not on India's side. The steady seven per cent second-quarter GDP growth in China has given policymakers in New Delhi a brief breather. But the extraordinary measures Beijing has had to adopt to stop a brutal sell-off in equities highlight the fragility of the mainland's financial system.

The People's Bank of China recently pledged to keep the yuan at a "reasonable level" and pursue prudent monetary policy. But global investors no longer take assertions of solidity at face value. It's time India, too, starts minding the China risk. There might well come a day when Indian infrastructure investment would lead the global steel industry out of its quagmire. But before reaching for such lofty aspirations, removing the debris of surplus capacity is an urgent priority.

Source: Business Standard

Moody's changes outlook on Asian steel industry from stable to negative

Moody's Investors Service has changed its outlook for the Asian steel industry to negative from stable, reflecting steelmakers' declining profitability amid a growing supply glut. "We expect Chinese steelmakers' earnings will decline considerably in the coming 12 months as the country's steel glut worsens amid declining demand and steady capacity," the agency quoted Jiming Zou, a Moody's Vice President --Senior Analyst as saying. The outlook on the industry had been stable since August 2014. As China, which accounts for 70 percent of the region's steel demand, experiences weakening trends in real estate, infrastructure and manufacturing, Moody's expects steel demand to dwindle, even as production continues, pressuring steelmakers. Steel demand from Southeast Asia and India will likely increase but will be insufficient to offset the decline in China, said the agency. In the first four months of 2015, Chinese apparent steel demand, as measured by total output less net exports, declined by 4 percent as against a 2.5 percent drop in entire 2014, rating agency said.

On the other hand, steel production and capacity will remain stable as Chinese steel companies boost exports, especially given the price premiums for steel outside of China, says Moody's. Additionally, the steeper decline in raw material prices than steel prices that improved the steelmakers' profitability in 2014 is unlikely to be repeated over the next 12 months. As steel prices have fallen more than iron ore prices this year, it implies that there is a decline in steelmakers' profitability. However, there continue to be varied business fundamentals across the region as some Indian steel companies such as Tata Steel delivering the highest profitability levels owing to captive iron ore supplies and rising domestic demand. Japanese steel companies such as Nippon Steel & Sumitomo Metal Corporation and JFE Holdings will continue to benefit from the weak yen, despite slightly weaker demand in the country. Moody's said it could change its outlook back to stable if it expects that year-on-year growth in the EBITDA per tonne of major steelmakers will stabilize over the next 12 months and China's Purchasing Managers' Index stays above 50, indicating manufacturing growth. A change to a positive outlook is unlikely, however, the agency added.

Source: Business Standard

India reports positive growth in steel in H1

India remained the only exception among the top four steel producing nations to report positive growth in production in the first six months of current year. While production in India grew by 4.2% compared to the same period last year, global output declined by an average of 2% during the January-June period of 2015. Data compiled by World Steel Association (WSA), a premier global industry body, India's production during the January-June period of the current year stood at 44.95 MT compared to 43.13 MT during the year-ago period. Global production fell to 813 MT during the period from 829.93 MT a year earlier. The fall in global production is mainly due to decline in output by China, Japan and the United States. Production in China fell to 409.97 MT compared to 415.37 MT, recording a decline of 1.3%, even though China produced a little more than half of global steel output during the period. Production declined by 4.7% and 8.6% in Japan and the US respectively to 55.23 MT and 39.85 MT during the January-June period of the current year compared to a year ago. With this, India remained at the third position in the world order of steel production in the first half of the current year. India, which has been at the fourth position for four years in a row, grabbed the third position in February this year overtaking the US.

Source: Source: Metaljunction

ArcelorMittal's SA unit asks Govt. to impose steel protection tariff

Africa's biggest steelmaker, ArcelorMittal South Africa, could shut one its mills if the government does not impose anti-dumping duties on cheap Chinese imports, it said after flagging a dramatically wider half-year loss. Shares in the world's largest producers of steel are trading around their lowest levels in more than a decade amid a global supply glut and the company has said that South Africa's high labour costs, poor rail infrastructure and slowing economy have forced it to consider cutting back operations and jobs. "This company has made losses for five or six years. I don't have an open chequebook," Chief Executive Paul O'Flaherty said. He confirmed that steel baron Lakshmi Mittal was in South Africa in June, where he briefed President Jacob Zuma's government on the challenges facing the industry and asked for intervention to counter cheap Chinese imports. ArcelorMittal South Africa had applied for tariff protection of between 10% and 15% and O'Flaherty said the government appeared "sympathetic" to the company's request. The steelmaker said it could be forced to shut its Vereeniging mill on the outskirts of Johannesburg, which employs 1,200 workers. "The announcement of a potential closure of Vereeniging is not putting a gun to anybody's head. It is not a statement. It's a reality of business," O'Flaherty said. "When you have got bleeding, you must stop the bleed." In a trading statement released earlier, the company warned of an up to fourteen fold increase to its half-year loss, citing tough trading conditions and higher finance costs. The headline loss for the six months to June 30 is expected to be between 25 cents and 30 cents per share, it said, against a loss of 2 cents per share a year earlier. Headline earnings, excluding certain one-off items, are the main profit gauge in South Africa. The company's shares fell nearly 3% but recovered to trade 0.65% higher at R15.51. The stock has plunged more than 40% this year. ArcelorMittal rival Evraz Highveld Steel and Vanadium has applied for protection from creditors and plans to reduce its 2,200 workforce by about a half.

Source: Source: Metaljunction

World Steel Association: June 2015 crude steel production

World crude steel production for the 65 countries reporting to the World Steel Association (worldsteel) was 136 million tonnes (Mt) in June 2015, a -2.4% decrease compared to June 2014. World crude steel production in the first six months of 2015 was 813.0 Mt, a decrease of -2.0% compared to the same period of 2014. The

Middle East showed an increase of 2.9% whereas both North America and C.I.S. reported negative growth of -6.9% in the first half of 2015. Crude steel production in Asia declined by -1.5% while it increased by 0.5% in the EU 28. South American production remained the same in the first six months of 2015 compared to the same period of 2014. China's crude steel production for June 2015 was 69.0 Mt, a -0.8% decrease compared to June 2014. Japan produced 8.6 Mt of crude steel in June 2015, a decrease of -6.2% compared to June 2014. India's production was 7.4 Mt, up by 0.8% on June 2014. South Korea produced 5.9 Mt of crude steel, down by -3.6% compared to June 2014. In the EU, Germany produced 3.8 Mt of crude steel in June 2015, an increase of 5.8% compared to June 2014. Italy produced 1.9 Mt of crude steel, down by -11.4% on June 2014. France's crude steel production was 1.4 Mt, a decrease of -1.3% compared to June 2014. Spain produced 1.3 Mt of crude steel, a -3.3% decrease year on year. Turkey's crude steel production for June 2015 was 2.8 Mt, down by -4.5% on June 2014. In June 2015, Russia produced 5.6 Mt of crude steel, down by -7.5% over June 2014. Ukraine produced 2.0 Mt of crude steel, a decrease of -21.8% compared to the same month in 2014. The US produced 6.7 Mt of crude steel in June 2015, down by -8.5% compared to June 2014. Brazil's crude steel production for June 2015 was 2.8 Mt, up by 2.1% on June 2014. The crude steel capacity utilisation ratio for the 65 countries in June 2015 was 72.2%. This is -3.5 percentage lower than June 2014. Compared to May 2015, it is 0.1 percentage points higher.

