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## In The Issue



HRD HALL OF DELHI CHAPTER

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# New Metal recycling policy to fetch right prices for old vehicles, white goods

Global metal recycling market which represents the conversion of metal waste into valuable to minimize greenhouse gas emission level would reach $6,472 million by 2020, recording a hectic jump over the next three years as compared to $304,633 million recorded earlier in 2014. Actually, metal recycling reduces future scarcity of high-value resources, generates economic value, minimizes greenhouse gas emission levels, and limits other environmental damage. Therefore, various government initiatives have also been undertaken for creating a conducive environment for recycling metal waste. In the recent years, many countries have initiated specific recycling and environmental performance targets with an aim of encouraging people to recycle.

Accordingly, India's metal recycling industry plays an important role and has also set the new growth paradigms. It has also changed the definition of development and growth in the recent era, which is measured in terms of how efficiently the resources are used. Recycling industry in countries like US or China is much ahead of us while India has a long way to go when it comes to efficiency of recycling. The use of metal scrap is actively promoted by several developed countries like Germany, Sweden, Finland, Russia, Turkey, Australia and the US. According to industry estimates, the average recycling rate in these countries is over 80 percent, while India's recycling rate is merely 20-25 percent.

Presently, Indian Government is closely working under the Niti Ayog in co-ordination with KPMG, MRAI and MSTC who are involved with the Niti Ayog for framing the new scrap metal recycling policy for a sustainable future. The Government is also looking into import duty structure on all types of imported metal scraps that attract about 5 percent customs duty, which is making imports unviable for scrap importers. With the new upcoming new metal recycling policy, owners of old cars and white goods will soon have a choice of selling their old items to registered scrap dealers at pre-determined prices.

For instance, in Japan under home appliances recycling law, the consumers of appliances such as refrigerators, air conditioners, and washing machines should dispose them to retailers or scrap traders for further recycling. In terms of scrap metal, market is classified into ferrous metals and non-ferrous metals.

The Asia-Pacific region is likely to dominate the metal recycling market throughout the analysis period. Increase in urban population in China and India, growth in infrastructure construction and automotive industry, and increase in environmental consciousness among individuals are some of the factors that have strengthened the growth of Asia-Pacific metal recycling market. In addition to above, the National Green Tribunal (NGT) have issued order banning 15 years old diesel and petrol vehicles and the recent Supreme Court judgment banning sales of BS-III vehicles in the country with effect from 1 April which will boost the recycling industry further.

More importantly, MRAI's demand of abolishing import duty on metal scrap saying that it made a strong case to seek duty abolishment. MRAI have recommended that the FTA agreements with ASEAN countries needs to be reviewed and also asked for review of the demand on removal of 5% customs duty on metal scrap imports. As MRAI said the customs duty is making imports unviable for scrap importers. Responding to this new policy, MRAI President Sanjay Mehta said: "We are happy that the Steel and Mines Ministries have agreed to look into our long pending demands. We hope to see the Metal Recycling Policy soon and

abolishment of import duty on metal scrap." MRAI also urged the government to set up a pre-shipment inspection infrastructure, mainly scanners at key ports. The need is felt immensely due to the existing standard operating practice worldwide, where scrap imports are scanned at the port of destination for radio activity and identification.

Source: MMR

## Steel Ministry tells PSUs to pull up socks, beat private peers

PSUs should develop appetite for special steel as value addition remains the mantra for success, the minister said.

Seemingly not too happy with the performance of PSUs such as SAIL and RINL, steel minister Birender Singh has a policy prescription – put to good use the Rs 60,000 crore investment made by them and beat private peers.

Acknowledging that things are not as bad for the steel sector as it used to be some two-three years ago, Singh strongly felt that PSUs should develop appetite for special steel as value addition remains the mantra for success. "Things are not that bad which it used to be two to three years back. I think in the last two years the private sector is improving more rapidly than the PSUs. PSUs when they have advantages like captive mines... why don't they utilise it... why not to put up washeries... why not to go for value addition... special grades of steel," Singh said in an interview.

"Rs 60,000 crore has been spent on expansion and modernisation of our PSUs... Their capacities have ramped up but the need today is to produce special steel also," he said.

Despite India being the world's third largest producer of steel, it still is dependent on imports for some products and "there is dire need to develop technologies to produce electrical grade and auto grade steel in India to become self-sufficient. Instead of producing just semi-finished and basic steel products, we must produce high value-added products, which also get better prices," he asserted. Barely a few months back, Singh had minced no words in cautioning PSUs, including domestic giant SAIL, to "perform or perish", saying complacency cannot be tolerated at a time when private players are excelling on various parameters. Chairing a meeting of chiefs of top steel PSUs, the minister had pulled up public sector firms like SAIL and RINL for lagging behind not only on international benchmarks, but also their private counterparts and being complacent in ramping up capacities.

"In production and productivity parameters, PSUs are far behind their counterparts in private sector. In terms of international benchmarks, performance of Indian steel companies is very poor," Singh had told PSU top brass and indicted SAIL for missing deadlines for modernisation. He said one area which his ministry has prioritised for rollout of the national steel policy is raw material security.

"I have directed ministry officials to take two actions on priority basis. These are setting up of coal washeries and optimising pellet utilisation. These will help reduce dependence on imports by maximising usage of domestic raw materials," Singh said. The minister said Coal India and Bharat Coking Coal have agreed to set up 12 new coking coal washeries by 2019-20. Singh also said a number of players have shown interest in starting operations at a mine in Mozambique owned by ICVL, a joint venture of five PSUs including SAIL.

Source: Financial Express

## Steel ministry gears up to achieve mammoth steel production target

Steel Ministry of India is gearing up to achieve the ambitious targets set under National Steel Policy 2017 and has decided to take the challenge head on with commencement of efforts to transform the Indian steel sector right from its roots.

Dr. Aruna (Limaye) Sharma, secretary for

**Steel Ministry of India is gearing up to achieve the ambitious targets set under National Steel Policy 2017 and has decided to take the challenge head on with commencement of efforts to transform the Indian steel sector right from its roots.**

**Dr Aruna (Limaye) Sharma, secretary for Steel Ministry and an Indian Administrative Services officer of the 1982 batch, while speaking to Steel-360 in an exclusive chat reveals plans and policies of the government to propel the Indian steel industry forward.**

**Q. How is the Steel Ministry gearing up to implement the National Steel Policy 2017? Which of the numerous projects such as port-based clusters, slurry pipelines, underground mining etc are we likely to see implemented this year?**

A. National Steel Policy 2017 sets a target to achieve 300 million tonnes (mt) of steel production capacity by 2030-31 and also gives a directional roadmap on how to achieve it. Implementation of this landmark policy is a continuous and on-going process which has already been started by the Ministry. Ministry is in discussion with various stakeholders like industry representatives, other ministries, banking and other financial institutions to facilitate installation of new greenfield and brownfield capacity, to increase steel demand, to enable access of key raw materials, to decrease the transportation and logistics cost, to enable easy availability of credit for the sector at lower interest rates, to develop new value-added products and to protect the domestic sector from unfair trade practices adopted by steel players of some major steel producing nations.

Government is focusing on the development of infrastructure sector with an overall budget outlay of about INR 4 lakh crore for FY18. With initiatives like 'Make in India' paving way to the overall growth in investment in construction, infrastructure, automobile, shipbuilding and power sectors, it is envisaged that the overall steel demand will grow exponentially, passing on the benefit to the domestic steel producers.

Following has already been done as a part of implementation of NSP 2017:

- Clearances have been taken from Indian Railways for laying slurry pipelines which would bring down transportation costs and aid in evacuation of fines and pellets.
- Policy on preference to domestically manufactured iron and steel products has been implemented.
- Life cycle cost analysis clause has been included in GFR guidelines.
- Creation of fresh steel capacities via green-field projects in resource rich states like Jharkhand, Chhattisgarh, Odisha and Karnataka, by setting up of the SPVs, is being facilitated.

**Q. Under the Make in India initiative, preferential purchase of steel will take place from domestic steelmakers. Which are some of the government entities that are expected to buy maximum steel this year? How much of steel would these government entities require and which are some of the key projects?**

A. Specifics about public sector entities' future projects may not be readily available with us. However, the government is focusing on the development of infrastructure sector with an overall budget outlay of about INR 4 lakh crore for FY18. With initiatives like 'Make in India' paving way to the overall growth in investment in construction, infrastructure, automobile, shipbuilding and power sectors, majority of steel demand is bound to come from entities working in these sectors.

**Q. There is talk in the industry that domestic**

**companies are using the preferential purchase rule to hike prices – will the steel ministry check this? How?**

A. Domestic steel players had been adversely affected by the predatory pricing strategy followed by a number of foreign players. Moreover, India has steelmaking capacity of 126mt as on 31st March 2017, with a capacity utilization of 77%. Considering the spare capacity and new steel capacity being added, there would be sufficient competition in the domestic steel Industry itself. The policy is also a price regulator in itself in a sense that it provides room for foreign manufacturers to participate in the government tenders, if they can do the minimum prescribed value addition in India. Hence, the policy will also provide boost to the foreign investments which are always welcome through 100% FDI in the steel sector under the automatic route.

**Q. Despite having 100% FDI in steel India has not been able to get any foreign player to set up a plant with a new technology. In such a scenario how will the government achieve the targeted 300 mt production by 2030-31?**

A. In the last decade, i.e. from 2005-06 to 2016-17, 82 mt of crude steelmaking capacity has been added in the country. Consumption of finished steel in India has grown at a CAGR of 5% in the last decade as compared to 6% in China (which has shown negative growth in the last 3-4 years) and (-) 2% in Japan. The government is very positive and upbeat about reaching the projected capacity of 300 mt by 2030-31. India is currently the 3rd largest producer of steel with 97.38 mt of crude steel production in 2016-17 and poised to be become 2nd largest in coming years. In 2016, India has also become 2nd largest producer of stainless steel. Currently, India is the only steel market of significant size where demand is growing. The Indian steel sector has grown at a CAGR of 3.8% (by value) in the last five years to reach an estimated value of INR 3,610 billion in FY17. Production of crude steel in India has also grown from 78.4 mt in FY13 to 97.4 mt in FY17, at a CAGR of 4.4%. Construction and infrastructure segments are the major consumers of steel, accounting for more than half of steel demand in India. The sector is expected to grow by 7.1% in FY18 on back of growing infrastructure investment.

**Q. In the wake of Posco's exit, are there other foreign companies that are still interested in building plants? If yes, how is the steel ministry encouraging them?**

A. There is already a memorandum of understanding (MoU) signed on 22nd May 2015 by Steel Authority of India Limited (SAIL) with Arcelor Mittal, to set up an automotive steel manufacturing facility under a joint venture arrangement in India, and the JV is under advanced stages of finalization. Tata Steel has a joint venture with Japan's Nippon Steel for production and sales of automotive cold-rolled flat products at Jamshedpur. The JV is expected to invest $400 million (Rs 1,850 crore) to set up an automobile venture in India. Similarly, Jindal-promoted JSW Steel signed an agreement with Japan's second largest producer, JFE, to collaborate for making automobile steel.

Government is taking various steps to improve the attractiveness to invest in the steel sector. Policy on preference to "domestically manufactured iron and steel product" is a step in this direction, as it mandates for 15% domestic value addition for participation in big government procurement tenders. Foreign companies may come forward for setting up a steel unit in the country in order to become eligible to participate in the tenders, and hopefully provide the much needed boost in terms of FDI in the steel sector.

**Q. How is the ministry dealing with debts of the steel industry? Will more companies be asked to restructure debt? On one hand there is the pressure to expand capacities, but the on the other, there are bad debts**

**in the steel sector. Can companies expect any help or waivers etc from the government?**

A. Yes, stress in steel sector needs to be resolved at the earliest. Already quasi-judicial mechanisms are in place. National Company Law Tribunal is looking at the issues. We expect early resolutions using all authorized instruments approved by RBI. The concern is to ensure that the credit flow is continued in the steel sector, especially to secondary steel producers, whose non-performing assets are negligible. Essentially these bad loans are with the large steel players. The smaller steel player, which are highly agile and located as strategic clusters, have cleaner balance sheet and high debt-service coverage ratio. Ministry of Steel is also making efforts to facilitate credit availability for small steel players in consultation with banks and various investment institutions. Also, with the signing of the new NPA ordinance by the president, steel sector is on the priority of the government to ease out the issues of stressed assets in the sector.

Source: Steel 360

## Tata Steel plans to expand Kalinganagar to 8 mtpa

Tata Steel is in the midst of finalizing plans for the second phase of expansion of its Kalinganagar plant to take the capacity to 8 mtpa from 3 mtpa currently, T V Narendran, Managing Director, Tata Steel, told Steel Insights. "We plan to take the capacity at Kalinganagar to 8 mtpa from 3 mtpa now. We will place it before the board in the next couple of months," he said on the sidelines of a steel conference. The company had spent Rs 20,000-25,000 crore on the first phase, but the second phase will cost less because the enabling infrastructure has already been built, according to sources. "I would say that in the next 2-3 months we will be finalizing the plans, we will going to board, we will be getting the necessary approvals. Kalinganagar phase one was three million. We are looking at five million for phase two because that seems to be the optimal size for the next phase of growth. What it will cost? It will cost less than phase one. I would not tell you exact numbers. We will do that later, but it will certainly cost us less than phase one because in phase one we had to spend a lot of money to build an enabling infrastructure. In phase two, you are building on what has already been built. So to that extent, the capex per million tonnes will be much less," he said.

Talking about steel demand, Narendran said so far, steel demand has risen on the back of increased construction activities, laying of power transmission lines and investment by Railways. Mining activities and improvement in the automobile sector have also happened. However, it was the construction sector – which accounts for 60 percent of steel demand – that continues to cause concern. While commercial real estate has done well, a slowdown in the residential segment has come as a cropper. In fact, Narendran pointed out, while demand is expected to witness a 4-5 percent growth, it is still "below par". "Steel demand is still growing at 4-5 percent, not yet at 6-7 percent which it should be and it could be because typically the steel demand mirrors the gross domestic product (GDP) growth rate, but it is still a bit slower than we would like it to be. Auto is doing well, auto is growing. Construction is not yet doing so great. Construction typically accounts for 60 percent of the demand. We are seeing electrical transmission, road building, etc positive. So, all sectors are not moving in the same direction at the same pace. Once construction picks up a bit more, we should see the demand growing to 6-7 percent," he said.