Source: Source: Metaljunction

Boost domestic output to come out of recession: Steel Minister

Admitting that the steel industry in India is going through a rough patch, Union Minister of Steel Narendra Singh Tomar sees the increase in production capacity, creating infrastructure for carrying raw steel to plants and boosting domestic production as the only way out of the present slowdown in the steel sector. Tomar, in town for inaugurating the Steel Mart organised by, however, was non-committal on any revival package for the small and medium tertiary steel producers in the country. "We are aware that the small steel units are going through a severe recession. The ministry is organising an interface between the organisations representing these SMEs and the large (primary and secondary) steel producers in Delhi next month. All issues concerning the steel industry will be discussed here and we will try to find ways for reviving them," he said. The minister, when apprised of the sharp decline in production in the steel town of India — Mandi Gobindgarh — by The Tribune, said he did not have a definite plan to revive the industry, but would examine the reasons for closure of hundreds of steel units in the town at a meeting to be held next month. It is estimated that over 600 small steel units in Mandi Gobindgarh-Khanna alone have closed down since 2011. Across India, poor availability and high cost of raw material in domestic market and supply of cheaper material from neighbouring markets like China has adversely hit Indian steel industry. India imported over 9 million tonne of finished steel (including flat and long) in 2014-15, which is around 18% of total domestic production. This increase of 70% steel import over 2013-14 led to most steel plants in India cutting down their production capacity by 20%, prompting the government to impose a hike of 2.5% on import duty of finished steel. Tomar said the government was committed to address problems of the ailing steel industry and achieve the target of production of 300 million tonne per annum (mtpa) by 2025. "To attain this target, we have set up a "Steel Research & Technology Mission of India" (SRTMI) along with industry to promote collaborative research programmes in steel sector so as to enhance their competitiveness, quality, R&D and production capacities. We cannot impose additional import duties, because it also pushes up the price for consumers. So the government is focusing on bringing down costs of steel manufacturers, interest rates, debt and transportation costs. Proper rail connectivity of ports with raw material sites and steel plants, especially across North is highly imperative as well, to bring down the logistics costs and save time", he said, adding they were also looking at increasing the domestic per capita consumption from the present 59kg and closer to the world's per capita consumption of 215 kg. He said that the Ministry of Steel has planned Special Purpose

Vehicles (SPVs) with four iron ore rich states i.e. Karnataka, Jharkhand, Orissa and Chhattisgarh, to set up plants to produce 3 mtpa of steel initially, which would touch 6 mtpa soon, adding 24 mtpa to the national production level.

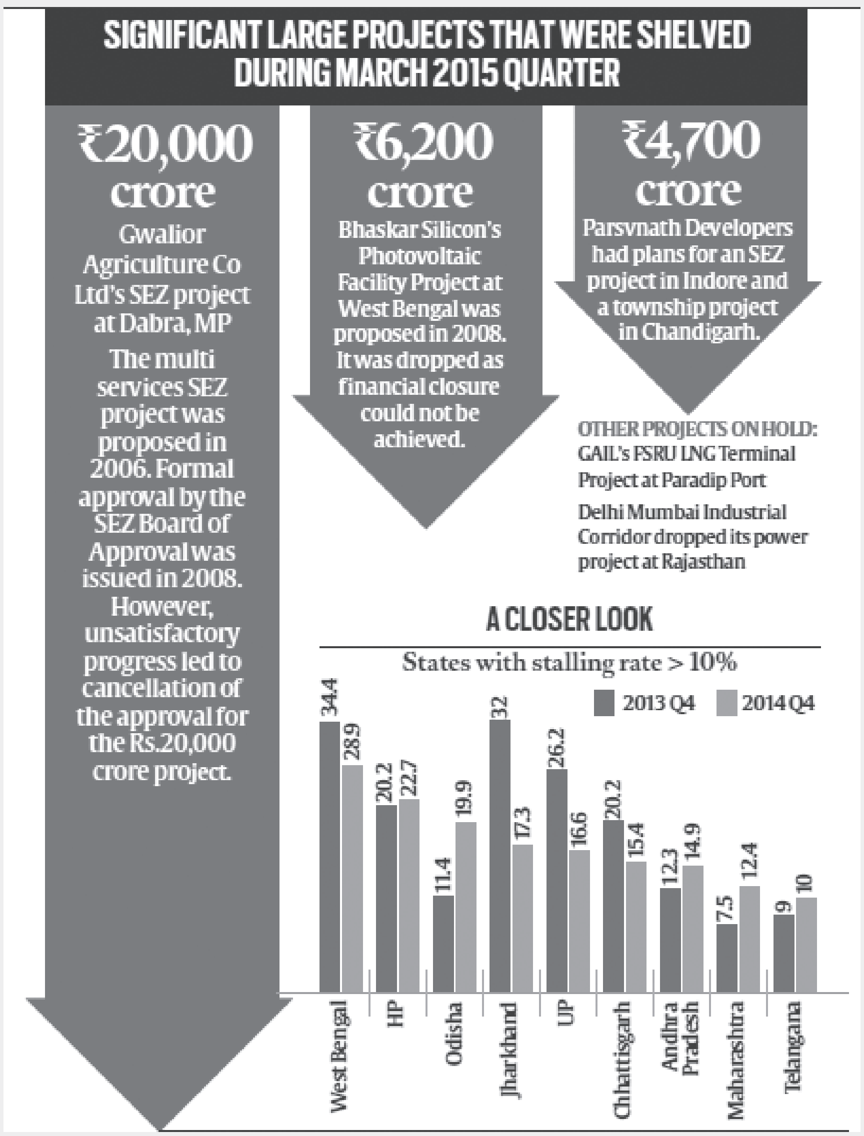
Source: Source: Metaljunction

India's push to curb steel imports could hit its small mills

Steps by India to protect its large steelmakers from a flood of cheap imports could end up closing scores of small, local firms that process the metal, industry analysts and executives said. These processors currently buy imported steel at up to 20 percent below India's pricier, domestic steel, turning it into finished steel products for industrial use. But after months of lobbying by its largest steelmakers such as JSW Steel Ltd (JSTL.NS) and Tata Steel Ltd (TISC.NS), India last month raised duties on some steel imports by up to 2.5 percentage points, with more increases expected. India's steel imports had jumped around 70 percent to over 9 million tonnes in the year to end-March, with a surge of cheaper purchases from China accounting for about a third of the total. Imports soared 55 percent in April-May. The duty hike, along with proposed steps to tighten quality controls on steel imports, should curb shipments into the country this year, industry experts said. While that should help large steelmakers, it will pile more pressure on small steel processors, already grappling with faltering demand as the real estate sector slows. Often family-run, these firms account for almost 60 percent of the India's overall steel sector, according to one industry body. "If imports get reduced, the integrated steel mills will start charging higher prices, irrespective of international price trends ... secondary steel producers will not be able to survive," said Mohan Gurnani, President of the Federation of Associations of Maharashtra, which represents over 750 small associations and traders. Steel ministry officials did not immediately respond to requests for comment.

EARNINGS BOOST?

Morgan Stanley estimates that the 2.5-percentage point duty hike could potentially boost Tata Steel earnings per share by 14 percent next year, Steel Authority of India's (SAIL) (SAIL.NS) by 33 percent and JSW Steel by 30 percent. "Import orders should reduce meaningfully from here as traders will become apprehensive of further increases in duties in some shape or the other," the bank said in a note. India's largest steelmakers have been badly hit by high debt, interest costs and low appetite. But demand prospects are improving as the country starts a major urbanisation drive under Prime Minister Narendra Modi. Indian steel consumption rose 7 percent in April-May percent,



after growth of 3 percent in the fiscal year that ended in March. The World Steel Association (Worldsteel) expects Modi's plans, including building 100 new 'smart' cities, to spur steel demand by up to around 6 percent this year. Most analysts now expect Indian steel prices to remain steady, or rise slightly especially if the rupee weakens further, making steel imports more costly.

Source: Source: Metaljunction

Indian steel industry needs a surgical solution

A bunch of PSU banks such as Unio n Bank , Bank of India , Canara , IDBI , OBC and Bank of Baroda have witnessed a 6-12 percent rise in their stock prices in the past week, broadly coinciding with the CMIE saying on CNBC-TV18 that stalled projects declined at a fast clip in the April-June quarter. In fact from year ago levels, the numbers are impressive with stalled projects falling from 8.4 percent of the GDP in March 2014 to 6.6 percent in June 2015. This means projects worth Rs 2.5 lakh crore or nearly 2 percent of the GDP have resumed. But is this cause enough for jubilation? How much of the bad and stressed loans of banks are at all accounted for by stalled projects. Ashish Gupta, the MD & Head of Research at Credit – Suisse has drawn up a list of 3700 companies with total debt of USD 505 billion (last updated on June 8). Gupta says, of this list, at least USD 55 billion of loans are with companies which have debt higher than their EBIDTA for the last 12 quarters and most of these are still standard in the books of many banks. Here's a list of some of the companies whose debt has been larger than their EBIDTA for the last 12 quarters: GMR Infra , Adani Power , Videocon Industries , GVK Power , Lanco Infra , Gammon India , Electrosteel Steels , Jindal Stainless , Educomp , GTL , Bajaj Hindusthan , GTL Infra , Sterling Biotech , Ruchi Soya , Entegra Ltd . Barring a couple of road contractors, most of these companies are in sectors where unclogging of stalled projects won't really make a difference.