Typically, steel demand mirrors the GDP growth rate and, in developed countries, it is higher than the GDP. For instance, when China was growing at 10 percent, the steel sector grew 16 percent. "In India, we have been forecasting a 4-5 percent growth in steel demand, which to me is below par," he said. "But that is partly because India has not seen industrial-led

growth. Industrial-led growth is more steel-intensive." Speaking at a steel conference on "Enhancement in Technology for Production and Processing of Steels: Application of Industry 4.0" organized by Steel Tech magazine, Narendran said steel, a capital intensive industry, needs to be efficient. "We need to change the way we produce, process and sell steel to be efficient and not be afraid of disruption that change brings with it," he said.

The industry needs to be sensitive to what market needs be it mining, steel and downstream and look at ways to enhance stakeholder experience, he said. With the help of technology efforts should also be taken to construct a steel plant at the least possible time, he said adding steel mills should look at ways to work on shared assets and examine models to better utilize an asset.

Source: Steel Insights

## Produce More Special Steel to Cut Imports: Minister to PSUs

Seemingly not too happy with the show of PSUs like SAIL and RINL, Steel Minister Birender Singh has a policy prescription -- put to good use the huge Rs 60,000 crore investment made by them and beat private peers. Acknowledging that things are not as bad for the steel sector as it used to be some two-three years ago, Singh strongly felt that PSUs should develop appetite for special steel as value addition remains the mantra for success. "Things are not that bad which it used to be two to three years back. I think in the last two years the private sector is improving more rapidly than the PSUs. "PSUs ... when they have advantages like captive mines...why don't they utilise it...why not to put up washeries...why not to go for value addition...special grades of steel," Singh told PTI in an interview. "Rs 60,000 crore has been spent on expansion and modernisation of our PSUs ...Their capacities have ramped up but the need today is to produce special steel also," he said. Despite India being the world's third largest producer of steel, it still is dependent on imports for some products and "there is dire need to develop technologies to produce electrical grade and auto grade steel in India to become self-sufficient. Instead of producing just semi-finished and basic steel products, we must produce high value added products, which also get better prices," he asserted.

Barely a few months back, Singh had minced no words in cautioning PSUs, including domestic giant SAIL, to "perform or perish", saying complacency cannot be tolerated at a time when private players are excelling on various parameters. Chairing a meeting of chiefs of top steel PSUs, the minister had pulled up public sector firms like SAIL and RINL for lagging behind not only on international benchmarks, but also their private counterparts and being complacent in ramping up capacities. "In production and productivity parameters, PSUs are far behind their counterparts in private sector. In terms of international benchmarks, performance of Indian steel companies is very poor," Singh had told PSU top brass and indicted SAIL for missing deadlines for modernisation. He said one area which his ministry has prioritised for rollout of National Steel Policy is raw material security. "I have directed the ministry officials to take two actions on priority basis. These are setting up of coal washeries and optimising pellet utilisation. These will help reduce dependence on imports by maximising usage of domestic raw materials," he said.

The minister said Coal India and Bharat Coking Coal have agreed to set up 12 new coking coal washeries by 2019-20. He added that many players have shown interest in starting operations at a mine in Mozambique owned by ICVL, a JV of five PSUs including SAIL.

"We have already issued advertisement for expression of interest for Mozambique and some of the players have already approached us...Of the six-seven players, we have shortlisted two- three...We have three options there... only mining, mining plus transportation and the third is mining, transportation and putting up a thermal plant for power generation. "Most of those who are in touch with us preferred mining only," he said, adding a final call will

be taken soon. International Coal Ventures Ltd (ICVL) was formed for the acquisition of stakes in coal mines, blocks or companies overseas for securing coking and thermal coal supplies. Metallurgical or coking coal is a vital ingredient in the steel-making process. ICVL had suspended work in Mozambique mine in December 2015 on viability grounds following a crash in coking coal prices.

Asked about any plans for PSUs acquiring stressed assets of companies in the sector recommended for insolvency, Singh said, "As far as stressed assets are concerned, only a few companies are from the steel sector... One of the PSUs made request (for acquiring) to the Finance Ministry in this regard." The Reserve Bank has referred a number of defaulters for insolvency proceedings that include steel firms like Essar Steel, Bhushan Steel and Electrosteel.

Source: Metal Junction

## SAIL TO EMPHASIS ON PRODUCT DIFFERENTIATION: CHAIRMAN

Steel Authority of India Ltd (SAIL) to focus on product differentiation as the key to meet the stiff competition in the era of high over-capacities, said the P K Singh, Chairman of the steel major while interacting with employees at the Rourkela Steel Plant (RSP). SAIL Director (Finance) Anil Chaudhary, Director (Technical) Raman and CEO, RSP Ashwini Kumar were also part of the intensive interaction with the employees. "In the present circumstances, only the best in the class will survive. At a time of high overcapacities across the world, product differentiation is the requirement of the hour and we have to match the best in quality, variety and standards," said the Chairman on the current scenario in the steel industry. The SAIL Chairman, who interacted with a cross section of around 700 employees, threw light on the current scenario in the steel industry and exhorted them that transformation of SAIL has begun and "Let us all be part of it".

Singh further said, "Rourkela has one of the best workforces in the industry where the ramping up after modernisation was achieved in one of the shortest times. These interactions are aimed at enthusing the collective to exploit full potential of installed technologies and manpower. In the current challenging times, company's targets and priorities have to widely disseminate at all SAIL units." RSP, which boasts of a 4300 mm wide state-of-the-art New Plate Mill, has carved a

## LTTC agreement signed between SAIL, Railways

Steel Authority of India Ltd. (SAIL) and Indian Railways have entered into a strategic agreement on Long Term Tariff Contract (LTTC) on August 29, 2017.

The agreement was signed in the presence of senior officers of Railways and SAIL in the office of CCM of SE Rly at Kolkata.

The agreement was inked by Kaushik Mukhopadhyay, CCM, SE Railway on behalf of Railways and by Debabrata Maiti, GM (Rail Movement) on behalf of SAIL and is valid for a period of three years.

SAIL is one of the premier customers of Indian Railways, having a rail coefficient of over 95 percent. This agreement involves as many as Fifteen Zones of Indian Railways for loading and unloading terminals, with different commodities applicable to LTTC, viz, Iron & Steel, Pig Iron, Slag, Limestone, Dolomite, Manganese Ore etc. with a Benchmark Gross Freight Revenue (BGFR) of ₹3,417.74 crores and with corresponding tonnage of 19.3 mt effective from September 1, 2017. At present this is the highest LTTC agreement in terms of Gross Freight Revenue of Railways.

The following objectives are notified in the policy:-

- Long term freight revenue commitments from the customers.
- Stability and certainty of freight rates to the customers and assured supply of wagons.
- Generation of additional traffic volumes and revenues for railways.
- Freight Rebate on Incremental as well as Retention of Traffic to customers.
- Freight escalation protection to the customer during any particular contractual year.

SAIL is on the verge of completion of a major modernization program at its different steel plants and is expected to attain substantial incremental growth. SAIL expects that infrastructural improvement at loading and unloading areas will reduce the detention and thereby improve the overall turn-around time of railway wagons in the future. As such, LTTC agreement will be mutually beneficial to both the organizations.

name for itself as a unique producer of special grades of steels. This mill has the potential to capture demand from niche segments and be the desired choice for top consumers. Stepping decisively in the direction of Make in India, the plant has teamed up with the Defence Metallurgical Research Laboratory (DMRL) and the Indian Navy to develop special grade DMR-249A steel plates for Indian Naval requirements.

**SAIL charts turnaround strategy**

SAIL has charted a roadmap to turn around. In an official statement, the public sector undertaking said it will set an earnings before interest, tax, depreciation and amortization (EBITDA) target for the next two to three years. The turnaround goals were spelled out by SAIL Chairman P K Singh, who held a series of Communication interaction with a cross section of more than 750 employees at Bhilai Steel Plant of the company. Chairman personally interacted on the imperatives and challenges before the company in the present trying times before the company. Chairman clearly spelt out expectations from SAIL especially Bhilai Steel Plant collective where the ramping up of production from newly commissioned Universal Rail Mill producing World's single longest piece of rail, is in full swing. Chairman encouraged two way flows of ideas during the interaction to ensure positive embedding of the message.

The roadmap charted by the company in these aims to reach:

- To set the EBITDA target SAIL for the next two to three years.
- Reducing procurement costs.
- Prudent finance management to bring down finance cost.
- Focus on reducing operating cost of old and new assets and overhead costs.
- Avenues to increase NSR.
- Manpower utilisation optimization.
- Focus on improved marketing, branding and distribution.
- Ramping up of Production from the new and modernised units.
- To complete the remaining projects at the earliest.

Addressing the Bhilai collective, Singh said, "Bhilai and all Plants of the Company have newer and better technologies at their disposal which must be judiciously utilized and its full potential should be realized. Market conditions are volatile and we have to adapt to them fast matching the world standards. The effort of SAIL collective is reflected in our positive operational performance but we have to push ourselves more for better results. Time is of essence and every employee has to dedicate himself towards overall improvement". Chairman emphasized to the collective to rediscover themselves and reorient their performance metrics to overcome the challenges to reap the growth opportunities. He emphasized on the golden prospects presented by the current expansion of Railways and that the Plant should be ready to cater to the entire demand of Indian Railway. The state-of-the-art URM, established at a cost of about Rs 1,200 crores has taken BSP's total capacity to produce rails at 2.0 mtpa, which will be the largest rail production capacity in any single location for a Plant world over.

**IISCO plant aims to capture 10% of long product market**

SAIL has said that its IISCO steel plant in Burnpur will help the PSU's long product market share to 10 percent from 7 percent at present. "SAIL-ISP's (IISCO Steel Plant) new and modern plant, which was dedicated to the nation by the Prime Minster, will facilitate SAIL to take its market-share in long products to 10 percent from the existing seven percent," the PSU said in a statement. SAIL further said that it is in the phase of reinventing its processes, while it nears the completion of company's modernization program, it said. The company's Chairman P K Singh visited IISCO Steel Plant at Burnpur recently and interacted with cross section of more than 600 employees, where he exhorted them to surpass the rated capacities of the

new mills with the slogan of 'first production to capacity and then production to potential beyond capacity.

Encouraging the employees, he explained company's immediate targets and priorities for realigning ISP workforce. After modernization ISP boasts of a modern Wire Rod Mill (WRM), Universal Section Mill (USM) and Bar Mill capable of producing high quality products. "The Plant has huge potential to capture newer market segments... Disruptive improvement is the order of the day where we have to become world class in all spheres of production, performance and marketing to customers. "There are dreams and great hopes pinned on the performance of these new mills, and I am sure that ISP collective can bring out the best results," Singh said.

**SAIL supplies 20,000 tonnes steel for Lucknow Metro Rail project**

Steel Authority of India Ltd. (SAIL) has once again proudly partnered in nation's prestigious infrastructure project by supplying steel for Lucknow Metro Rail Project, whose first phase is scheduled to be inaugurated on September 5, 2017. SAIL has supplied around 20,000 tonnes of steel for the 8.5 Kms long priority stretch of the North-South Corridor of Lucknow Metro Rail which will operate in between Transport Nagar and Lucknow Charbagh Railway station. SAIL has supplied reinforcement bars, structural steel and plates for this stretch and is ready to supply for the remaining stretch. SAIL has supplied more than 3 lakh tonnes of steel for India's different metro construction projects including the upcoming metro projects. Lucknow Metro Rail Corporation (LMRC) project is presently in two phases, of which the Phase I comprises of 22.8 Kms long North-South Corridor and an 11 Kms long Phase II forming the East-West Corridor.

The Company is expanding its product range and capacity to supply value added products including both long and flat products like Structurals, TMTs, Wire Rods, Plates etc for infrastructure, construction, engineering, industrial segments. SAIL has been supplying steel for construction of major projects of national importance, including the recently inaugurated Dhola-Sadiya Bridge, several metro projects at Delhi, Mumbai, Bangalore, Ahmedabad, major airports, country's longest road tunnel connecting Chenani-Nashri in J&K, for under construction projects like Polavaram multi-purpose irrigation project, Statue of Unity in Gujrat etc. SAIL is also actively entering into the ready to use steel products segment to establish last mile connectivity with customers and end consumers.

**SAIL Q1 net loss at Rs 801, turnover up 26%**

Meanwhile, SAIL clocked loss after tax of Rs 801 crore in the April-June quarter of 2017-18 as against net loss of Rs 535 crore in the same period last year owing to higher price of imported coking coal.

In the Q1 FY18, Company bore an impact of 115 percent higher price on account of imported coal and 25 percent higher price on account of indigenous coal over CPLY, pushing down the overall profitability margin despite a 14 percent higher Net Sales Realizations (NSR) over same quarter last year. During the quarter, due to Cyclone Debbie the supplies of coking coal from Australia were adversely impacted, resulting in lower production volumes of saleable steel. However, the techno-economic parameters showed improvements with respect to Coal Dust Injection (CDI), coke rate, blast furnace productivity and production through the more efficient continuous casting route, the company said in a statement.

SAIL, however, achieved a turnover of Rs 12,860 crore in the first quarter of FY18 (Q1 FY18) registering a growth of 26 percent over the turnover of Rs 10,180 crore achieved in corresponding period last year. In the same quarter, the total sales volume at 3.028 million tonnes (mt) recorded a 9 percent growth over corresponding period last year. The company's sales of finished steel (without semis) were also higher by 4.12 lakh tonnes during Q1 FY18 as compared to Q1 FY17, recording a 19 percent growth. With Management's intensive focus on ramping up of new mills and enriched product

mix from the new facilities, SAIL continued to remain EBITDA positive (Rs 23 crore EBITDA a Q1 FY18) in April-June'17 peroid.