A particularly stressed sector is steel. The Credit-Suisse report points out that 52 percent of the total debt to the steel sector is with companies whose debt is 12 times their EBIDTA. In case of companies that built their steel plants in and around 2008 to2010, when land and material costs were high, the debt per tonne of installed capacity was already high. Today when landed steel prices at around USD 360 per tonne, these companies face an interest outgo of over USD 300 per tonne on interest alone and the EBIDTA they make is no more than USD 30-40 per tonne according to bankers. Bankers and analysts agree that even with a 7-8 percent GDP growth no one is expecting steel demand to rise enough to make these plants viable. Especially because few people expect global steel prices to rise beyond the current levels of USD 360 per tonne any time soon. If anything the problems in Greece and China may further pressure global growth.

As of now, a bunch of large steel companies have been helped along with restructuring or refinancing through the 5/25 route. The refinancing of a 5 year loan into 18-20 years doesn't bring down the interest outgo in most cases because banks are often giving them fresh debt to stay afloat. This pouring of good money after bad plus the squirreling away of scarce profits into provisioning for the existing stock of bad debt is leaving little money and bandwidth for fresh projects. The point is, banks and the government must get together to surgically remove some incurable debt from the system and steel may be a good place to start. The RBI's strategic debt restructuring rules do permit banks to convert debt into equity at a cheap price but a resolution is needed from the shareholders. Such a resolution can be forced out of the promoters and shareholders provided banks have the gumption. But I am afraid banks are getting into or may get into unholy alliances with promoters simply to keep their own P&Ls from looking bad. Hence the need for an outside force in the form of regulator-cum-government.

The legal niceties may have to be worked out, but banks simply must force the promoters out of the deeply stressed companies and sell off their assets even at deep haircuts. This means the Indian tax payer and the depositor are the ones taking the hit. Hence it is important to ensure that the promoter takes the first and the maximum hit. In fact cases must be filed and followed up even for their personal property. But that will be a long haul. Immediately the haemorrhage of more credit into bad assets needs to stop.

Source: Source: Metaljunction

Projects, stalled and shelved

Over the last 12 months, the overwhelming reason for projects getting stalled was the lack of promoter's interest in implementing them. This factor overshadowed the more predictable systemic reasons for project delays — including land acquisition problems, lack of environmental clearance and raw material or feedstock unavailability — and accounted for over a fifth of the 598 projects that were reported to be stuck last fiscal. Data collated by CMIE (Centre for Monitoring Indian Economy) on stalled projects — comprising a large sample of firm-level public and private investment data, balance sheet reports and survey of companies, and the timeline of projects — showed that the lack of interest by promoters to invest held up a total of 132 projects with investments worth Rs 69,600 crore last fiscal.

The ticket size of projects held up due to land acquisition issues and the lack of fuel was, however, comparatively higher than those held up due to the lack of promoters interest, with investments worth Rs 90,100 crore estimated to be held up due to lack of requisite land and those stalled for want of fuel entailing investments worth Rs 1 lakh crore. Delay in getting environment clearances, one of the other major reasons for stalled projects during the last couple of years, accounted for the scrapping of just eight projects during 2014-15, entailing estimated investments of Rs.20,700 crore

Interestingly, the split between private and public sector projects shows a divergent trend. While unfavourable market conditions, and not the lack of regulatory clearances, explained the stalling of a majority of projects in the private sector, the bulk of the projects stalled in the public sector was attributed to regulatory reasons.

The data showed that the manufacturing sector took the biggest hit with investments worth Rs 2.14 lakh crore dropped, spread across 178 projects. The power sector, the thermal side of which has been struggling for feedstock such as coal and gas, witnessed the nixing of 32 projects with investments worth Rs.1.10 lakh crore. Among states — the non-industrialised states led the list of those reporting an over 10 per cent stalling rate — defined as the stock of stalled projects as a percentage of those under implementation in terms of value of projects. Up to the third quarter of 2013-14, West Bengal, Himachal Pradesh, Odisha, Jharkhand, Uttar Pradesh and Chhattisgarh figured in the top six of the CMIE list of states with the highest proportion of stalled projects during the last quarter of 2014-15.

In all, fiscal 2014-15 witnessed projects worth Rs 4.80 lakh crore shelved, lower by 28 per cent over 2013-14. The decline in stalling of projects in 2014-15 can be attributed to a large base of projects stalled in 2013-14. Projects stalled at Rs 6.6 lakh crore in 2013-14 was highest in the past 18 years. The worrying factor, though, is that the majority of projects held up in 2014-15 was on account of the lack of promoter interest, a harbinger of the investment sentiment continuing to be negative. Reflecting this, Nomura, in a research note earlier this month, had pointed to some revival in stalled projects, even as these revived projects only made up a small proportion of overall investment and therefore, new investment needing to continue to accelerate to create a stronger foundation for sustainable growth.

"Clearing the top 100 stalled projects will address 83 per cent of the problem of stalled projects by value," a CMIE executive said. On April 7, the RBI had indicated that banks may extend the Date of Commencement of Commercial Operations (DCCO) of a stalled project by up to two years in case its ownership changed hands. This, it said, was being done on the basis of representations from banks that new promoters or developers of a stalled project may require time to revive or complete the stalled projects. "It has been decided that in cases where, in the assessment of the banks, the implementation of the project has been stalled primarily due to inadequacies of the existing promoters and a subsequent change in the ownership of the borrowing entity has been effected, banks may permit extension of DCCO up to a further period of two years," RBI said in its April 7 notification.

Average quarterly stalling of projects which hovered around Rs 19,400 crore in the period between 2000-2009, rose steeply after the global liquidity crisis in 2009-10. Large projects that were announced in abundance during the investment boom period of 2004-05 to 2008-09, were being scrapped post 2010-11. The quarterly average stalling of projects accelerated to Rs1.43 lakh crore in 2011-12, Rs 1.1 lakh crore in 2012-13 and peaked at Rs 1.60 lakh crore in 2013-14.

Project Watch: 8,500 km to be awarded for roads The Ministry of Road, Transport & Highways (MoRTH) is looking at awarding 8500 km of road development projects in the current financial year, nearly half of which would be executed under the new 'hybrid annuity' model. The 40-km Nagpur Bypass, which falls in the constituency of roads minister Nitin Gadkari's constituency, will be the first project to be developed as a 4-lane highway under the new 'hybrid annuity model'

Source: The Indian Express

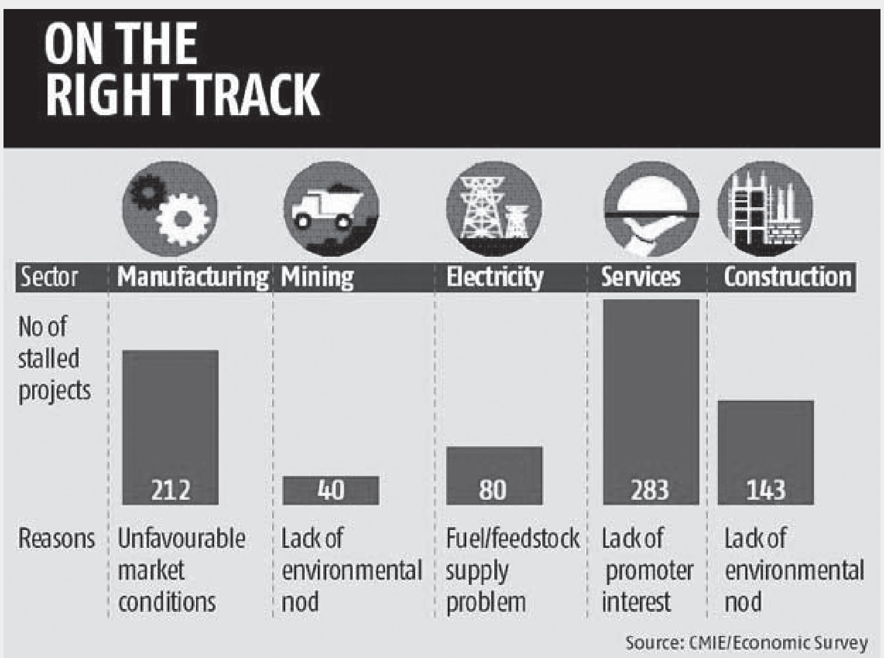
Stalled projects see a sharp decline

Finally, there's some good news for India Inc and the National Democratic Alliance (NDA) government. Stalled projects, a major concern on the economic front, are coming back on track, with the value of such projects declining by more than half in the past year. According to data provided by the Centre for Monitoring Indian Economy (CMIE), the value of stalled projects dipped 60.35 per cent to Rs 79,300 crore in the quarter ended June this year from Rs 2,00,000 crore in the year-ago period.

"During the past year, expectations of resolution to problems afflicting projects have increased. This has played a very important role in reducing the incidence of projects being stalled. Besides, for a long time now, new investment projects have been falling. Therefore, the stock of projects that could be stalled is growing at a lower pace than earlier," said Mahesh Vyas, managing director and chief executive of CMIE.

Of the 758 stalled projects, most were showing signs of traction because of a change in government, a stable leadership and faster project clearances, experts said. During the last three years of the United Progressive Alliance government, a large number of infrastructure projects were either stalled or abandoned, primarily due to lack of environment clearances, land acquisition delays and high cost of funds.

An HSBC report said the April-to-June "unstalling activity" was largely focused on manufacturing and transport services (primarily roads and rail), which together accounted for half the stock of stalled projects; not as much in mining, electricity and construction, which account for the other half. The positive trend has also been captured by Deutsche Bank, which, in a report dated June 22, said the last quarter of FY15 saw a pick-up in project approvals. "The last quarter of FY15 indeed marks the highest number of clearances received since the fourth quarter of 2013. Coal was among the key sectors to see a spurt in clearances, receiving 14 clearances, one of the highest since FY13. The metals sector also saw a rebound in clearances," it said.



But work for the NDA government is far from over. In an analysis of the CMIE numbers, HSBC says its own analysis of stalled projects suggests substantial government action is needed to get the remaining stalled projects on track, as about half of these are stuck due to policy-related issues. "Executive action on fasttracking clearances and sorting out raw material availability is still needed, especially for private sector projects which haven't seen as much unstalling. Legislative success on the land acquisition Bill will also be important, though it will probably take longer to get passed. So, several more quarters of hard work are needed to salvage stalled projects, which have potential to start again," said Pranjul Bhandari, chief India economist, HSBC Securities & Capital Markets. HSBC said in June, stalled projects accounted for 6.6 per cent of gross domestic products, down from a peak of 8.4 per cent in March 2014.

However, it's not all good news. CMIE also said fresh capital expenditure by Indian companies remained sluggish in the first three months of this financial year, as lack of raw material and unfavourable market conditions were hurting many companies.

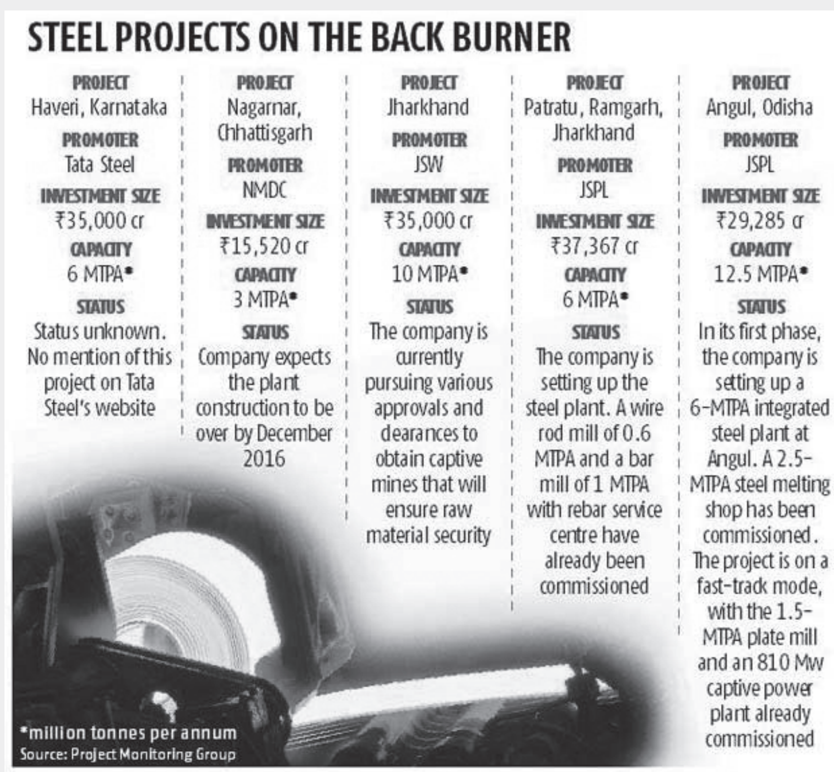
Six projects, involving investments worth Rs 27,700 crore, were dropped in the electricity generation sector. Reliance Power shelved its Rs 25,000-crore Tilaiya ultra mega power project due to non-availability of land, six years after the contract was awarded. In FY15, projects worth Rs 3.7 lakh crore were commissioned, while projects worth Rs 1 lakh crore were commissioned in the June 2015 quarter alone (Rs 4 lakh crore on an annualised basis). CMIE said the number of projects commissioned in the June quarter was expected to rise, as information on completion of projects came with a lag. At Rs 1.15 lakh crore, new investment announcements during the quarter ended June this year recorded growth of 33 per cent compared to the year-ago period; 498 new investment proposals were announced. Fresh proposals announced in the June 2014 quarter were much lower.

However, it's not all good news. CMIE also said fresh capital expenditure by Indian companies remained sluggish in the first three months of this financial year, as lack of raw material and unfavourable market conditions were hurting many companies.

Six projects, involving investments worth Rs 27,700 crore, were dropped in the electricity generation sector. Reliance Power shelved its Rs 25,000-crore Tilaiya ultra mega power project due to non-availability of land, six years after the contract was awarded.

In FY15, projects worth Rs 3.7 lakh crore were commissioned, while projects worth Rs 1 lakh crore were commissioned in the June 2015 quarter alone (Rs 4 lakh crore on an annualised basis). CMIE said the number of projects commissioned in the June quarter was expected to rise, as information on completion of projects came with a lag.

At Rs 1.15 lakh crore, new investment announcements during the quarter ended June this year recorded growth of 33 per cent compared to the year-ago period; 498 new investment proposals were announced. Fresh proposals announced in the June 2014 quarter were much lower. Among the companies investing in capital expenditure is Reliance Industries Ltd (RIL), which is implementing expansion of its petrochemical facility in Gujarat and rolling out its wireless cellular and data services. RIL has announced investment of Rs 2,50,000 crore in expanding its capacity in wireless services alone. The Gautam Adani-owned Adani Group has signed memoranda of



STEEL PROJECTS ON THE BACK BURNER

PROJECT Haveri, Karnataka	**PROJECT** Nagarnar, Chhattisgarh	**PROJECT** Jharkhand	**PROJECT** Patratu, Ramgarh, Jharkhand	**PROJECT** Angul, Odisha
PROMOTER Tata Steel	**PROMOTER** NMDC	**PROMOTER** JSW	**PROMOTER** JSPL	**PROMOTER** JSPL
INVESTMENT SIZE ₹35,000 cr	**INVESTMENT SIZE** ₹15,520 cr	**INVESTMENT SIZE** ₹35,000 cr	**INVESTMENT SIZE** ₹37,367 cr	**INVESTMENT SIZE** ₹29,285 cr
CAPACITY 6 MTPA*	**CAPACITY** 3 MTPA*	**CAPACITY** 10 MTPA*	**CAPACITY** 6 MTPA*	**CAPACITY** 12.5 MTPA*
STATUS Status unknown. No mention of this project on Tata Steel's website	**STATUS** Company expects the plant construction to be over by December 2016	**STATUS** The company is currently pursuing various approvals and clearances to obtain captive mines that will ensure raw material security	**STATUS** The company is setting up the steel plant. A wire rod mill of 0.6 MTPA and a bar mill of 1 MTPA with rebar service centre have already been commissioned	**STATUS** In its first phase, the company is setting up a 6-MTPA integrated steel plant at Angul. A 2.5-MTPA steel melting shop has been commissioned. The project is on a fast-track mode, with the 1.5-MTPA plate mill and an 810 Mw captive power plant already commissioned

*million tonnes per annum
Source: Project Monitoring Group

understanding to spend about Rs 2,00,000 crore in various projects in the ports, solar power and electricity-generation sectors.

Source: Business Standard

Fund crunch tests mettle of steel industry

The government might have stepped up efforts to bail out steel projects stuck due to paucity of funds, but as it emerges, high cost of funds is just a fraction of the problem plaguing the sector. More than 37 steel projects worth Rs 3,00,000 crore are stalled at the moment, according to government data. The memoranda of understanding (MoU) for the mineral-rich states of Jharkhand, Odisha and Chhattisgarh started pouring in from 2005. Some of the biggest projects involve major players such as Tata Steel, Bhushan Steel, and JSW Steel. Foreign players like Posco and ArcelorMittal too signed in. But few projects have taken off since. Tata Steel's greenfield or new projects in Jharkhand and Chhattisgarh are yet to take shape; Bhushan Steel is grappling with a colossal debt, and JSW Steel is re-calibrating its Jharkhand and Bengal projects.