Owing to improving market sentiments, the Company is rapidly ramping up its new mills towards the rated capacities. SAIL Management is also focusing on rigorous marketing initiatives so as to increase its market share for Company's new and enriched product basket including universal structural, rails, wire rods, plates etc. The Company has launched a nationwide campaign, with primary focus on rural area, to create awareness about advantages of using steel, among various groups of stakeholder including masons and construction workers. In addition the company is also focusing on sales to rural segment and ready to use materials. SAIL is making effort for cost optimization. Manpower optimization initiatives are being implemented in right earnest for effective utilization of human resources, improved productivity, cost reduction and improved age-mix.

Chairman P K Singh said, "We are maintaining positive EBITDA inspite of the challenging situation in the steel sector, and that shows the collective resolve of the Company. With the imported coal availability stabilizing and focus on ramping up the new units, the situation will improve in coming quarters. We have drastically reduced production from inefficient units and are optimizing the coal blend in operations to reduce costs. These steps will surely translate into improved financials going forward."

The Internal Communication strategy has been given a new direction and focus. Large group interactions in the presence of top management are being organized at Plant/unit locations to engage and energize employees at all levels, for realizing the full growth potential.

Source: Steel Insights

## SAIL EYES 10% OF LONG PRODUCTS MARKET

Public sector Steel Authority of India Ltd., (SAIL) hopes to increase its market share in long products from 7% now to 10% by early next year, riding on the increased demand and its own modernisation and revamp programmes. The 43.3-million tonne longs market is a products segment that caters mainly to the infrastructure and construction sector. It is dominated by secondary steel producers, but among the main producers, SAIL has the single-largest share. The new units at the erstwhile Indian Iron and Steel Company (IISCO), now known as SAIL-IISCO Steel Plant, is expected to facilitate SAIL's efforts to increase its market share. "The plant has the potential to capture newer market segments with its enriched products from the new mills", SAIL chairman P.K. Singh said on a recent visit to ISP's unit at Burnpur, West Bengal.

**Slump had hit ramp-up**

An erstwhile SAIL subsidiary, ISP merged with the parent in 2006. An ₹18,000 crore project was unveiled thereafter to replace the almost 100-year old plant. Capacity was increased from less than a million to 2.5 million tonnes per annum. However, the completion of the project in 2015 also coincided with a slump in demand in the steel sector. The segments that SAIL-ISP is specifically targeting include construction, bridges, infrastructure and engineering projects. The 0.5 million tonnes per annum wire rod mill at ISP is capable of producing quality wire rods for industrial uses, critical wire rope applications, medium carbon wires and special quality electrodes. The new universal structural mill at ISP, which enables better surface finish on materials and is used in construction, is also expected to give a fillip to SAIL. "This will strengthen SAIL's structurals profile and enable the company to roll out economical products which will find wide applications," a SAIL official said. The Bhilai Steel Plant and the Durgapur Steel Plant, into which ₹19,500 crore capital has been pumped in for modernisation and in capacity augmentation, also produce long products such as long rails, wire rods, bars and structurals.

SAIL faces competition in long products from Tata Steel, JSW, JSPL and RINL the company said. Secondary steel producers (producers

using the Electruc Arc Finance and Direct Reduction of Iron methods) have a 57% share of the longs market. Demand uptick is seen from the government's policies such as housing for all, improved road and rail connectivity, airport connectivity in Tier-II cities and infrastructure development projects. These are expected to translate into increased demand for steel. A recent ICRA report said that domestic steel prices have taken a cue from buoyancy in international steel prices. Demand growth has been a moderate 4.4% between April and July, 2017. However, ICRA also said that the sector was not expected to come out of its stressed condition immediately.

Source: Metal Junction

## Ease of doing biz' is not 'ease of making money: Steel minister

Steel minister Chaudhary Birender Singh said recently that India needs to raise per capita consumption of the commodity, while asking the industry to play ethical by differentiating between 'ease of doing business' and 'ease of making money'. It is not just the duty of the government or the steel ministry in specific, each one has a role to play, he said at KATM conference on raw materials for steel and power here. He was speaking on the key role society has to play with regard to various issues be it increasing steel consumption or protecting the domestic steel industry.

Singh said: "When there was dumping in our country, many of the producers of steel became traders. Is it fair on the part of a man who...has the responsibility to produce... Why? because there is a possibility that without doing anything you can make easy money." 'Ease of doing business' is very different from 'ease of making money'. Each one has a role to play, he said. India has the potential to equal the world average per capita steel consumption. At present, the world per capita steel consumption is 208 kg and that can be achieved in India, Singh said. The National Steel Policy aims more than doubling the per capita steel consumption to 158 Kg by 2030-31, from 61 kg at present. The steel consumption in the country will increase with the improvement in lifestyle and development of infrastructure in housing, he said. "Steel consumption can grow only when we will improve our lifestyle, living standard. Everybody wants a better life, house and in it I expect 70% steel and 30% rest of the items...," he said.

Prime Minister Narendra Modi has taken it as a challenge that everyone has a roof, he said. Singh further said that there was a 'socio-economic caste census' survey, showing there is a requirement of 5 crore houses. The government has a mission to complete it by 2022, he said. "We also want round the clock electricity, clean drinking water, best education

**PER CAPITA CONSUMPTION OF STEEL IN INDIA**

***India's per capita consumption of total finished steel is around 64 kg, as compared to the world average of about 220 Kg. One of the main reasons for higher per capita consumption of steel in developed countries is due to higher level of infrastructure and industrial development, as compared to developing countries.***

***Estimated domestic per capita consumption of total finished steel is around 15 kg for rural India and 170 kg for urban India.***

***Institute for Steel Development & Growth (INSDAG), an organization promoted by the Ministry of Steel and the major steel producers, is working towards efficient usage of steel in the construction and allied segments. INSDAG has taken up a number of initiatives to popularize steel consumption, especially in rural areas, some of which are given below:-***

- ***Organized campaigns in rural areas to create awareness on the benefits of steel usage and to promote best practices using reinforcement bars.***
- ***Developed designs of model rural houses, grain storage bins, culverts, panchayat halls, community toilets, etc. using steel.***

***Contributed by Shri S C Suri***

for children and health-care for everyone. "I do agree that if this kind of infrastructure is made available...then of course the consumption would be on the same level which one can think in any of the developed country," he said.

Talking about the approach of the common man, the minister said he thinks that these things will be created or made available by the government may be the state government or the Centre. He further asked the industry to make full use if the resources available in the country. India has surplus power, iron ore reserve which will last for at least next 30 years. Besides that re-cycling is one area that can reduce the demand for iron ore and coal for steel making.

Scraps can also bring down our demand for raw material for steel making and is of best grade. At present, 8 MT scrap is imported, he said.

These steps will save 30-35% of country's forex exchange, he added.

The Finance Ministry recently imposed countervailing duty (CVD) on imports of certain flat steel products from China.

The decision to impose the duty was taken by the finance ministry after the Directorate General of Anti-Dumping and Allied Duties (DGAD) found that despite sufficient demand in India and capacities, the domestic industry has lost sales opportunities, which is a direct consequence of subsidised imports from China.

Source: Metal Junction

## SAIL supplies 80% steel for Sardar Sarovar project

Steel Authority of India Limited (SAIL) has supplied 80% steel required for construction of the Sardar Sarovar project inaugurated by the Prime Minister Narendra Modi recently, said a Steel Ministry release. SAIL supplied around 85,000 tonnes of steel (TMT) for the entire Sardar Sarovar Narmada Nigam Ltd. (SSNNL) project, which comprises all the canals throughout Gujarat, which are connected to Narmada River and Dam. Sardar Sarovar project is the second largest concrete gravity dam (by volume) and has the world's third-largest spillway discharging capacity. The Sardar Sarovar Dam is a gravity dam built on Narmada river near Navagam, Gujarat, which will benefit four Indian states namely Gujarat, Madhya Pradesh, Maharastra and Rajasthan. It is a part of a large hydraulic engineering project involving the construction of a series of large irrigation and hydroelectric multi-purpose dams on the Narmada river. One of the 30 dams planned on river Narmada, Sardar Sarovar Dam (SSD) is the largest structure to be built. The project will irrigate more than 18,000 m2 (190,000 sq ft), most of it in drought-prone areas of Kutch and Saurashtra. The total installed capacity of the power facilities is 1,450 MW, the release said.

Source: Metal Junction

## Sixth India Minerals and Metals Forum focuses on Indian Steel Industry Roadmap upto 2025 and mining, production demand and delivery

The sixth India Minerals and Metals Forum organised by the Indian Chamber of Commerce (ICC) focuses on Indian steel industry looking up to 2025; mining, production demand and delivery; Innovative applications for a future ready non- ferrous ecosystem; and Metals industry outlook- present challenges and future prospects. The Indian steel sector has grown rapidly over the past few years and presently it is the third largest steel producer globally, contributing to about 2% of the country's GDP. India has also crossed 100 MT mark for production for sale. India is seen as a bright spot for the global steel production growth on account of the government's push to augment capacity and demand from the construction, automotive and infrastructure sectors. The government has been spearheading growth in steel production capacity, with upgrades being made to existing steel manufacturing

units and state-owned companies stepping in to build new steel plants.

The Cabinet approved the National steel policy 2017 that envisages Rs. 10 lakh crore investment to create more capacity in the steel sector. The development is significant as the steel sector is reeling under weak demand and rising raw material prices. The policy also aims at increasing supply of domestic coking coal to cut dependence on imports by half and production of 300 million tonnes by 2030. The policy also emphasizes at increasing per capita steel consumption to 160 kg by 2030 and encouraging the industry to be a world leader on energy and raw material-efficient steel production in a safe and sustainable manner by maintaining quality standards for domestic steel products. India's growing urban infrastructure and manufacturing sectors indicate that demand is likely to remain robust in years ahead. Despite the current challenges, Indian steel industry still has significant potential for growth, underscored by the fact that the per capita steel consumption in the country at 61 kg is much lower than the global average of 208 kg.

However, in the non-ferrous segment, the non-ferrous metals industry (Aluminium, Copper, Zinc, Lead, Tin and Nickel) is looking for a level-playing field against the surge in imports due to inverse duty structure as well as dumping of cheap subsidized goods from China. The situation has been aggravated by India having the FTAs with ASEAN countries, which allows duty free imports of finished goods. The Aluminium demand continued to remain strong following the steps taken by the government to boost the industrial production and infrastructure. The demand is also expected to rise following the focus on smart cities and improving prospects of business in construction industry. Technology and innovation play an important role in achieving sustainable growth and impacting competitiveness. Today, mineral and metal industry across the globe is facing a serious economic crisis due to continuous fall in commodity prices, depleting raw material sources, non-availability of high-grade ores, stringent environmental rules and societal expectations.

Source: Metal Junction

## SAIL TO REGAIN ITS POSITION AS COUNTRY'S LARGEST STEEL PRODUCER

With a turnaround on the card, state-run Steel Authority of India Limited (SAIL) is all set to consolidate its position as country's largest steel producing company. The construction of Blast Furnace-8 installed in Bhilai Steel Plant (BSP) has been completed and the company plans to start operation soon. The blowing-in of BF-8 will complete the Rs 62,000 crore modernisation and expansion plan of SAIL. The company had taken up major expansion and modernisation plan in BSP, Rourkela Steel Plant and Burnpur Steel Plant. In other entities of the company, minor expansion plans were also implemented. The expansion programme in Rourkela and Burnpur had been completed earlier and had come to stream. The plan in BSP, which earns highest profit for the SAIL, is in the final stage. The BF-8 has a capacity of 8000 tonnes per day.

"The completion of expansion plan will enhance SAIL's crude steel capacity to 21.46 million tonne per annum," company's spokesperson said. This would consolidate the company's position to remain as number one and dominant player in steelmaking in the country, he added. Earlier, private steel maker JSW Steel had outshined SAIL to become the largest steel producing company in the country with an installed capacity of 18 million tonne per annum (mtpa) in May this year. Importantly, SAIL is completing the capacity expansion at a time when demand and prices in the steel sector were improving. The expansion would also trudge the company on a stronger growth trajectory having a significant impact on the earnings.

Source: Business Standard

## Need to rethink steel quality control policy to prevent

A shift in the government's policy governing steel quality control has forced a number of small and medium sized auto components manufacturing units in the country to shut shop in the last two years, according to an industry body. The Steel Users Federation of India (SUFI) said there is a need to rethink the entire mechanism to prevent more such closures. The problem is more acute in the western region, which has seen almost 20 per cent of the total such units shutting down since 2015, when the steel ministry issued the steel and steel products quality control order. The Ministry's 2015 order prohibits production, storage and sale of steel without Bureau of Indian Standards (BIS) certification in order to curb steel import and was aimed at curbing the import. "India imports about 10 per cent of the total domestic steel demand. But after this order, whatever raw material was being imported suddenly stopped.

"In this scenario, an auto component maker who needs only 50 tonne of a particular material, which is not available in India, was importing to meet his requirement. "However, he now does not get this raw material because of these restrictions," SUFI President Nikunj Turakhia said. As a result either the component maker has to compromise with the quality of the product by using lower grade steel or he is forced to stop manufacturing of that particular component, he said. "In the last two years a lot of units have shut down, especially in western region where majority of the auto component manufacturers depend on import for raw material. "Almost 20 per cent of small and medium sized units have closed down in Western India during this period," he said.

He said that import of raw material is more cost-effective than the domestic supplies as "the transportation cost from eastern to western region is much higher at about Rs 3,000 (USD 50) per tonnes than getting it imported from China at USD 30 per tonne or from Europe for USD 40 per tonne." Automotive sector accounts for 10 per cent of the total 105 million per annual steel consumption in the country after construction and infrastructure sectors. "It (quality control) started as a non-tariff barrier and was initially applicable to only galvanised steel but later extended to hot and cold rolled steel and then to long products. "I have already told the government that it is not serving the purpose it has been brought for as auto vendors know very well which quality they should because the final product is already under certain quality norms," Turakhia said. "So we have asked the government to exempt well known international standards from the purview of the order," he said adding it is necessary for the survival of these units.

Source: Business Standard

## N. Chandrasekaran: A leaner Tata Steel can double capacity in 5 years

Tata Sons Ltd chairman N. Chandrasekaran is hopeful that a deleveraged Tata Steel Ltd is better positioned to grow faster and double capacity over the next five years after its deal with Germany's Thyssenkrupp AG to merge their steel operations in Europe. Tata Steel has around 13 million tonnes capacity at its two plants in Kalinganagar in Odisha and Jamshedpur and hopes to double it over the next five years organically or inorganically. "For Tata Steel India, which has huge opportunities to grow both organically and inorganically, this merger gives opportunities to focus on rapid growth so that we can maintain our leadership position and continue to grow and capture the markets," said Chandrasekaran after announcing the 50:50 joint venture with Thyssenkrupp. Under the terms of the Thyssenkrupp merger deal, Tata Steel Europe will become Thyssenkrupp-Tata Steel and will be based in Amsterdam. The entity will be the second-biggest European steelmaker after ArcelorMittal.

"The merger gives Tata Steel a better and stronger balancesheet for rapid growth. We are open to both organic and inorganic growth. Tata Sons will support Tata Steel in every manner to grow rapidly so that we double our capacity from around 13 million tonnes now," Chandrasekaran said. "It (the merger) gives Tata Steel Europe a sustainable future as it ensures all our production facilities are free of capital constraints. It also offers good synergies in terms of products and R&D capabilities." Earlier in the day, Tata Steel signed an agreement with Thyssenkrupp to merge its operations in Europe in an equal joint venture company involving no cash transaction. "Tata Steel and Thyssenkrupp have signed an agreement to create the No.2 European steel company by combining the flat steel businesses of the two in Europe and the steel mill services of the Thyssenkrupp group," Tata Steel said in a statement. The proposed joint venture, which will be called Thyssenkrupp-Tata Steel would be headquartered in Amsterdam and supply premium and differentiated products to customers, with annual shipments of about 21.3 million tonnes of flat steel.

The combined steel entity is Europe's second biggest after ArcelorMittal.

Tata Steel group executive director Koushik Chatterjee expects the merger to get all the clearances, including from anti- trust authorities, by December 2018 or early 2019. "We hope to begin due diligence from March 2018 and seek approvals from anti-trust authorities that we expect by December 2018 or early 2019," Chatterjee said. On the impact of the deal on the balance sheet of Tata Steel, which is saddled with a debt of over Rs74,000 crore, he said of the total debt, €2.5 billion will move into the JV, which will have a revenue of €15.9 billion and an Ebitda of €1.56 billion. The remaining debt will be on the book of Tata Steel India as external debt. The Thyssenkrupp-Tata Steel merger will be through a non-cash transaction based on fair valuation where both shareholders would contribute debt and liabilities to achieve an equal shareholder in the venture, Chatterjee said. On the savings the merger would bring in, Chatterjee said the JV expects annual synergies of €400-600 million on a sustainable basis, but refused to elaborate. The JV will also have an additional burden of around 3.6 billion euros of pension liabilities of Thyssenkrupp.

"Thyssenkrupp and Tata Steel are creating a sustainable future for their European steel activities by forming a JV. With Tata Steel, we've found a partner with a very good strategic and cultural fit," Thyssenkrupp chairman Heinrich Hiesinger said in a separate statement. While the Essen, Germany-based Thyssenkrupp has around 11.5 million tonnes capacity with backward integration, Tata Steel Europe, which includes the heavily loss-making British operations, has around 9.8 million tonnes installed capacity without any backward integration.

Whether the new JV will look at capacity expansion, Chatterjee answered in the negative, saying European steel market is not a growing one. So, the focus ideally should be on improving capacity utilisation and not capacity addition. He also ruled out shuttering production lines or any of the two plants—Talbot in Britain and Umeniden in the Netherlands—or trimming the workforce. While Tata Steel Europe employs nearly 18,000, Thyssenkrupp has 30,000. The new entity will employee 48,000 spread across 34 locations.

Source: www.livemint.com

## NPA RESOLUTION TO HELP RESUME STEEL SECTOR LENDING

The government's move to address the non-performing assets (NPAs) woes in the steel sector is expected to clear a major roadblock for the banking sector to resume lending to the crippled segment, said a report. "The top 5 large steel entities under stress have an aggregate debt of Rs 148,290 crore. The ministries of finance, steel and the PMO coming together to solve the NPA problem is expected clear the major roadblock for banks to lend to the sector," said the report by SBI Research. The

capital-intensive steel industry is considered to be the largest contributor to the overall NPAs, which is over 9.6 percent of the system. The key factors that led to stress in the steel sector have largely been ambitious overseas acquisitions, capacity expansions, and the subsequent fall in exports due to protection measures initiated by various countries primarily resulting in the capacity overhang. Since the sector is employment-intensive the socio-economic impact is wide and hence led to protectionist measures, it said.

The steel sector has its own share of problems with companies not funding their portion of equity to ramp up the net worth. This has led to the sector getting a bad name for few constituents not adhering to their commitments, the report said. The sector is also a net forex spender and needs to focus on import substitution products. However, some of the integrated steel sectors may undergo consolidation and revive hopes when demand for steel inches up, SBI Research said. All large integrated steel entities have not fared badly in FY2017. Even in the current fiscal (FY2018), the topline and mid-line numbers for some integrated players are likely to pose better numbers, the report said. The domestic steel industry is now more dependent on government policy based on anti-dumping duties and rationalization of import duties.

In February 2017, the government indicated its preference on use of local steel for its orders. The government spending in affordable housing, roads and defense are some of the key growth areas that may be targeted in the future. This is also likely to improve capacity utilization, the report said. Commenting on the outlook, the report said unless domestic demand moves up especially in value-added steel, reflecting improvement in capacity utilization and operating margins, it would be difficult to service debt. Integrated steel still remains competitive and sometimes it may be required to examine its cash flow to decide its way forward. One aspect is clear that no acquisitions are warranted in the current situation. Utilising capacities and optimal product mix remain the key assessing factors as of now, the report added.

**Indian steel companies' earnings expected to rise**

Moody's Investor Service anticipates earnings of Indian steel companies to rise in the next 12 months riding on rising domestic demand and protectionist measures. This forms a part of its latest report on Asian steelmakers which prompted the ratings service to alter its outlook for Asian steel industry to 'stable' from 'negative'. "We expect operating conditions in India to be the most supportive among major Asian countries," Moody's said in its report. While this expectation factors in an increase in raw material prices and higher production volumes coming from capacity additions, Moody's said the healthy GDP rate of growth of 7.5 to 7.8 percent in 2017 and 2018, coupled with government's fiscal stimulus and rising infrastructure spends will underpin the demand. The earnings of the two rated Indian steel companies will remain steady (JSW Steel) or increase significantly (Tata Steel) during the coming 12 months owing to robust demand and protectionist measures, the report said. Tata Steel's Indian operations are likely to see a jump in earnings before interest, taxes, depreciation and amortization (EBITDA) by almost a third in the current fiscal ending March 31, 2018 led by ramp up in 3 million tons production capacity at its new unit at Kalinganagar.

The change to a stable industry outlook is in line with Moody's stable rating outlook for seven of the eight rated Asian steel companies including, the likes of POSCO, Hyundai, China Baowu, Baoshan, Nippon Steel & Sumitomo Metal Corp, JFE Holdings. Among Indian majors, JSW Steel has been rated as stable, the sole exception being the outlook for Tata Steel which remained negative because of the company's high leverage, the ratings agency reasoned.

"We have changed the outlook on the Asian steel industry to stable from negative primarily because we expect the profitability of our rated Asian steel companies – measured by EBITDA

per ton – to remain stable during the coming 12 months following a significant improvement that began in the second half of 2016," it said. "The removal of excess steel-production capacity in China and broadly steady steel demand in the region will be the main drivers of this profitability," the report added. While domestic demand will stay steady in Japan and Korea, which, along with steelmakers' moves to cut costs and boost production of premium products, should keep their profitability stable or slightly higher, Chinese steelmakers' may see a decline in profitability in 2017 following a strong second half in 2016, the report predicted.

Source: Steel Insights

## Value-addition to substitute steel imports: Minister

India should cut down its dependence on special steel product imports through value addition and form JVs with global leaders for technological know-how, Union Minister Chaudhary Birender Singh has said. To boost domestic consumption of steel, the government is also taking a slew of measures, including procurement of steel silos by FCI, and promoting newer uses of steel in toilets, construction and other areas, Steel Minister Singh said. "Value addition is a major area which needs our attention. In spite of being world's third largest steel producer, we are still dependent on imports for some steel products. "We need to develop technologies to produce electrical grade and auto grade steel in India, so that we are self-sufficient in these products," Singh said at Steeling India 2017 workshop organized by CII.

He said value additions should be in such a fashion that products become competitive in global market and consequently leading to higher steel exports and earn better prices.

"Transfer of technology for production of automotive steel and other special steels will be facilitated by helping set up JVs with global leaders in such products," he said, adding domestic firms will be encouraged to have strategic joint ventures and the steel ministry will support research institutes within the country to develop such technologies. Underlining steps to promote usage of steel for new area like crash barriers, steel toilets and pre-fabricated structures, the minister said Food Corporation of India (FCI) is coming out with tenders for procuring steel silos and the road ministry has been urged to encourage its use in housing and highways projects. Singh stressed that India should have an institute on par with Canadian Institute of Steel Construction.

To ensure raw material security, two-pronged strategy has been adopted – setting up of coal washeries and optimizing pellet utilization that will help reduce dependence on imports, he said. "Coal India Ltd (CIL) and Bharat Coking Coal have agreed to set up 12 new coking coal washeries by 2019-20. CIL is also working on acquisition of coking coal assets, increasing domestic production and minimizing diversion of coking coal to thermal plants," Singh said. Terming National Steel Policy an effort to steer the industry to achieve its full potential, he said its aim is to make India self-sufficient in steel output by targeting crude steel production of 300 million tons by 2030-31 at an investment of Rs 10 lakh crore. The steel demand is projected to reach 230 mt by 2030-31, while policy envisages per capital steel consumption to reach 160 kg by 2030, he said.

"It has been my endeavour in the Ministry of Steel to take forward the 'Make in India' vision of the Prime Minister. Fiscal 2018 has begun well for steel industry. We have registered 3.8 percent growth in steel production in first quarter, compared to same period last year. Consumption of steel has increased by 4.4 percent," he said. The minister said that the government's endeavour is to bring a 100 percent quality regime in steel sector and 33 steel products have already been notified under the mandatory quality certification mark scheme for BIS, and 75 percent of steel products are now covered under the BIS regime. He also stressed on the need for environment conservation and zero waste saying RINL has started an environment friendly 120 MW power plant which used waste

gases discharged from its coke ovens and blast furnaces. "Ministry of Steel and UNDP have worked together of energy conservation in 300 secondary steel units. Plans are on to upscale to 1,000 secondary units in the country," he said, adding the government is also promoting use of scrap in the steel industry. Inter-ministerial task forces and committees have also been constituted to suggest ways for enhancing steel usage, he said.

**Steel ministry keen to collaborate with Australia**

Union Steel Minister Birender Singh expressed interested to collaborate with Australia through investments, technology transfer and knowledge sharing. The minister met with an Australian delegation led by Keith Pitt, Assistant Minister for Trade, Tourism and Investment, Australia at Udyog Bhawan. During the meeting Singh shared details of National Steel Policy 2017 and other initiatives being implemented by Centre. He invited Australian Government and Businesses to be a part of the ambitious growth and development opportunities available in India. He stated that there are ample scope for strengthening bilateral relations through investments, technology transfer and knowledge sharing. Further, the Minister highlighted areas of concern for India steel industry like wide fluctuations in prices of coking coal imported from Australia and disadvantage to Indian steel exporters due to concessional tariffs for other countries. Both sides agreed to take the discussions further for working on areas of mutual interest and finding avenues for collaboration and cooperation.

Source: Steel Insights

## BIG OPPORTUNITY FOR INDIAN STEEL IS COMPETITIVENESS & PROFIT GROWTH, NOT VOLUMES

**Q. Do you feel steel companies should, at present, concentrate on the existing capacities rather than going in for greenfield expansion?**

**For a robust Indian manufacturing sector, the steel base has to be strengthened. But how? First, Indian steel mills need to cut down on their cost of production and logistics. Secondly, they need to ensure optimal consumption of raw materials. Thirdly, they need to explore ways to resolve the high number of uncommissioned mills. Importantly, the government has taken a step in the right direction with the National Company Law Tribunal (NCLT) admitting the insolvency cases against the debt-burdened steel companies. This creates an opportunity for the larger players and new investors to acquire these stressed assets and make their existing capacities more productive instead of waiting for greenfield expansion, Abhijit Sarkar, Vice President & Head of Advisory, M N Dastur, tells Tamajit Pain & Madhumita Mookerji. Excerpts from a free-wheeling interview:**

A. The big picture needs to be considered first, before we dive into the specifics.

First, as we pursue a dream of Make-in-India, steel sits at the base of this manufacturing pyramid. It will power much of the growth in infrastructure – automotive, construction, roads etc. No large industrial economy has ever grown without a competitive steel industry at the time of rapid growth – take the instance of the US, Germany, Japan, China, Korea etc. So we must be globally competitive.

**Whether we will consume it by 2030 is perhaps not the most important issue to focus on. We will certainly continut to grow for a long time, and we have a tremendous opportunity to try and fix the existing problems, while we can set directions for 2030**

Secondly, we are poised to become the second-largest steel producer in the world. So we have substantial scale of production in the aggregate, justifying investments and focus. This year, with about 95 million tonnes (mt) of production, we are 8-10 mt behind the steel production volume of Japan, and will soon overtake it. In steel, as with a few other industries, scale and process maturity are major advantages. So there is no excuse for us to not be competitive!