Recent reports suggest Posco could finally pack its bags after a frustrating decade-long wait, in the wake of a change in law that makes auction of mines mandatory. The rules of the game changed after the new mineral auction policy, according to the Mines and Minerals (Development and Regulations) Amendment Act, 2015. "Almost 90 per cent of the steel companies planned to set up plants thinking that the state governments will award them captive mines. Now, they will have to bid for the mines. Therefore, the project's viability has to be re-checked," an Odisha-based steel producer said.

ArcelorMittal is making progress in its Karnataka and Jharkhand projects, but the pace is slower than expected, the company recently told Business Standard.

While land and lack of captive raw material linkages have been the major contributors to the stalling of these projects, the question looming large is whether it makes sense for the companies to revive these projects at this point in time.

The government's Make in India push has done little for the sector. The capacity utilisation in the 100 million tonne-domestic steel industry is at around 80 per cent, a tad higher than the 75 per cent level that has been the operating level for the past four to five years; cheap imports flooding the market have only added to the woes. Total flat steel imports in 2014-15 increased 41 per cent to 4.5 million tonnes and in the first quarter of the current financial year, it's already up 57 per cent to 1.55 million tonnes.

The Three Corporate Lessons	
Lesson No. 1	A crow was sitting on a tree, doing noting all day. A small rabbit saw the crow, and asked him, "Can I also sit like you and do nothing all day?" The crow answered: "Why not?" So, the rabbit sat on the ground below the crow, and rested. All of a sudden, a fox appeared, jumped on the rabbit and ate it.
	Moral of the story: To be sitting and doing nothing, you must be sitting very, very high up.
Lesson No. 2	A turkey was chatting with a bull. "I would love to be able to get to the top of the tree," sighed the turkey, "but I haven't got the energy." "Well, why don't you nibble on some of my droppings?" replied the bull. "They're packed with nutrients." The turkey pecked at a lump of dung and found that it gave him strength to reach the first branch of the tree. The next day, after eating some more dung, he reached the second branch. Finally after a fortnight, there he was proudly perched at the top of the tree. But he was promptly spotted by a farmer, who shot the turkey out of the tree.
	Moral of the story: Bull-shit might get you to the top, but it won't keep you there.
Lesson No. 3	A little bird was flying south for the winter. It was so cold, the bird froze and fell to the ground in large field. While it was lying there, a cow came by and dropped some dung on it. As the frozen bird lay there in the pile of cow dung, it began to realise how warm it was. The dung was actually thawing him out! He lay there all warm and happy, and soon began to sing for joy. A passing cat heard the bird singing and came to investigate. Following the sound, the cat discovered the bird under the pile of cow dung, and promptly dug him out and ate him!
	Moral of the story: (i) Not everyone who drops shit on you is your enemy (ii) Not everyone who gets you out of shit is your friend (iii) When you're in deep ship, keep your mouth shut.

"The stalled projects have specific reasons, but two general issues dominate. One is low demand visibility along with some over-capacity, not just in India but across much of the globe. As a result, companies are delaying progressing their investments," Kameswara Rao, leader (energy, utilities and mining), PriceWaterhouseCoopers, said.

To set up a plant having capacity of one million tonne, the cost is Rs 7,000 crore. Add to it, the interest cost, and it goes up to Rs 11,000 crore. The earnings before interest, taxes, depreciation and amortisation (EBIDTA) on the other hand, would be just about half. "At this rate, no one is willing to make fresh investment," a steel producer confided.

According to the Reserve Bank of India (RBI), five out of the top 10 private steel producing companies are under severe stress on account of delayed implementation of their projects due to land acquisition and environmental clearances, among other factors. In its Financial Stability Report released on June 25, the RBI has detailed other factors as well: Inadequate capital investment, shortage of iron ore, low-paced mechanisation of mines, lower level of capacity utilisation of coal washeries, dependence on imported coking coal (the quality of most of the domestic coking coal is not considered good for steel production), and volatility in the currency market.

RBI, which has already warned of a possible spike in non-performing assets (NPAs) in the steel sector, listed high port duty, lower import duty on stainless steel (dumping from China and Brazil), deceleration in domestic demand, deceleration in exports due to subdued demand coupled with depressed pricing in the global market and levy of an anti-dumping duty of 50-55 per cent by the US on Indian SAW pipes as some other factors dragging the sector.

"Assuming the land wrangle is resolved, what could bring back some certainty into the sector is smooth iron ore supply and a halt in dumping from the Free Trade Agreement (FTA) countries," JSW Steel director-commercial and marketing, Jayant Acharya, explained.

Steel producers claim FTA countries account for around 50 per cent of imports. On an average, the imported flat steel products is Rs 3,000 a tonne, less than the ruling domestic price.

What could further compound problems is that an additional six million tonne capacity has been commissioned by Steel Authority of India this year adding to the existing glut.

Source: Business Standard

How India plans to achieve 300Mt Steel production capacity target?

India has laid a road map to open a path of growth for its Steel sector. India has fixed a target of 300 million tonnes production capacity by 2025. India was the 4th largest steel producer in the world only after China, Japan and the US. Narendra Singh Tomar, Steel Minister, says during the first five months of this calendar year, India has achieved the 3rd position in the global steel production. The minister says Indian steel industry is growing at a reasonably good pace and last year the growth in crude steel production in India is more than 8%. However, per capita steel consumption is quite low, 60 Kg as against the world average of 216 kg. The low consumption no doubt indicates huge growth potential for Indian steel industry, he added. How is the govt planning to achieve the production target?

Modernisation of Steel plants

Indian steel industry is already in expansion mode. The older steel plants are being modernized and expanded. New green field plants are also coming with state of the art technologies. Prime Minister Narendra Modi recently dedicated the India's largest Blast Furnace of 4160 Cubic Meter, installed at IISCO Steel plant at Burnpur and several Blast Furnaces of around 4000 Cubic Meter with world class efficiency parameters are in the operation in the country.

Research and Development in Steel Sector

The problems in raw material area need to be addressed to utilize low grade ore and high ash coal through R&D and technology interventions. Tomar stressed the need to pursue R&D for development of value added products for which we are dependent on import. Secondary steel sector is also requiring R&D interventions, he said. "We have also issued an advisory to all the large steel companies to step up R&D and enhance R&D investment up to 1% of their sales turnover. SAIL has corporate R&D center at Ranchi. RINL is also expending R&D infrastructure. Large private sector companies have also setup good R&D facilities for addressing their problems," the Minister said. 'Ministry of Steel is facilitating for setting up of a new institution SRTMI and is contributing 50% in the corpus of SRTMI to spear head R&D of national importance. In-principle approval for setting up of SRTMI has been given and CEOs of major Indian Steel Companies have signed a Memorandum of Agreement with Ministry of Steel for participation and financial contribution in the initiative with an initial corpus of Rs 200 crore. Indian iron and steel industry will meet the set target of steel production of 300 million tonne by 2025 by developing new path breaking technology and using of Indian raw materials through R&D at pilot/ demonstration scale', Tomar explained.

Mines and Minerals Act 2015

Balvender Kumar, Secretary Mines , said the Mines and Minerals (Development and Regulation) (Amendment) Act, 2015 became necessary to address the emergent problems in the mining industry. The Amendment removes discretion in the grant of mineral concessions. All mineral concessions are granted by the respective State Governments now through auctions, thereby bringing in greater transparency and removing discretion. This should also mean that the Government will get an increased share from the mining sector, he added.

Exploration

Indian mining industry has not seen the type of exploration as in other countries. To address this, the Amendment Act has provided for a National Mineral Exploration Trust created out of contribution from the mining lease holders, Balvender Kumar said. This would allow the Government to have a dedicated fund for undertaking exploration. National Mineral Exploration Trust is being set up for providing impetus to exploration in mining sector, he said. In addition, the transferability provision (in respect of Mining Leases to be granted through auction) would permit flow of greater investment to the sector and increasing efficiency in mining.