Another important point is our industry cost structure vis-à-vis global. Except when compared to the CIS countries (because they have both their own iron

ore and coking coal resources, the 2 major component of steel-making), we are near the bottom. Other steel-making countries such as China, Japan and South Korea have to import iron ore as well as a good part of their coking coal needs. We are sufficient in iron ore, have competitive labour costs and scale. So we have tremendous opportunity to achieve the lowest positions on the cost curve. However, among Indian companies, only JSW figures regularly in the World Steel Dynamics list of most competitive steel-makers.

You may ask, why are we not competitive? How can China and other countries dump steel into India? Beyond inefficiencies at the works cost level, there are 2 additional components when you look at delivered steel to customers.

One is the high cost of interest, since debt funds three quarters of most steel projects. Our cost of funds is much higher than even China's and this has been exacerbated by the non-performing assets (NPAs). Our debt, roughly speaking, is priced at more than twice what our foreign competitors pay. For example, Chinese firms pay 4-5 percent, sometimes this is subsidised by the State and reduces to even 3 percent. However, in India, until the recent rate cuts, this was at a steep 11 percent.

Second is our logistics, which includes transport, inventory, overhead and related costs on both the raw materials and finished goods fronts. Our cost of moving raw materials in 2x higher than China's and 3x US due to higher freight costs, slower port turnaround times, and other expenses. As our infrastructure improves, we will become more competitive.

Our industry-leading logistics team at Dastur has had the opportunity to work with forward thinking companies and governments in alternative technologies like slurry pipelines etc to significantly cut the cost of transporting materials vs road or rail, but we have merely scratched the surface. The natural advantage of logistics is most evident at POSCO's plant in Pohang, which regularly ranks as one of the world's best steel plants. It produces steel without owning coking coal or iron ore mines. But what Pohang has is an amazingly efficient logistics chain by virtue of which all the raw material comes in. POSCO makes the steel and sends it out through that same logistics network to different corners of the world.

However, despite these 2 constraining factors, Indian steel has tremendous opportunities to be globally competitive. Conversations with customers and CEOs at major plants tell me we will get there sooner than most expect.

We think of the industry as broken into 3 distinct groups. Five large players – JSW, JSPL, SAIL, Tata Steel and RINL – who make up 50-55 percent of the current steel production in the country. The balance 45 percent is split between the smaller integrated plants, ie, 0.5-1.5 million tonnes per annum production (mtpa) players and secondary steel players such as induction furnaces, electric arc furnaces, rolling mills etc.

Due to a number of reasons, many players in the second group have become non-performing assets (NPAs). I believe these are short-term issues. Over time, they will find stakeholders to operate efficiently and greatly improve their production cost.

Within the large group too, PSUs such as the Steel Authority of India Ltd. (SAIL) must become a lot more profitable than it is today. Last year, SAIL had negligible EBIDTA, producing around 13 mt of steel. The 13-mtpa will scale up because SAIL will soon have commissioned around 23 mtpa much of the capital expenditure which has been incurred, but cost effective production will be lagging for a while unless the matter is taken up with some urgency.

**Q. The National Steel Policy is envisaging a production volume of 300 mt by 2030. But, currently, steel consumption is very low,**

**at 80-90 mt and production is at 95-98 mt. There is hardly much consumption though production is happening. Is this 300 mt a realistic figure, in that case?**

A. First, observe that our per capita consumption of steel, which is at 60-65 kg per person, is very low. Even a small country like Vietnam is at 180 kg per person while China is at 400+ kg per person. So, at a per capita level, as it is evident from our infrastructure – we are starved of steel, and will grow for many years.

**A lot of innovation is still taking place in the large integrated mills. One of the developments is that a lot more data is becoming available. Now steel plants have a lot of sensors fitted all across in terms of how to improve process, metal flow, reduce sulphur etc. We can study these aspects much better and can reduce costs significantly.**

Against this back drop, can we consume 300 mt? Whether we will consume it by 2030 is perhaps not the most important issue to focus on. We will certainly continue to grow for a long time, and we have a tremendous opportunity to try and fix the existing problems, while we can set directions for 2030. This bodes extremely well for companies that have the right product set for the domestic and export manufacturers, as both volumes and operating margins will grow. Of course, we need to consider 2 categories of players, the SAILs of the world and the private NPA - riddled players. It is much more important to focus on both these categories, pull out all stops to get these plants profitable so that they can compete with the rest of the world. We cannot be the second-largest steel producer in the world and yet have a mediocre level of competitiveness.

Second, how volumes grow will also depend on how industries and regulations develop. As society become more environment-conscious, we will start making higher strength steel which will reduce the total volume of the commodity required. So the 300 mt need not be physical met but its equivalent, which could be achieved at say, 250 mt. Of course, whoever moves to establish leadership in high-strength steel first will have the first-mover advantage and be able to launch, brand and extract the premiums that go with it.

**Q. So, is the 300 mt a notional figure at present?**

A. Sure, Is it supportable, this 300 mt? Over time, absolutely. Is it a good direction for the government to set? It's a great mission statement, it's far off and ambitious, and worthy of the country and its manufacturing ambitions.

**Q Should we focus more on the integrated players to achieve this?**

A. Absolutely. And, see what it takes to make them cost-competitive at the same time.

**Q. But many experts say it is not the large integrated mills but the secondary steel players who took us to the third position from behind?**

A. There has been significant growth in the integrated sector as well. Take one of the leading 5 players – JSW in Karnataka. From 1.5 mtpa in 2002, today it produces 16 mtpa and has set its eyes on touching 40 mtpa. Large players will always enjoy benefit of scale and so long as coking coal supply – demand remains in balance, the BF-BOF route will remain the most cost – competitive way to make steel. The Steel Policy envisioned by the Government of India says the same things, ie, the percentage of steel in the integrated BF route will go from the current 45 percent to 60-65 percent in the 300 mtpa goal you were referring to.

**Q. But do you feel whatever innovation had to happen has happened in the BF/BOF route and most of the innovation can happen in the secondary sector?**

A. A lot of innovation is still taking place in the large integrated mills. One of the

developments is that a lot more data is becoming available. Now steel plants have a lot of sensors fitted all across in terms of how to improve process, metal flow, reduce sulphur etc. We can study these aspects much better and can reduce costs significantly. There are also broad stroke problems like excessive raw material consumption, excessive energy usage, unbalanced plants etc. We need to have the will to resolve these issues.

Honestly, it is not a debate about whether we can get to 300 mt by 2030 or 2025. What is important is that we need to create the right base to get to 300 mt by that timeline. We may have a 200-mt industry in 5-7 years on the way to 300 mt, but if our major PSU producer still shows zero EBIDTA per ton, especially if this major player has its own iron ore mines which gives it about a $20 subsidy per tonne, that's not sustainable.

If a horse has as long and hard to run as the Indian steel industry, it had better be strong and healthy. Otherwise, it would be a painful and exhausting journey to 300 mtpa...

**Q. What is the prescription, in that case?**

A. First, getting the stressed assets – which make up a quarter of the steel capacity in the country – into the hands of stakeholders who care about profitability and making liquidity available for them to generate that profitability is key. They need to be humming along profitably within a year or two. We have been active participants in the Reserve Bank of India (RBI) and the government's initiatives over the last 2 years in the creation of the National Company Law Tribunal (NCLT). We see the hidden profitability in many of our clients and know most of their assets very well. We believe once the bankruptcy fears are behind them and the right incentives for managers are in place, they will focus on operations and create tremendous value for stakeholders.

Tremendous effort has been put into creating the right legal infrastructure – the resolution professional has been given a lot of leeway - and we hope this goes through to a successful conclusion. In fact, there is only one successful conclusion, and that is, the assets end up in the hands of players who care about operational efficiency. We hope these assets are not bought by someone who was excited by their cheapness but without the wherewithal to run them. Remember, these assets were mainly funded by PSU banks and it is them who are going to take at least a 50 percent haircut – thus public money is involved.

The second is a relentless push at our PSU assets to make them globally competitive. To be honest, overall, we do not see sufficient expertise being brought in to work on the problems in the steel industry – whether in a major PSU or at some of the smaller plants. I would hope with the government's current stance on profitability and economic development, the right stakeholders structure would ensure this.

Historically, because of the nature of the steel industry, the focus in India has always been on 2 aspects – on volume expansion and ensuring raw material security. But, raw material security became tenuous because of the coal scam and the revocation of iron ore mines due to various political decisions, rendering many projects unviable because they were designed around those. Volume expansion – due to the current global scenario and Chinese overcapacity still coming off – took a beating.

It is now with the resolution of these industry and liquidity issues we have an opportunity to focus on costs and demonstrate our global competitiveness.

**Q. What makes you so**

**Getting the stressed assets - which make up a quarter of the steel capacity in the country - into the hands of stakeholders who care about profitability and making liquidity available for them to generate that profitability is key.**

**confident?**

A. Of course it will depend on a lot of factors. But if we take a closer look at the history of other steel-producing nations like Korea, Japan, China etc during the 60s, 70s and 80s and the inter-play of GDP growth and steel production growth, we see that when the cycle turns upwards, suddenly liquidity becomes available. There is a rush for entrepreneurism in construction, road, power and other sectors. Even if India's growth remains in the current 6.5 percent to 7.5 percent per year range, the steel multiplier will quickly expand from just above 1 to may be 2-2.5 or even 3 for short periods. Then steel growth will be 15 percent. To cite an example, at present, steel growth in Vietnam is 22 percent, even though the GDP growth is under 7 percent. Japan grew over 15 percent for the entire 60s period. I would not be surprised at all if in a few years India's steel consumption will grow close to 15 percent. That's the way cycles go.

**Q. Traditionally, the focus has been on volume. So, where should ideally the focus shift to? Should it be on high-value products?**

A. Getting the base efficient. We have to tackle the major issues one by one. One is raw materials, as it makes up 80 percent of the cost of steel-making. The mills will have to ensure that they are optimally consuming the raw materials. Our coke consumption is the highest in some of these plants. The energy consumption in some of the electric arc furnaces is the highest in the world. The blast furnace productivity in some of the large mills is the lowest in the world. The key issue is, these should not be accepted and if outside help is required to resolve these issues, it must be taken.

For instance, SAIL's plants' average coke consumption in FY16-17 was 473 kg per tonne but this can be brought down to 350 kg per tonne with pulverised coal injection (PCI) and other common techniques. International norms are around 300-325 kg/ tonne. This alone translates into an annual saving of Rs 2,000 crore, after taking the PCI injection cost into account. Similarly, blast furnace productivity is at 1.67 T/m3/ day while international norms are at 2.8 T/ m3/day...

Second, at certain mills, there is a lot of capacity that SAIL is unable to commission and we need to figure out how this can be resolved. A plant cannot be operating at 60 percent capacity utilisation and have acceptable operating costs.

A concerted programme needs to be undertaken so that we can consistently be the second-lowest cost producer in the world, as we address the potential for the market to grow. No wonder players like POSCO and Arcelor have expended so much effort in building steel capacity in India.

**Q. What has been the scenario at M N Dastur like against the backdrop of such subdued steel demand?**

A. Our historical business has been helping clients in India and abroad with large engineering projects – as owners engineers in mega projects like Tata's KPO and smaller projects as well in the steel and power sectors. But, as the need to grow steel volumes has come down, the need to reduce costs has increased. So we see clients keen to reduce energy, raw material and other operating costs, or increase realisations by improving quality. Also as NPAs have picked up, we see promoters, banks and financial services firms approaching us to take a hard look at the economic viability and profitability of projects in the current scenario – without captive mines or the rosy demand picture that may have been originally envisaged. We see huge opportunities for new investors because recent earnings results understate these core assets and underlying profitability.

In fact, in the last 2 years, we have been selected by the banks to carry out the

techno-economic analysis for 4 of the 5 largest stressed assets in steel – namely Bhushan Steel, Bhushan Power & Steel, Electrosteel and JSPL, which added up to Rs 1.2 lakh crore or $20 billion in loans.

**Q. What were the key takeaways from your study of these stressed assets?**

A. I will give you general takeaways. One, we found that most of these were quality assets. Take JSPL's 5-m wide plate mill at Angul for instance, one of the world's widest, or their hardened rail mill, which is the only one of its kind in the private sector. Sometimes, plants bet on processes that were not viable without access to captive resource, ie, coal. Imported coal from South Asia or Indonesia is just too expensive to be a viable alternative in some of these cases.

**The quantum of incremental investment in these proposals is not large compared to the amount of loans already given - may be 6000 crore for the entire asset base of over 1.2 lakh crore. The key issue is how to service the very high quantum of investment - in some cases over investment - already in place?**

In one particular case, we found, due to operating issues, the plant was not maximising production of its highest contribution margin product. And that is mainly because of production issues, quality, and the working capital needed. Logically, a plant should make its most profitable product first and then focus on others but this was not the case. According to our experts, this plant could make Rs 300-400 crore or $500 million in extra EBIDTA… clearly, they need to do some extra work, get external assistance… but the incentives and the determination has to be there to bring about these changes.

**Q. But what could be the reasons why a plant would not focus on its cash cow, the highest margin contribution product? Do you think the product portfolios of the steel companies at present are not aligned?**

A. In many cases, we see there is headroom in the product portfolio. But to move up the product portfolio value chain is not easy. A bit of trial and error is involved and, in certain cases, especially with higher value products, one needs certain certifications. For instance, certain plates for a ship wall or oil and gas pipes need a certification by the American Petroleum Institute (API) and command significantly higher margins. In such cases, the quality requirement is stringent. Some of our clients, domestic and international, are capable of and already executing such processes to make higher value products and commanding corresponding premiums. I am optimistic that with the bankruptcy overhang moving away and new investors coming in, the focus on profitability will return.

**Q. So, are you advising your clients to do a bit of product portfolio rejig?**

A. We do help clients to examine the return on investment on the cost of upgrading their product portfolio. You see, in most of the time, the higher-end portfolio is much more stable in case of a downturn. In a slowdown, for instance, in case the MIP suddenly expires, leading to escalated dumping over a few quarters, if a mill has a higher-end or branded product in its basket, even it is impacted like the other players, it is likely to withstand the shock better than the others who are making commodity steels.

We frequently do a quick benchmarking of the plant. For instance, we will compare a plant's coke rate with the best globally and also calculate a target that is achievable for the plant. This would have to be then realised through a phased plan for process improvement. We work on cost reduction processes too such as removing bottlenecks or increasing blast furnace or steel-making productivity. We have state-of-the-art tools to assist clients with these, including access to a simulation lab in North America and the ability to undertake lab-

scale experiments to isolate quality issues in steel and address them.

**Q. What was the energy consumption level of the stressed assets whose techno-economic studies were conducted?**

A. More than the level of energy consumption, the lack of appropriate raw materials in several cases caused by losing the captive mines they were counting on resulted in unsustainable process routes. When this happens, the utilisation level drops to 50-60 percent, and the overall cost of steel-making on a per tonne basis shoots up. In some of these cases, we examined what the resolution cost would be and recommended that they make an incremental investment in a BF/BOF, which would be more cost-effective than DR with merchant coal. In some cases, that would imply a write-off for the original assets they have in place and a recapitalisation, something which will hopefully be easier once the NCLT process is through and stakeholders have an incentive to invest, with the bankruptcy overhang gone.

**Q. But, this would mean some additional investment for these beleaguered companies?**

A. Yes, initial indications are that the overall write-off can be more than 50 percent in several cases because of the recent weak operating results and present market situation. Though each plant has its own problems, it is mainly to do with the 3 factors – consumption of excessive raw materials, excessive energy consumption or not the right product mix. We need to look at each scenario and say this is translating into lost EBITDA. Subsequently, a team of operating experts can assess the steps to recover this in a time-bound manner.

**Q. So, will the next phase of expansion have to do with acquisitions and mergers and consolidations?**

A. Acquisition and consolidation is good, because, if you look at the current scenario, several large, integrated players like Tata Steel and JSW have demonstrated their ability to operate their plants in a competitive manner and have already indicated their interest. If they choose to take on some of these assets, it's a welcome move and is likely to ensure an efficient operating future for the asset. Given the time, monetary and environmental cost of setting up new projects it doesn't make sense to set up a greenfield project if comparable existing assets are around, waiting to be bought.

**Q. What is the combined investment the 4 stressed companies that you are working with will need to make themselves profitable once again?**

A. As part of the restructuring exercises we have examined a number of proposals from these companies on what they intend to do and examined the incremental return on investment.

The quantum of incremental investment in these proposals is not large compared to the amount of loans already given – may be Rs 6,000 crore for the entire asset base of over Rs 1.2 lakh crore. The key issue is how to service the very high quantum of investment – in some cases over-investment – already in place? And these incremental loans cannot be given by banks until the current NPA situation is resolved one way or another with write-downs. In some cases, the write-downs are likely to be more than 50 percent, to a level where they can be serviced. This is what the NCLT has set out to do – finding a resolution to this stalemate.

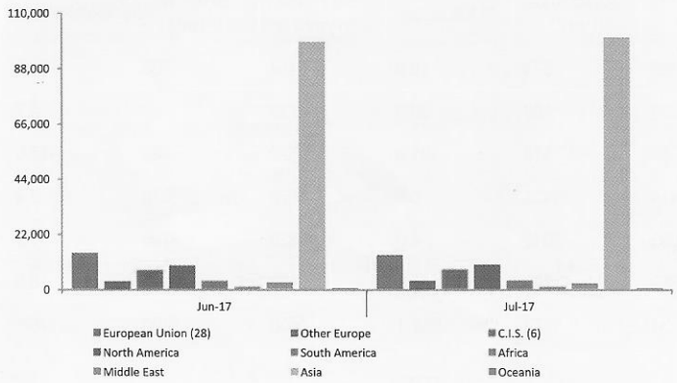
**Q. At M N Dastur, what is your outlook for the steel sector and where do you see the opportunities?**

A. We have been through multiple cycles and see tremendous opportunities both for steel-makers and investors in the sector. India may be the most desirable market to own steel assets due to the long-term growth possibilities, a globally competitive cost structure and growth margins over time from multiple levers

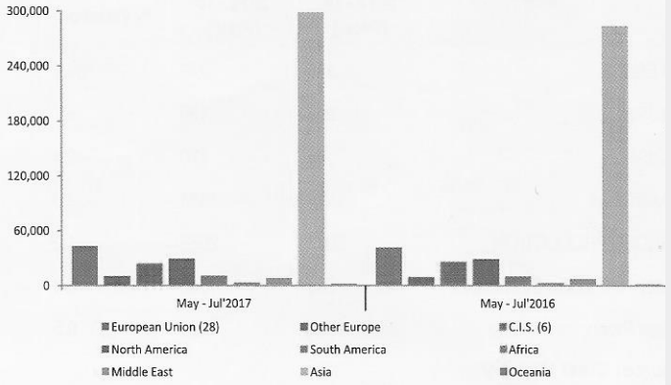
# World & Indian Steel Production Data

**Steel Insights Bureau**

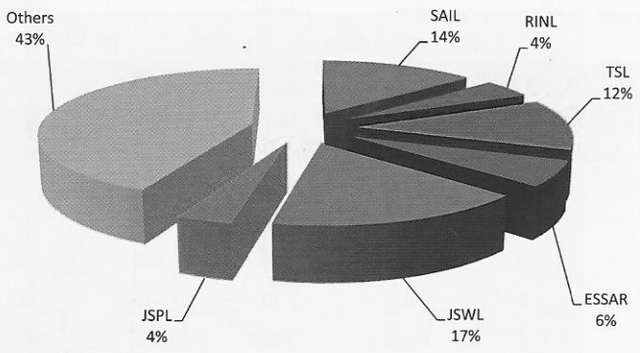
**World crude steel production per region, June'17 vs July'17**



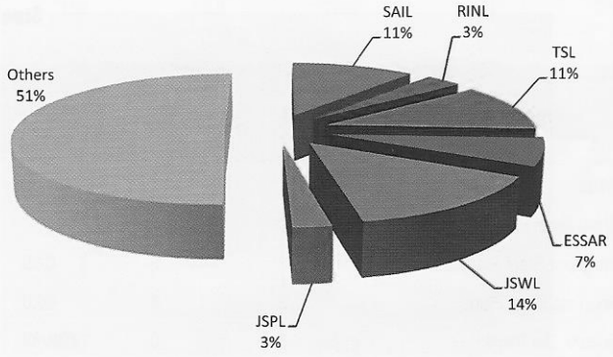

**World crude steel production per region, cumulative 2017 vs 2016**



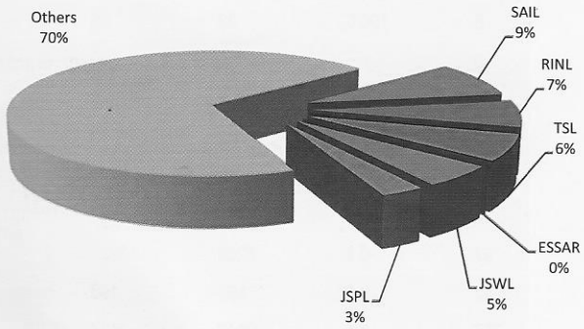

**Crude Steel Production**



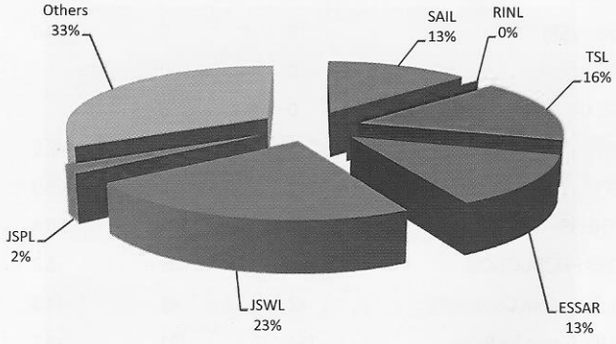

**Finished Steel for Sale (Non - Alloy & Alloy)**




**Non - Flat Production for Sale (Non - Alloy & Alloy)**




**Flat Production for Sale (Non - Alloy & Alloy)**



– product mix enhancement to value-added steels – works cost reductions, quality improvement and raw material optimisations. Macro environment-wise, we believe the government is keen to see the stressed assets turn a corner and re-open the liquidity spigots to deserving borrowers. You can't have successful Make-in-India over the medium to long term if the base teeters and totters. We don't believe it will. At some point, large engineering projects will come back with a bang as it does in every cycle. Clients who are investing in their operations more competitively will reap the benefits of that tailwind. They will have the reserves to invest in that growth and the confidence to act decisively when opportunity arises.

Source: Steel Insights

## Foreign Cos must invest in steel capacity expansion

India's steel sector will revive within a year despite the turbulence due to stressed assets, steel secretary Aruna Sharma says. In an interview with ET's Sarita Singh, she said the ministry would prefer foreign investments in expansion projects rather than taking over existing plants. She also said the threat from Chinese imports had ebbed but the ministry and the Bureau of Indian Standards (BIS) was working to fix loopholes. Edited excerpts:-

**Q. Many private steel plants are with the National Company Law Tribunal for resolution under the bankruptcy code. What are the ministry's expectations?**

A. It is under quasi-judicial proceedings so I do not want to comment. But one thing is sure – the steel sector has shown a big turnaround 2016-17 onwards and whatever credit exposure is there to the steel sector, there is a proper repayment schedule. The issues will be resolved soon to trigger off lending. As a ministry, our concern is that lending has to continue to the sector. Having said that, in the secondary steel sector, NPAs are less than 10% of their exposure and contributes 57% of Steel output. SMEs contribute 33% of steel produced in our country. In other words, secondary steel sector has miniscule NPAs even with so much of production. The segment has shown very good trends due to the policies and government interventions. Our issue is that credit flow has to continue definitely to the secondary sector. The primary sector, or the integrated steel sector as we call it, is in expansion mode. It will need credit, a year down the line. By then, all the issues of NPAs will be resolved and fund flow will resume.

**Q. Will the sector be sorted out by next year?**

A. Credit flow should smoothen out by next year, rest of the things we expect to be sorted out this year itself. Enhancing the domestic market will be a constant endeavour. Already the per-capita consumption has gone up from 60 to 64.4kg in just one and half year. We have looked at production, productivity, and have ensured that the steel sector goes up with the help of policies and interventions since the last financial year.

**Q. Is it not ironic that when the steel sector is looking up, some good plants are in trouble?**

A. The trouble started may be 5-6 years ago. That trouble has to be resolved because if you look at these plants, their EBITDA is positive. There is no problem in the cost of steel making or their efficiency levels. The problem is more in their balance sheets and that needs to be resolved.

**Q. Are there any indications of international firms taking over these stressed assets?**

A. It's quasi-judicial. I am as ignorant as you are. It all depends on what approach NCLT takes. What formula is evolved, whether there is scope for the promoter to manage the resolution or it requires the management to change.

**Q. In that decision, what is the ministry's stand?**

A. Our intention would be that foreign companies come in for new investments and add capacity. Change in

management does not make much of a difference from the ministry's point of view because total volume of steel produced remains the same. We are very keen that investments should come for expansion of the total capacity.

**Q. Has there been any signal from potential foreign investors to invest in India?**

A. We do have interest. POSCO is investing in Maharashtra for auto steel. Definitely, they are bringing the backend from South Korea and doing value additions from here. Same applies to Thyssenkrupp. There are successful JVs of Nippon with Tata and another Japanese firm with JSW Steel. With these done and the land bank available, we believe any company interested in investing in India can go for expansion. This coincides with our intention to give preferential treatment to procure domestically produced steel. We expect more foreign companies to enter India given that India is going to invest heavily in infrastructure. With the policy of preferential treatment to domestic steel, we foresee more FDI. We would continue to encourage Indian manufacturers to expand.

**Q. Is there a threat from Chinese imports?**

A. Not any longer. After anti-dumping, imports have come down. What we have to work upon is some clandestine way they are trying to get the goods, especially in stainless steel.

Source: The Economic Times

## Steel Deal: Tatas, Thyssenkrupp to merge European operations

Tata Steel on Wednesday ended its nearly decade-long efforts to stabilise its European steel business on its own by striking a deal to merge operations with German giant Thyssenkrupp whose European steel business is in a similar spot of bother. Tata, whose efforts to become a global steel player with the acquisition of Anglo-Dutch steel giant Corus in 2007 did not exactly play out as planned, has been struggling to deal with the problem of losses in its European steel operations for some years now. Thyssenkrupp, which has also suffered from headwinds buffeting the European steel industry, will now partner with Tata in a new company which will be the second-largest steel steelmaker in Europe. The new company will be called Thyssenkrupp Tata Steel and will be a €15.96 billion business with 48,000 employees. The merger is expected to bring substantial cost savings with both firms putting the figure at €400-600 million annually.

Source: The Economic Times

## Steel Ministry to take lead in turning around steel PSUs

In the review meeting with senior officials of Ministry of Steel in New Delhi, the Union Minister of Steel Birender Singh asked the Ministry officials to play an active role in transforming and turning around Steel PSUs. Senior Ministry officials will be given the responsibility of monitoring the performance of individual steel plants by on-ground visits and reviews, he said. The Ministry of Steel had earlier constituted an Expert Committee, which has made recommendations for improving production and productivity of these plants. While outlining the agenda for the future, the Minister remarked that no laxity will be tolerated at any level, and there must be accountability and a result-oriented approach built into the work culture of Ministry of Steel and the PSUs. The steel production target of 300 million tonnes set in the National Steel Policy-2017 will have to be broken down year-wise and an exponential annual increase will have to be ensured for realistic achievement, the Minister added. He appreciated the accomplishments in the past and stated that steel sector has much more potential which needs to be harnessed for the vision of Make in Steel for Make in India.