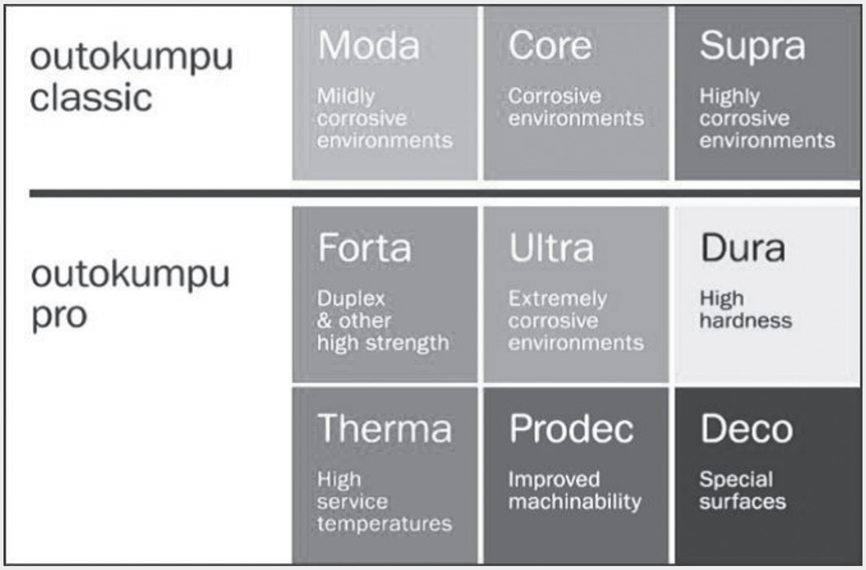
Source: Metaljunction

Outokumpu launches new product categorization and innovations

Outokumpu announced a new way to categorize its wide range of stainless steel products. By arranging its products according to performance, such as strength, heat-resistance and corrosion-resistance, the company puts customer needs first. The new approach will help customers to identify and compare different product options and so find the best product for their specific performance and cost-efficiency needs.

Said Outokumpu CEO, Mika Seitovirta: "We're constantly striving to offer the best solutions for our customers. Customer feedback inspired us to rearrange our products according to performance characteristics rather than their chemical composition and so create an easier way for customers to explore our comprehensive portfolio. Our new categorization will make it easier for the customer to assess and select the optimum product."

The new portfolio structure features nine product ranges, which highlight the key properties of their respective products such as corrosion-resistance, heat-resistance, strength, hardness and



machinability. In the Classic product family, the three ranges – Core, Moda and Supra – represent the basic, all-round grades. The Pro product family includes six ranges: Forta for Duplex and other high-strength needs, Ultra for extremely corrosive environments, Dura for high hardness, Therma for high heat-resistance, Prodec for improved machinability and Deco for special surfaces. To further facilitate exploration of the portfolio, Outokumpu has introduced a new interactive on-line tool.

Outokumpu launched its new product categorization at Outokumpu Experience, a global customer event for some 500 customers and stainless steel professionals, in Berlin, Germany, from May 27 to 28, 2015. In connection with the event, Outokumpu launched new innovations: an enhanced version of austenitic Supra 316L/4404, Supra 316plus™ which has better strength, corrosion resistance and formability; a ferritic containing no nickel, Core 4622; and high-strength lightweight Forta H-series for the automotive industry.

0000 xxx 0000

Outokumpu's commitment highlighted in United Nations' Framework Convention on Climate Change

Outokumpu's action to combat climate change has been added to the Non-state Actor Zone for Climate Action (NAZCA) on the United Nations Framework Convention on Climate Change (UNFCCC) website. The news coincides with the start of the Business and Climate Summit in Paris, which will bring business leaders together to adopt and discuss forward looking strategies to scale up solutions to climate change ahead of the UN climate talks (COP21) at the end of this year.

Outokumpu was eligible for inclusion on NAZCA by reporting climate change actions and strategies through CDP, an international non-government organization that works to catalyze the realization of sustainable economies. The Outokumpu commitment highlighted on NAZCA are the lessening of the total carbon footprint of stainless steel by 55% from 1997 to 2016, reduction of CO2e emissions from purchased utilities by 20% from 2007 to 2020 and decreasing of the energy intensity of stainless steel production by 20% per tonne from 2009 to 2020 through increased energy efficiency and low-carbon energy sources.

Says Mika Seitovirta, Outokumpu CEO: "We are proud of this acknowledgement of our commitment. Sustainability is at the very heart of our business; stainless steel is a versatile, long lasting and 100% recyclable material that can help build a world that lasts forever. Furthermore, we have made considerable efforts and investments to ensure the sustainability of our own operations and are committed to further reducing CO2e emissions from the use of virgin materials by 25% from 2013 to 2020."

NAZCA, which highlights climate change actions from companies and other non-state actors, including investors, cities and regions can be viewed on the UNFCCC website at http://climateaction.unfccc.int/.

0000 xxx 0000

Make in India' will help boost stainless steel demand: Experts

Government's Make in India programme will help in increasing stainless steel demand in the country, experts said. They also urged the government and the private players to generate steel demand in the country and give push to developments in areas like ports, civil aviation, urban infrastructure and others. Experts from the sector were participating in the fourth International Conference and Exposition on Indian Steel Industry: Going Global and Sustainable here. "Stainless steel production share is more than 4 per cent of the total steel production in India as compared to less than 2.5 per cent globally." "If substitution strategy continues to replace carbon steel with stainless steel, there will be a surge in demand for stainless steel in our country," Yatinder Pal Singh Suri, Country Head, Finnish stainless steel global major Outokumpu, one of the largest stainless steel maker, said. There are over 400 grades of stainless steel for the diverse range of end use applications, he said. In India, the dominant demand is from the utensils and kitchenware application segment, as high as 65 per cent, he said adding the industrial applications constitute about 35 per cent of the overall demand. "The local product range capability is rather limited, so imports are vital for high end advanced materials requirements of end users," he said. In India, the dominant demand is from the utensils and kitchenware application segment, as high as 65 per cent, he said adding the industrial applications constitute about 35 per cent of the overall demand. "The local product range capability is rather limited, so imports are vital for high end advanced materials requirements of end users," he said. Speaking at the Steel Summit, he said per capita use of stainless steel in India is less than 2.5 kg as compared to 10 Kg in China .. "Due to Make in India campaign, the need for stainless steel for industrial equipment will gallop and hopefully in next decade we can aim to achieve per capita of 6 Kg. Imagine how much more capacities we would create to meet that demand," he said. Research and development capability in domestic stainless industry needs to be enhanced, he said. The government should encourage cooperation between the global majors and local mills to upgrade domestic capabilities, steel makers opined. India has extremely ambitious infrastructure growth plans ahead, they said.

Source: Metaljunction

Stainless steel imports up 49% in FY15: Govt

India's stainless steel imports surged 49 percent to 5.5 lakh tonnes (LT) in the last financial year, Parliament was informed a few days back. India, world's third largest steel producer, had imported 3.7 LT of stainless steel in 2013-14, showed data presented by Minister of State for Steel Vishnu Deo Sai in the Rajya Sabha. In value terms, imports of the metal rose by 23 percent to Rs 5,918.9 crore in 2014-15, as against Rs 4,801.9 crore in 2013-14, the data showed. "Domestic steel manufacturers and other stakeholders have been representing against the surge in imports of steel," Sai told the Upper House. To ensure only quality steel is imported, the government has notified Steel and Steel Product (Quality Control) Order dated March 12, 2012 and subsequent order on December 4, 2014, he added. Besides, the government has imposed anti-dumping duty on hot rolled flat stainless steel imports from China, Malaysia and South Korea as well as raised the basic customs duty on various categories of steel by 2.5 percent, the minister said.

Source: Source: Metaljunction

Govt moves to prevent stainless steel dumping

India will seek stricter compliance of rules of origin clause from countries in the ASEAN region to prevent cheaper stainless steel getting dumped into the country without any substantial value-addition talking place in the originating country. Stainless steel imports from countries such as Malaysia has seen a surge in recent months even though there is very little value addition in the country. Cheap steel is coming with wrong certification using the zero duty benefit available under the Indo –ASEAN free trade agreement (FTA). Under the Indo-ASEAN free trade agreement (FTA), there is no separate product specific tariff structure, but a rule of origin clause that mandates that exporting country should undertake at least 35 per cent value addition in products to qualify for lower duty under the trade agreement.

Government sources said that trade negotiators were looking at introducing product specific rule (PSR) in Indo-ASEAN FTA to restrict zero duty on products that harm the local industry. The PSR rules are already defined under the India Korea comprehensive economic partnership agreement (CEPA) or the India-Japan comprehensive economic cooperation agreement (CECA). "The Reserve Bank of India (RBI) has already said that the domestic steel sector poses the most serious stress for the banking segment. Barring problems in the domestic market, steel companies are also facing serious challenges from dumping. The government plans to correct this through changes in international trade agreements," a steel ministry official privy to the development, said. It is understood that commerce minister Nirmala Sitharaman has already raised the issue at the meeting of trade ministers of ASEAN and other free trade agreement (FTA) countries that are meeting in Malaysia. She has also taken up the issue bilaterally with Malaysia to tighten in export authorisation process so that companies there could not misuse the provisions of India-ASEAN FTA. The issue is also likely to be taken up during negotiations at the Regional Comprehensive

Economic Partnership (RCEP) meeting slated in Myanmar next month.