Source: Metal Junction

## India to hit 170 mt steel production level in 2019: Minister

India will achieve more than 50 per cent of its 300 million tonne steel production target by 2018-19, says Union Steel Minister Chaudhary Birender Singh. The minister has also assured stakeholders that there will not be any shortage of raw materials for steel-making. "(As of now), I can't say what would be the production this year, but in 2018-19, the domestic crude steel production will be 170 million tonnes (mt)," he told PTI. Under the National Steel Policy (NSP), the government has set a production target of 300 mt, which is to be achieved by 2030-31. The NSP also aims at more than doubling the per capita steel consumption to 158 kg by 2030-31, from 61 kg at present.

The minister asked the industry to make full use of the resources available in the country. India has surplus power and the iron ore reserves will last for at least next 30 years, he pointed out. He pointed to recycling reducing demand for iron ore and coal for steel-making. "Scraps can also bring down our demand for raw material for steel-making and is of the best grade. At present, 8 mt scrap is imported," he said. These measures are expected to bring down dependence on imports for raw materials like coking coal from countries, including Australia. According to official figures, at the end of 2016, the domestic crude steel output was close to 100 mt.

Source: Metal Junction

## Govt to steel cos: Check price rise, you can't exploit country

The government has asked steelmakers to make efforts to keep prices below Rs 40,000 per tonne as it cannot permit them to "exploit the country". "The best range for domestic price is between 35-40 (Rs 35,000 per tonne to Rs 40,000 per tonne). If it goes beyond 40 (Rs 40,000), then yes, we will be checking. As the steel ministry, we cannot allow Indian steelmakers to exploit the country," Steel Secretary Aruna Sharma told in an interview. So, that is the balance we have to constantly strike. That is very important," she asserted.

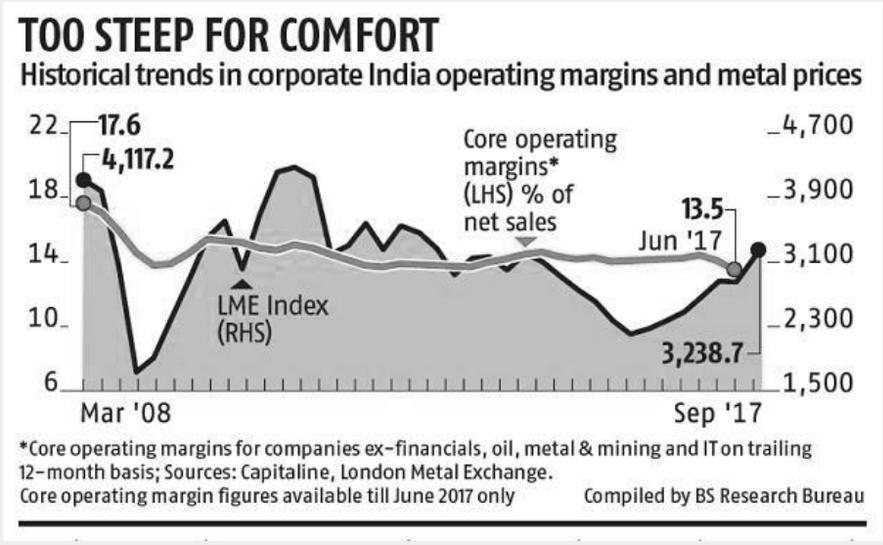
The government has recently taken steps to ringfence the steel industry from the onslaught of cheaper imports, which stirred up a hornet's nest. Over the last 2-3 months, the steel prices have gone up by around Rs 6,000-6,500 per tonne due to various factors, including a rise in prices of raw materials such as iron ore and coal, said an analyst. Internationally too, the steel prices have hardened nearly USD 150 per tonne, the analyst said, adding that at this level, there is room for price hike in future. "About Rs 40,000 per tonne is the average price of hot rolled coil (which is the base price indicator product)," he added. Defending the protectionist measures "as the right thing to do", the steel secretary maintained that the government is not against imports. "What we say is you can't use India as a dumping ground. That's all. You can't do at a throwaway price," Sharma warned. Recently, India slapped the countervailing duty for five years on certain Chinese flat steel products to guard domestic players against imports that are subsidised by the exporting nation.

Source: Metal Junction

## Higher metal prices to erode India Inc's margins

The recent rise in metal prices in the international market could deal a double whammy to corporate India, which is struggling with poor volumes and revenue growth after demonetisation and the economic disruption caused by the roll-out of the goods and services tax in July. Metal prices are up nearly 22 per cent on average during the year so far, pushing up manufacturing costs for Indian companies. The raw materials cost as a proportion of net sales is up around 50 basis points in the last two quarters and 230 basis points above the lows of the March 2015 quarter. The combined revenue of domestic manufacturers was up only 3.3 per cent, year on year, during the 12 months ended June, growing at its slowest pace in nearly a decade. This is exerting pressure

on margins, with core operating margins, excluding gains from other income, declining 90 basis points in the last two quarters.




The sample excludes banks and companies from the energy, metals and software industries. Trailing 12-month data has been used to smoothen out quarterly volatility. Analysts fear the rise in input costs and poor volume growth have weakened companies' ability to pass on higher costs to consumers. Moreover, higher metal costs could erode India's export competitiveness. It is difficult to quantify the impact on margins as this will depend on individual companies' price contracts with suppliers and their ability to pass on the hike to customers. "We expect a moderation in the margins of manufacturing companies. It will be most manifest in metal-intensive sectors such as automobiles, capital goods and consumer durables. The fear is that this time the pain could potentially be greater than what companies faced when metal prices spiked in 2009 and 2010. Demand growth is much weaker now, making it tougher for companies to hike prices," said Dhananjay Sinha, head of research, Emkay Global Financial Services.

Historically, there has been a close link between corporate margins and international commodity prices, although with a lag of a few quarters because companies usually have raw material inventory contracted at earlier prices. For example, manufacturers saw a steady erosion in their core operating margins as metal prices spiked in 2009 and 2010 in the wake of the 2008 Lehman crisis. The companies recouped some of the declines as metal prices began to fall after scaling a new high in early 2011. Things have come a full circle and margins are once again under pressure. Analysts are now betting on higher government spending in the second half of the current fiscal year to turn the tide. "We expect a recovery in demand growth beginning in the third quarter of 2017-18, which will aid margins through a mix of better pricing power and gains from higher volumes," said G Chokkalingam, founder and managing director, Equinomics Research & Advisory.

Consumer durable companies said the rise in metal prices had forced them to consider price hikes. While immediate price hikes are not likely during festive season sales, a price increase of 2-4 per cent will kick in soon after that. "Generally, we look at our (raw material) requirement every quarter. Given rising commodity prices, there is an impact on (product) price, which will start reflecting in 30-60 days. Home appliance prices will go up by 3-4 per cent," said Kamal Nandi, business head and executive vice-president, Godrej Appliances. Metals such as steel, copper and aluminium are used in refrigerators, washing machines, air-conditioners and microwave ovens. Margins were likely to be affected by at least 20-30 basis points due to increases in metal prices, company executives said.

Companies are also working on reducing costs to soften the effect of raw material prices. In general, most metal prices have moved up since the second quarter of 2016-17. The effect is already visible in the financial performance in the third quarter of 2016-17 and the first quarter of 2017-18. "We have to keep a watch on how things move from here. At the same time, we will continue to work on our cost-reduction initiatives to offset the impact of

firm commodity prices," said Ajay Seth, chief financial officer, Maruti Suzuki. Capital goods makers are facing a squeeze on margins due to rising metal prices. "Margins are under pressure in the domestic market at current metal prices,» said MS Unnikrishnan, chief executive officer and managing director for Thermax. Analysts said the impact would be most visible in the December quarter, as orders in the September quarter would have already been contracted for. The impact for capital goods companies will be limited to transit orders as future contracts will pass through the increase in final pricing. "The impact will be significant. Given the weak demand situation, any cost pressure will be difficult for capital goods companies. The rise in input costs has already shown up for some companies in the June quarter, more is likely to be seen in the September and December quarters," said Sanjeev Zarbade, an analyst with Kotak Securities.

Source: Business Standard

## Copper rallies, spot prices hit two year high

Taking spot markets by storm Copper prices hit a two year high following a month long rally between July and August 2017. Triggered by various events in the global market the price index for the vital industrial metal took off on a steep ascent starting in May and continued northwards with minor fluctuations to cross the 6,400 per tonne mark first time since 2015. To the astonishment of traders around the world spot prices for copper rose by 11 percent within a month going from USD 5,779 on July 10 to USD 6,416 on 10 August. In India copper prices broke the INR 450 mark.

Historically Copper has acted as a barometer to analyze health of the global economy. Time of a financial upturn usually ushers in high copper demand and simultaneously sends prices soaring. This trend was amply evident during the 2008 financial crises following which copper prices slipped below USD 3,000 per tonne but rose sharply as the economy regained its strength and crossed the USD 10,000 mark in 2011 when the global economy was bullish. Since then, however copper prices and demand have been on a downward spiral owing to weak economic activity and slowdown in steel markets. Speculations for 2017 were initially bearish for copper as the global economy continued to struggle amidst various geopolitical confrontations and weak markets. Global economic activity, led by China, picked up pace by Q2 of CY2017 and remained strong. This has also intensified trade for other industrial commodities including steel, iron ore, coal etc.

**Are prices propelled by growth forecast?**

One of the key factors leading to the sudden surge in prices and demand of copper has been heightened economic activity in China which stands as the largest consumer of Copper and accounts for almost half of the total global copper use. A positive market sentiment in China and improved growth forecast from the International Monetary Fund gives a strong indication of economic wellbeing. Growth forecasts have played a pivotal role in determining copper prices. As seen in 2015 when prices had hit a 9 year low in September, the International Monetary Fund had drastically reduced China's growth forecast which ticked of a domino effect in commodity markets. In addition to the uptrend, news of Chinese government planning to ban imports of scrap including copper which could possibly encourage demand for imported refined copper also added fuel to the buying spree.

**Supply disruption**

Another important factor according to analysts that has triggered the recent rally is uncertainty in supply, following decline in output from mines in Indonesia. Grasberg Copper Mine is the world's second largest copper mine in the world, supply disruption from Grasberg has a significant impact on global markets. The US Federal Reserve's decision to keep key interest rates unchanged has also had some impact on copper prices. Estimated strong Chinese

demand would continue in the short term and is likely to keep prices form a slide.

**Low crude oil prices**

Copper prices ideally remain directly proportional with crude oil as production and transport accounts for a significant component of price. Specifically in the last 5 years the two commodities have been fairly similar in their trends barring a sudden crash in oil prices in 2014. In 2011, Oil prices remained above the USD 100 mark copper also hit USD 10,000 per tonne but since then both these commodities have remained on a downward spiral. However, the recent rally seems to be defying historic patterns as crude oil prices continue to remain below the USD 50 mark amidst lack of consensus between OPEC members. This remains a strong factor that has kept copper prices from skyrocketing in an improved global economic environment.

Source: Steel 360

## URANIUM SALE TALKS AT ADVANCED STAGE

Discussions are at a 'well-advanced' stage for Australia's uranium sale to India, to fuel nuclear power plants in the energy-starved developing nation, according to an Australian government body's top official. Dismissing allegations that uranium supply was facing 'delay' due to the Australian coal mining sector 'lobbying' to protect its interests, the official, however, said coal exports will not slow down any time soon from Australia for use in India's thermal power stations. Leonie Muldoon, Minister Commercial and Senior Trade and Investment Commissioner, South Asia, Australian Trade and Investment Commission (or 'Austrade') told The Hindu that the process of uranium sale was progressing as anticipated by the two sides and without delays. She said: "In mid-July, we sent a sample [of uranium] for testing purposes, as was anticipated [at the bilateral discussions on the issue during the India visit of Australian Prime Minister Malcolm Turnbull in April]." She added, "There are on-going commercial discussions between Australian uranium exporters and the Indian Department of Atomic Energy for possible contracts in civil nuclear projects. These discussions are well-advanced. The amount [of uranium] that ultimately will be exported will depend on the commercial negotiations." Rejecting reports regarding the alleged efforts by Australian coal mining sector to 'delay' uranium supply to India, Ms. Muldoon said, "It's [the allegations] more of a domestic issue in Australia… it's not appropriate for me to comment."

**Coal, largest in exports**

"We are supportive of assisting India in meeting its energy needs... There is no [emphasis on] one particular resource or energy solution. We engage with India across a broad range of energy opportunities... Australia has much to offer with regard to coal, uranium and potentially clean energy solutions... [However] historically, our largest exports to India has been coal, and we see that continuing for some time," said the senior official. She said Mr. Turnbull and Prime Minister Narendra Modi had a one-on-one meeting in April as they were enthusiastic about energy and energy solutions. On the coincidence of the Australia-India CEO Forum being co-chaired by Gautam Adani, chairman, Adani Group, and Sam Walsh, CEO, Rio Tinto Group, both with interests in coal mining, as well as the Adani Group's planned multi-billion dollar coal mine project in Australia, the official said, "We welcome Adani's interest in Australia and Adani's investment in the Australian coal sector."

On the reported environmental concerns over such mining projects, Ms. Muldoon said, "In Australia, we have very tough environmental regulations. Therefore, Australian companies have developed a range of technology solutions to deal with these aspects and to ensure that the environment remains protected. "We believe it's something that they could share with India." Her comments assume significance as they come ahead of the 'Australia Business Week in India' (ABWI) to be held between August 28-September1 to "promote Australian capability

and expand Australia's trade, investment and education relationships." In the ABWI, the mining sector will be a key focus area. Australia produces 60% of the world's mining computer software that helps in improving the sector's productivity and in ensuring workers' safety.