The move for changes in international trade agreements comes at a time when the finance minister has already raised protection for carbon steel by increasing import duty by 2.5 per cent. He is also considering a proposal to further raise import duty on various grade of steel to the 15 per cent level. The total steel imports in the country, (including stainless steel), has also risen 72 per cent in 2014-15 to 9.3 million tonnes. After registering moderate growth in 2013-14, stainless steel imports have shot up by 42 per cent to 4,59,163 tonnes in 2014-14. The domestic stainless steel production is about 1.25 million tonnes. The spurt in imports has not abated in the current fiscal year as well with 1,03,636 tonnes already imported in April-June quarter. Of the June import figure of 36,332 tonnes, imports from Malaysia stands 3,364 tonnes, the highest after China. "Within the ASEAN country, it would not be possible to deliver a 35 per cent value addition in order to qualify for preferential duty by a simple transformation from hot rolled to cold rolled products. However, it has been increasingly found that some companies, mainly from Malaysia, are furnishing preferential certificates of origin to convince Indian customs authorities that the material has originated in Malaysia," said a steel industry analyst, not willing to be quoted on the issue because of his association with the government. A case in point here relates to Malaysia's Bahru Stainless, a subsidiary of Acerinox of Spain, which imports hot rolled coils from group companies like Columbus of South Africa and its parent Acerinox, in Spain and China.

It has been alleged that Malaysian authorities issued a preferential certificate of origin clearing 35 per cent value addition even though the company is undertaking limited cold rolling operations, under which a 35 per cent value addition cannot be achieved. This is considered a blatant misuse of the provisions related to rules of origin. "It is no lack of adequate capacity within the country, which is contributing to the import surge. The domestic industry has been forced to lower its prices and sell below cost or face loss of sales volume and market share," Indian Stainless Steel Development Association (ISSDA) president N C Mathur said. "On account of a depressed market and continued surge in imports, most domestic manufacturers of stainless steel are already operating under financial duress," said Sanak Mishra, secretary general and executive head, Indian Steel Association. It may be mentioned that during June, India slapped anti-dumping duty of up to $ 316 per tonne on imports of certain steel products from Japan, Korea and China, to protect domestic producers from below-cost inbound shipments. The steel ministry is in favour of removing steel from the list of tradable items under FTA. In addition, it is also examining a proposal to bring more steel products under quality control order to prevent entry of low-grade steel into the country. At present, the ministry has fixed quality standards for 15 steel products

Source: Source: Metaljunction

Slowdown in China may hit steel sector, says Cyrus Mistry

The slowing Chinese economy and the rising steel imports are impacting the long-term economic competitiveness of the steel sector, Tata Sons chairman Cyrus Mistry wrote to shareholders in the Tata Steel Annual Report for 2014-15. "The last 12 months saw the manifestation of several global macro risks that could have a long and deep impact on the world economy that is likely to influence the shape of the economic cycle in the future. The key amongst them was the slowdown in the Chinese economy," the chairman noted in the report. Over the last decade China has added substantial steelmaking capacity taking its share of global steel production to double to 50%. With the decline in Chinese steel consumption, the exports from the country is at an all-time high. Chinese steel exports surged to an all-time high of over 100 million tonne in fiscal 2015 creating a cascading effect on other steel producing nations.

Source: Metaljunction

Tomar urges Jharkhand govt to proceed with mineral auctions

Mines and steel minister Narendra Singh Tomar urged the Jharkhand government recently to go ahead with auctions of minerals in the state. Tomar handed over detailed exploration reports of 10 mineral blocks in the state to chief minister Raghubar Das.

"The MMDR (Mines and Minerals Development and

Regulation) Act was amended in January 2015 to harness the immense mining potential of mineral-rich states like Jharkhand. It is now incumbent on us to expedite the process and realise its benefits," said Tomar at an event in New Delhi.

The auction of minerals is based on a similar model to the two rounds of coal auctions organized by the coal ministry this year. However, unlike the coal auctions, the minerals are supposed to be auctioned by the state governments. The rules of auction were published by the mines ministry on 20 May. Till now, no mine has been auctioned by any state.

Tomar had provided Jharkhand with 14 regional exploration reports and two detailed exploration reports for limestone in January this year. Currently equipped with detailed exploration reports for 12 blocks, Jharkhand is in a position to start auctioning mining leases for these blocks. As for the regional exploration reports of 14 blocks, the state has an option to either auction leases to carry out prospecting licence-cum-mining lease, or go in for further detailed exploration.

Source: Metaljunction

India can be a manufacturing base for many parts of the world

UK based construction equipment giant JCB is gearing up for a pick-up in the construction industry's growth that it expects could occur later this year. The decline has bottomed out and JCB is responding by increased product offerings, strengthening local engineering teams and developing India as a manufacturing hub for exports, JCB India Managing Director and Chief Executive Officer VIPIN SONDHI tells Sudheer Pal Singh in an interview. Edited excerpts:

Q. The construction equipment industry has been grappling with a downturn. What is keeping you busy?

A. The past three years have been a period of decline in the infrastructure sector and there is, therefore, every reason to be busy as it is a part of the business cycle. In such times, one can work closely with the customer and grow market share, add new products, strengthen the distribution chain and work on inefficiencies and wastages.

We have done all this. We have set up new plants and have got ready for the next phase of growth. We have strengthened distribution. We have 600 outlets, up from 300 outlets four years ago. The number of dealers has also grown during this period from 45 to 60.

Q. You have introduced three new products – load all, skid steer and gensets – in a depressed market….

A. The pace of addition of new products has not been impacted as we have faith in the medium-term and long-term growth of the economy. We have invested in India even in the downturn. We have invested in two new plants in Jaipur. The decision was taken in 2012 and the plants were inaugurated in November 2014. Nobody denies that there is an infrastructure deficit. The task is to work around the issues. Roads get built in the states, not the Centre.

So, it is states which will now have to pull growth. There have always been states that have grown faster and have got their governance act together to pull the development agenda. Many states are working on ease of doing business. States in the east and south-central regions like Telangana and Rajasthan in the north are certainly moving forward.

Q. The trend and pace of road construction over the past two years has not been impressive. What is the outlook for order growth?

A. We are getting ready for higher levels of growth. There is no marked pick-up in activity in our sector. The past three years have been a period of decline and that decline has now bottomed out. This gives us a lot of confidence. We expect that by the last quarter of the current calendar year, the trend will start moving upwards. We want incremental movement forward every month.

The onset of the monsoon has always been a period of low construction. Project consultants are busy on several aspects, including DPRs of projects. This means project activity will come. Similarly, road tendering is taking place and implementation on the ground is likely to start playing out soon, post the monsoon.

Q. Are you not deterred by the signs of rural distress, given the prominence of rural roads in your portfolio?

A. Overall, the de-growth in the areas we operate in has bottomed out. Rural demand plays a big role for us and it has to. The Prime Minister's Gram Sadak Yojana is a success story. The scheme worked well in Bihar, MP and Chhattisgarh even during the downturn years and there has been a constant movement of machines across the regions. We are trying to increase the applications for which a machine can be used. In the past year of decline in the market, we have introduced new models of products that already existed and also launched three new products.

Q. With the announcement of initiatives like Make in India and Smart Cities, how and where does JCB fit into the scheme?

A. These are all good initiatives but JCB's part comes in when work begins on the ground, with the digging of the earth. JCB fits in wherever there is earthmoving and construction activity. The question is are we ready for that growth? Yes, we are ready with new products, people and with capacity. In addition, we are exporting machines to as many as 60 countries from India.

Q. What part of your growth comes from India. Do you see it growing?

A. India contributes 17 percent of global revenues. But the percentage in volume is higher because the pricing in India is lower than in European countries. We have machines that are focused on the Indian market and are now coming to use in the emerging markets as well. We have seen in India an opportunity to be a manufacturing base for many parts of the world.

We are now exporting over 20 percent of our production, up from five percent four years ago. How his contribution from India grows over the years will depend on where demand comes up. Our chairman has said India will be the largest contributor to revenues by 2018.

Source: Business Standard

Kalpakkam reactor to go on stream

The 500-MWe Prototype Fast Breeder Reactor (PFBR) at Kalpakkam, near here, is getting ready to be commissioned in September.

When the reactor goes critical, it will signal India's triumphant entry into the second stage of its three-stage nuclear power programme. The PFBR will use plutonium-uranium oxide as fuel and 1,750 tonnes of liquid sodium as coolant. It is called a breeder reactor because it breeds more fuel than it consumes.