Source: Hindu Business Line

## NMDC to ramp up iron ore output to feed steel demand

To cater to the steel industry's growing appetite for iron ore, state-owned miner NMDC has decided to raise production capacity to 67 million tonnes per annum by 2021-22. The company is producing nearly 30 mt of iron ore from three fully mechanised mines — two in Chhattisgarh and one in Karnataka — its homepage showed. "NMDC has made a comprehensive plan to enhance iron ore production capacity to 67 million tonnes per annum (mtpa) by 2021-22 to meet growing requirements of iron ore of the Indian steel sector," the PSU said this in its annual report for 2016- 17. To achieve its goal, the company is looking to expand its footprint in India and abroad. The strategy focuses on growth largely through brownfield expansion of existing mines and improving evacuation along with it. "ICVL, a JV company of SAIL, RINL, NTPC, CIL and NMDC, acquired a coking and thermal coal mine in Mozambique. Operations were discontinued due to the depressed coking coal prices from December 2015. In view of upswing in the coking coal prices, ICVL is in the process of restarting operations at the Benga mine," it said. "Besides, NMDC is in the process of setting up of a pilot scale processing plant for gold in its mining lease in Tanzania." In India, the company has plans to develop a greenfield mine through a joint venture with the Chhattisgarh State Mining Development Corporation (CSMDC). Besides, as part of its diversification and forward integration plan, it is setting up a 3-mtpa greenfield steel plant in Chhattisgarh, which is in advanced stage of construction.

Source: Metal Junction

## India's JSW Steel aims to increase own iron ore production

JSW Steel Ltd, India's biggest local steelmaker, aims to be producing 80 percent of the iron ore needed for its flagship plant in south India in three years time as it seeks to cut costs, a senior executive said. The company expects to begin producing ore from mines it won in a recent auction in the southern state of Karnataka by March, at an annual run rate of 4.7 million tonnes, Deputy Managing Director Vinod Nowal said, adding that it was also planning to bid for more mines in an upcoming auction. "A higher degree of reliance on our own mines will help in long-term cost savings," he told Reuters.

Iron ore accounts for the biggest single cost in steelmaking, giving companies with their own mines an advantage over rivals.

While JSW Steel's two biggest local rivals, Steel Authority of India Ltd and Tata Steel, already have their own mines, JSW's Vijayanagar plant in Karnataka has an annual steelmaking capacity of 12 million tonnes and needs 22 million tonnes of iron ore a year. In July JSW won the rights to operate five mines in Karnataka which were re-opened under a stricter regulatory regime, the country's top court having closed them in 2011 due to environmental concerns, and more mines are being put up for auction in November. Nowal said the company aimed to more than triple annual production from its own mines in three years with output to also be boosted by the other mines that the company plans to bid for.

Source: Metal Junction

## OMC open to long-term linkage pact with JSW Steel, says official

State-owned Odisha Mining Corporation (OMC) is open to signing a long-term iron ore supply agreement with JSW Steel for the latter's

proposed 10 million tonnes a year steel plant, a senior government official has said. JSW Steel, in its proposal, has pitched for a 50-year agreement with OMC to supply 30 million tonnes of ore fines in a year, at the Indian Bureau of Mines-declared price. The steel firm has also suggested OMC engage a mine developer-cum-operator on a long-term basis to develop its large mines like Gandhamardhan and Dubuna, in a bid to secure long-term supply for the steel plant. "We already have a long-term linkage policy. We will be processing the JSW requirement accordingly," said the official. Usually, OMC signs long-term linkage pacts with ore-consuming companies for five years, In Odisha, Essar Steel, Visa Steel, Jindal Steel & Power, Bhushan Steel, and MMTC-promoted Neelachal Ispat Nigam Ltd are among the firms buying iron ore from OMC through long-term linkage. Tata Steel is also examining the possibility of clinching a long-term pact to secure ore for its Kalinganagar plant. On a trial basis, the steel maker has signed an agreement with OMC which is valid for one year.

OMC produces around six million tonnes of ore annually, and it has plans to ramp up the output to 20 million tonnes over the next three to four years, through increased mechanisation of its key mines. Sajjan Jindal-led JSW Steel has pledged an investment of Rs 50,000 crore on the Odisha plant and associated facilities. The company has asked for 4,500 acres of land for its integrated steel project to be set up close to Paradip. Though the state government officially maintains that the site for JSW's project is not final, the company has asked for the land where the Posco project was supposed to come up. JSW has asked for 2,700 acres that has already been acquired for the Posco project. The company wants this land to be transferred by the government after constructing a boundary wall. Aside from the steel plant, the company has asked for around 150 acres for a township and 90 acres for rehabilitation and resettlement (R&R) colony. It has urged the government to transfer all the land parcels at Rs 4 lakh an acre. To optimise raw material cost, JSW Steel has committed an investment of Rs 3,700 crore on a slurry pipeline for transporting 30 million tonnes of iron ore each year from Joda to Paradip.

Source: Business Standard.

## Steel ministry focuses on converting thermal coal into coking

Steel Minister Chaudhary Birender Singh said a few days back that the ministry was focusing on converting thermal coal into coking coal which is considered to be an important ingredient of steel making. "Some sort of innovation showed thermal coal can be used as coking coal. For that, we wanted private sector to put up their washeries at the pit-head. If, by 2020, at least 20 washeries would be in place....30 per cent of coal available in India as identified or categorised as thermal coal can be converted into coking coal and the country would be saving about Rs 10,000-12,000 crore of foreign currency," the Minister told BTVi. According to him, 80-85 per cent of coking coal, an important component of steel making, has been imported. Of the total imports, 80-85 per cent comes from Australia. In the last three years, the steel industry is in stress due to dumping of imported steel from China and other countries and prices crashing.

"When we put minimum import price and anti-dumping duty, some improvements were noticed in the production and also in the market," said Birender Singh. He also said palletisation is also on the minsitry's focus and it is a focus area. Speaking on the steel companies referring for insolvency cases, he said, "...you saw the list of 12 companies which will be going into insolvency proceeding. Of the 12 identified companies, 6-7 were of steel sector. I hope they would sort out their own level. "This enactment would give a new direction to the industry itself that you cannot inflate your projects by taking loans to that extent and do not remain in the situation for repayments."

Source: Metal Junction

# Seminar on Benchmarking for Enhancing Competitiveness of Indian Steel Plants

The Delhi Chapter of IIM organised a Seminar on Benchmarking for Enhancing Competitiveness of Indian Steel Plants at India International Centre, New Delhi, on 15th September 2017.


At the outset Shri KL Mehrotra, Chairman, Delhi Chapter, welcomed the participants in the Seminar. He stated that Benchmarking is one of the effective tools for improving operative and strategic effectiveness in Steel Sector. This calls for culture of new knowledge acquisition, learning from best practices and increasing technical competence by skill development.

The Seminar was coordinated by Shri PK Bajaj, Vice Chairman, Shri KK Mehrotra, Member Executive Committee and Shri RK Vijayavergia, Member, Executive Committee of Delhi Chapter.

Thirteen technical papers were presented in the Seminar.


The first paper was presented by Dr Rakesh Kulshreshtha, Former Executive Director, SAIL. In his presentation he touched upon the origin of benchmarking. He mentioned that benchmarking is a continuous process of measuring products, services and practices against the toughest competitors or those companies recognised as industry leaders. He also talked about the operational definition of benchmarking. He stated about different kinds of benchmarking which are internal benchmarking, competitive benchmarking, functional benchmarking and generic benchmarking. Benchmarking mirrors the continuous improvement efforts that may already exist in an organisation.

The second paper was presented by Shri SK Roy, Secretary General,IIM. In his presentation he stated that if we have to be competitive in the Steel Market, we have to stay ahead in the world steel cost curve. He spoke about the operating efficiencies in iron and steel making operations by BOF route vis-a-vis EAF route. The operating efficiencies areas covered were BF iron making, fuel rate, injection rate, agglomerate, BOF/EAF steel making, metallic charge, scrap rate, DRI rate and flux rate. He also touched upon the achievements of two world class large sized modern blast furnaces by Shougang.

Shri Prabhat Kumar Ghorui, Sr VP (TE, R & D, PDQC, Coal Planning), JSW Steel, talked about the energy conservation in steel industry. He stated that energy conservation in steel industry is crucial to ensure the competitiveness of the industry and to minimise environmental impacts. There is huge potential of improving energy efficiency in iron and steel sector irrespective of limitations in the availability of quality of iron ore and coking coal in India.


Shri K Sudhakar, DGM(O)-EMD, RINL, Vishakapatnam, spoke about the Roadmap to achieve benchmarking in specific energy consumption at RINL. He informed that RINL is the first steel plant to get ISO 50001 certification for Energy Management. In his presentation he touched upon the energy consumption variable in process route (BOF vis-a-vis EAF), ash content of coal and coke, coke strength after reaction, alumina in iron ore and sinter, level of energy conservation technology and energy efficiency in the generation of utilities(Power generation efficiency).


Shri Rajan Kumar of R&D Centre, NMDC Ltd. spoke on Benchmarking and Sustainability in Iron Ore Mining and Beneficiation.


Shri Manoj Sanyal of Tata Steel spoke about "Maintenance Approach towards Benchmark Effective Operating Hours at Blast Furnaces in Steel Jamshedpur. In his presentation he touched upon the concept of measuring effective operating hours in blast furnaces. He also talked about maintenance strategy to increase effective operating hours in blast furnaces.


Shri Sandeep Maheshwari, Vice President, Jindal Stainless (Hisar) Ltd. presented a paper on Cost of Poor Quality: Link for improving cost competitiveness and reduce waste in Steel Industry. He talked about the elimination of certain costs in case a company produces products and processes with perfection. He touched upon the traditional cost of poor quality in terms of wastages, rejects, testing costs, inspection costs and recall of products. Quantification of cost of poor quality was described by him in terms of sigma values 6 to 2.He also spoke about mapping of cost of poor quality in Steel Melting Shop, Hot Mills, Cold Rolling Complex, Finance, taxation and logistics.


Shri SK Chaurasiya, Jt GM, NMDC Iron & Steel Plant NMDC, spoke on Project Monitoring & Construction of Iron and Steel Plant at Nagarnar. He mentioned about the journey from Mineral to Metal at NMDC. In his presentation he talked about project monitoring and construction of NMDC Iron and Steel Plant of 3.0 MT capacity atNagarnar. He touched upon the salient features of the plant.


Shri Dipak Sangameswaran, Dy. GM (Sales & Marketing) of Paul Wurth India Ptd, talked about Benchmarking in Iron Making.

Shri Pankaj Kumar, GM (SMS II & CCS), Bokaro Steel Plant spoke about benchmarking for process improvement of steel making at Bokaro Steel Plant. In his presentation he spoke about Indian Steel Industry Scenario, Steel Making & Casting Facility at Bokaro Steel Plant, comparative study of major techno-economic parameters and areas of concern for improvement. He also spoke about crude steel production and also production process in different countries. In his presentation he also indicated segment wise consumption of steel in India in 2015-16 and projected segment wise share in 2020-21.

Dr. Santosh Kumar, GM(Products) SAIL RDCIS Ranchi, spoke on Evolution of Special Steels in India.


Shri K Ranjan, DGM i/c MECON spoke about Benchmarking on the requirement of land, water and power for iron ore beneficiation and Pellet Plant of various capacities.


Shri KK Singh, Dy. Manager (O) SMS II, Rourkela Steel Plant, spoke about Benchmarking for improvements in steel making and continuous casting. Material flow chart at Steel Plant Shop II RSP was exhibited by him in his presentation. In his presentation he mentioned about improvements at Basic Oxygen Furnace, secondary steelmaking. Continuous casting, increasing yield and caster throughput, prevention of breakdowns and making of value added products.

There was a lively question-answer session at the end of the Seminar.

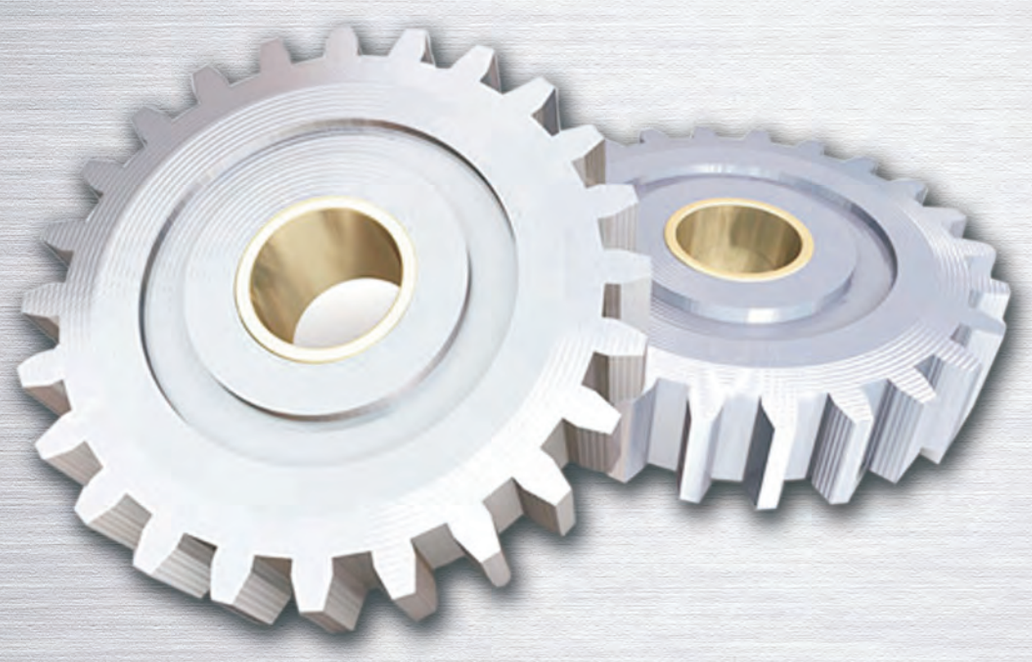
Shri KK Mehrotra, Member, Executive Committee, delivered concluding remarks of the Seminar.

Shri R K Vijayavergia, Member, Executive Committee, proposed vote of thanks.

The Seminar ended with presentation of mementoes to the speakers.

About 50 participants from various organisations attended the Seminar.

# SAIL Steel
# Sarvottam Steel



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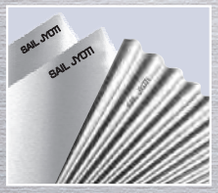

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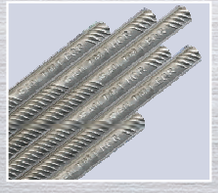
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