"We are committed to making the PFBR attain criticality in September," said P. Chellapandi, Chairman and Managing Director, Bhartiya Nabikhiya Vidyut Nigam Limited (BHAVINI), a public sector undertaking of the Department of Atomic Energy, tasked with building breeder reactors.

"We are awaiting clearance from the Atomic Energy Regulatory Board (AERB) for sodium charging, fuel loading, reactor criticality and then stepping up power generation," Dr. Chellapandi said. "We have kept the sodium frozen in 10 big tanks. All heat transport systems, comprising the pipelines, the heat exchanger components and tanks, have been filled with pure argon to avoid any chemical reaction with sodium and oxygen. We have to melt the sodium and pump it into the reactor circuits," he added.

Source: The Hindu

Metal companies to get battered for second consecutive quarter

The earnings performance of metal companies, both ferrous and non-ferrous, is expected to remain lacklustre for the second consecutive quarter because of a decline in steel realisation, increased cost of provisioning for the district mineral foundation fund, and a significant fall in aluminium premiums. "The June quarter will be the third consecutive quarter of net profit de-growth. Such consecutive de-growth was last witnessed in September 2009, during the global financial crisis," said a report by Motilal Oswal Securities. "Metals will be reporting their lowest PAT (profit after tax) in eight years," it added. Large integrated steel producers like Tata Steel, Steel Authority of India and Jindal Steel & Power and non-ferrous metal companies like Vedanta and Hindalco were expected to put up a poor show for yet another quarter, analysts said. Continuous import pressure from China, Japan and South Korea, along with a sharp fall in global steel prices, is expected to keep volumes and realisations of domestic steel companies muted. During April and May, steel imports increased 55 per cent, year on year, to 1.7 million tonnes, while exports declined 35 per cent to 0.7 million tonnes, battering domestic steel producers on both fronts.

"Companies with a higher export mix like JSW Steel will see a sharp decline in export realisation (down 10 per cent, quarter on quarter) which, in turn, will hurt their profitability," said Kotak Institutional Equities in a report. Since a limited drop is expected in raw material costs, this will result in margin pressure as well. During the quarter steelmakers would report 2-20 per cent sequential declines in earnings before interest, tax, depreciation and amortisation (EBITDA) for their Indian operations, the Kotak Institutional Equities report added. For Tata Steel, blended realisations were expected to drop by 3.2 per cent, quarter on quarter, said brokerage firm Centrum. "We expect European operations to deliver EBITDA/ tonne of $35 on account of pressure on spreads despite lower raw material prices. The consolidated EBITDA of Tata Steel is expected to be lower by 47 per cent, year on year," it added. Margins of Jindal Steel were also seen under pressure due to higher coal costs after the closure of mining operations, said Kotak Institutional Equities Research.

In the non-ferrous segment, where aluminium premiums had tumbled sharply, producers might report 26-35 per cent declines in EBITDA, quarter on quarter, analysts said. "Hindalco's EBITDA is seen declining 17 per cent but revenues are expected to move up due to higher volumes fed by the Mahan and Aditya smelters," said Centrum. Hindustan Zinc's EBITDA is also seen falling sequentially due to lower mined metal volumes and higher provision for district mineral foundation costs. A sequential improvement in Vedanta's EBITDA, however, was likely because of normalisation of Zinc International's operations after a disruption in January-March 2015, said Kotak Institutional Equities Research. Noting the grim scenario for the metals sector, brokerages have recommended sell for SAIL and Tata Steel. For the non-ferrous companies, however, brokerages are relatively positive and have placed a buy call for Vedanta and Hindustan Zinc.

Source: Business Standard

Fear is A Poor Chisel To Carve Out Your Tomorrows

The worst liars in the world are your own fears. "Worry is the traitor in our camp that dampens our power and weakens our aim"

"Worry is faith in the negative, trust in the unpleasant, assurance of disaster and belief in defeat… Worry is a magnet that attracts negative conditions. Faith is a more powerful force that creates positive circumstances… Worry is wasting today's time to clutter up tomorrow's opportunities with yesterday's troubles."

What causes most battles to be lost? It's the unfounded fear of the enemy's strength. A worry is like a fog: "The Bureau of Standards in Washington tells us that a dense fog covering seven city blocks, one hundred feet deep, is comprised of something less than one glass of water. That amount of water is divided into some 60,000,000 tiny drops. Not much there! Yet when these minute particles settle down over the city or countryside, they can blot out practically all vision. A cup full of worry does just about the same thing. Tiny drops of fretfulness close around our thoughts and we are submerged without vision."

"An old man was asked what had robbed him of joy in his life. His reply was, 'Things that never happened." Fear wants you to run from things that aren't after you. It's never safe to look into the future with eyes of fear.

Do you remember the things you were worrying about a year ago? How did they work out? Didn't you waste a lot of energy on account of most of them? Didn't most of them turn out to be all right after all? Almost 99% of the things that we worry about don't happen.

Here's what I do. I follow this famous advice: "At night, I give all my worries and fears to God. He's going to be up all night anyway. "Let him have all your worries and cares, for he is always thinking about you and watching everything that concerns you."

Never make a decision based on fear. Don't ever find yourself giving something the "benefit of the doubt" – doubt has no benefit. One of the great discoveries you can make is to find that you can do what you were afraid you couldn't do.

This is the fourteenth 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

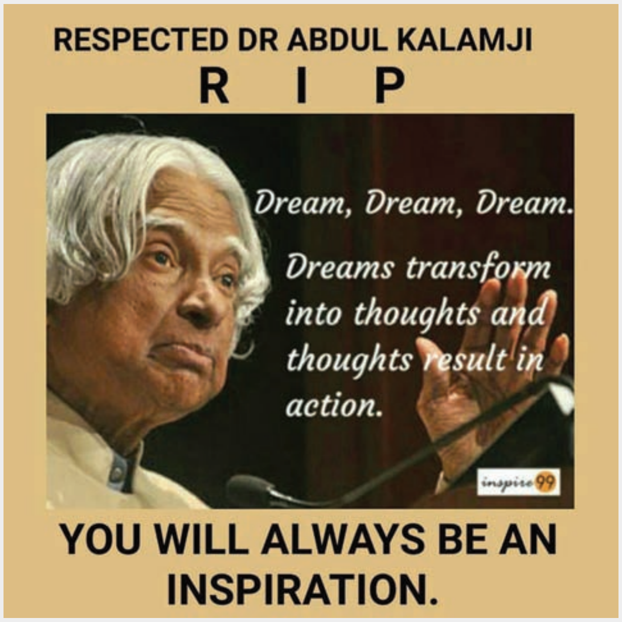
NEWS LETTER

ISSUE NO. 90/2015 VOL. XC "MONTHLY" Date: 31.7.2015

FLORAL TRIBUTE TO

DR AVUL PAKIR JAINULABDEEN ABDUL KALAM, AN UNPARALLELED SCIENTIST AND FORMER PRESIDENT OF INDIA AND DISTINGUISHED HONORARY MEMBER OF THE INDIAN INSTITUTE OF METALS

Photograph of last glimpses at Indian Institute of Management, Shillong



PEARL OF WISDOM

"Don't take rest after your first victory because if you fail in second, more lips are waiting to say that your first victory was just luck".

- A. P. J Abdul Kalam

"All Birds find shelter during a rain. But Eagle avoids rain by flying above the Clouds".

- A. P. J Abdul Kalam

"Failure will never overtake me if my definition to succeed is strong enough".

- A. P. J Abdul Kalam

"Man needs difficulties in life because they are necessary to enjoy the success".

- A. P. J Abdul Kalam

"If you want to shine like a sun. First burn like a sun".

- A. P. J Abdul Kalam

"It is very easy to defeat someone, but it is very hard to win someone".

- A. P. J Abdul Kalam

"Without your involvement you can't succeed. With your involvement you can't fail".

- A. P. J Abdul Kalam

"Thinking is the Capital, Enterprise is the way, Hard work is the Solution".

- A. P. J Abdul Kalam

"Dream is not while sleeping, Dream is that which does not let you sleep".

- A. P. J Abdul Kalam




सेल ज्योति
जी सी शीट्स
जान है, शान है
adsyndicate
SAIL
ASSURANCE
Bhaari barsaat se jo takraaye,
Vo SAIL Jyoti GC Sheet kehlaaye
*120 gsm coating
Be it winters, summers or heavy rains...
SAIL Jyoti GC Sheet is always with you
BIS approved
स्टील अथॉरिटी ऑफ इण्डिया लिमिटेड
STEEL AUTHORITY OF INDIA LIMITED
There's a little bit of SAIL in everybody's life
Contact your nearest dealer today!
www.sail.co.in