THE INDIAN INSTITUTE OF METALS - DELHI CHAPTER

IIM Metallurgy Materials Engineering

"MET-INFO" INHOUSE PUBLICATION
IIM DELHI CHAPTER

ISSUE NO. 6 November 2017

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HRD HALL OF DELHI CHAPTER

VIEW OF AUDITORIUM OF DELHI CHAPTER

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Printed at Om Art Press, C-15, Wazirpur Industrial Area, Delhi-110 052, Phone (011) 27377211,
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Performance highlights of steel sector in India

Crude Steel

- Production of crude steel was at 97.94 million tonnes (mt), an increase of 9.1% over 2015-16.
- The combined production of SAIL, RINL, TSL, ESSAR, JSWL and JSPL was 55.49 mt accounting for 57% of total production, while the rest i.e. 42.45 mt came from the Other Producers.
- The Public Sector plants (SAIL and RINL) produced 18.46 mt, while the rest and dominant contribution (79.48 mt) was that of the Private Sector, a share of 81% of total crude steel production.
- Shares of Oxygen, EAF and IF routes in total production were 42 mt (43%), 28.96 mt (29%) and 26.97 mt (28%) respectively.
- Crude steel capacity reached 128.28 mt, a growth of 5.17% compared to last year.
- Capacity utilisation stood at 76% during 2016-17, compared to 74% last year.
- India was the 3rd largest producer of crude steel in the world as per rankings released by the World Steel Association.

Pig Iron

- Production for sale stood at 9.39 mt, contributed primarily by the Private Sector (94% of total output) and saw an increase of 1.7% over 2015-16.
- Exports were at 0.387 mt and imports at 34 thousand tonnes and India was a net exporter of pig iron.
- Domestic consumption was 9.04 mt, an increase of 0.21% compared to last year.

Hot Metal

- During 2016-17, hot metal production was 65.19 mt, a growth of 11% over last year.
- The PSU plants produced 19.77 mt during 2016-17, which was a growth of 0.38% while the rest came from the other producers, a decline of 2.45% compared to last year.

Sponge Iron

- Domestic production of sponge iron stood at 28.762 mt, a growth of 28.22% over last year while production for sale was 17.47 mt, up by 20.26% over 2015-16.
- India was the 2nd largest sponge iron producer in the world.
- Coal based route (23.91 mt) accounted for 83.1% of total production.
- Domestic sponge iron capacity was at 46.01 million tonnes during 2016- 17 compared to 43.36 million tonnes in 2015-16.
- Odisha with 85 sponge iron units and with a capacity of 14.56 mt was the leading sponge iron producing state in the country in 2016-17.

Semi-finished Steel

- Semis for sale stood at 33.757 mt, down by 8.3% over 2015-16 and contributed primarily by the Private Sector.
- Exports were at 1.07 mt and imports at 0.732 mt and India was a net exporter of semi-finished steel.
- Domestic consumption was 33.45 mt, a decline of 9.5% compared last year.

Total Finished Steel

Production for sale

- Total finished steel production for sale was 101.81 mt, an increase of 11.9%.
- 57.2% of the total production for sale came from the other producers while the rest 42.8% was the share of SAIL, RINL, TSL, JSW, JSPL and ESSAR.
- Shares of the Public and Private Sectors

were 14.6% and 85.4% respectively.

- Non-flats and flats each had 49% and 51% share of total production for sale respectively.
- Key contributors were Bars & Rods (34.9 mt), HRC (24.12 mt), Structurals (7.98 mt), GP/GC (7.7 mt), CRC (8.56 mt) in the non-alloy category.

Export

- Total finished steel export was 8.242 mt, up by 102% over 2015-16.
- Export was led by flat steel (87% share) while the rest was the share of non-flat.
- Major contributors to export (by volume) included GP/GC (1.7 mt), CRC (1.4 mt) and HRC (2.9 mt) in the non-alloy category.
- Belgium (13% share of total exports) was the largest export market for India during the year.
- Value of total finished steel exported during 2016-17 stood at Rs 35,265 crores.

Import

- Import of total finished steel was 7.226 mt, a decline of 38.3% over 2015- 16.
- Import was led by flat steel (74% share) while the rest was the share of non-flat.
- Major contributors to import (by volume) included HRC (1.9 mt), CRC (0.9 mt) and Plates (0.7 mt).
- China (30% of total imports) was the largest import market for India during the year.
- Value of total finished steel imported during 2016-17 stood at Rs 34,136 crores.
- India was a net exporter of total finished steel during 2016-17.

Consumption

- Total finished steel consumption was 84.042 mt, a growth of 3.09% over 2015-16.
- Share of non-flat was at 57.9% and that of flat was at 42.1%.
- Major contributors to growth (by volume) were Bars & Rods (33.69 mt), HRC (22.87 mt) and CRC (7.97 mt) in the non-alloy category.
- Per capita finished steel consumption stood at 65 kg during 2016-17, up 1.5% over 2015-16.

Stocks

Item	Stock (mt)
Pig iron	0.14
Sponge iron	0.43
Total finished steel	7.17

- As on 31.3.2017, variation in stock of total finished steel stood at 1.415 mt.
- Major item-wise position of stock as on 31.3.2017 were:

Prices

- Considering trends in March 2017 with April 2016, average retail market prices of most items have shown a positive change. Thus, be it pig iron (up by 18%), long products (represented by TMT 10 mm, up by 4.4%) or flat products (represented by HRC 2 mm, up by 18.5%), average retail market prices across markets went up in response to domestic demand-supply conditions and partly global influence.

Source: Joint Plant Committee

Interaction of Shri N Chandrasekaran, Chairman, Tata Sons, with Economic Times

Don't want to criticise past decisions...Will take tough calls: N Chandrasekaran, Chairman, Tata Sons

In his first media interaction since taking charge of the $103 billion conglomerate earlier this February, Tata's new boss, N Chandrasekarantells ET, it is possible to be aggressive yet soft. He will strive for scale and ensure more accountability. Edited excerpts:

Q: How challenging has the job been until now? Has it been harder than you expected?

Ans: It is a great opportunity and I am enjoying the job. I am fortunate because I am overwhelmed by the support I am getting from within, and from corporate India. Second is the Tata brand, and the trust it invokes is incredible. Those are the positives.There are multiple dimensions of what I have to do, and it is very complex. To move forward, you have to reduce those complexities in terms of the number of companies we have, and multiple entities within the same sector or markets. There are some businesses that are scalable while some are not. That's an additional dimension.

There is a phenomenal culture by way of value systems, ethics, trust and humility - the care for people and for society. All of that is great. But I also believe that in the future, we need to make sure that our culture includes agility, more accountability and high performance. I believe there are more things to do on capital allocation and returns as there are many companies that do NOT have adequate returns on capital employed.If you look at the performance metrics from the shareholder point of view, they can be better. In some cases, we are doing very well. In other cases, the question to ask is how do we now elevate their performance?

Q: When you talk about complexities, do you mean the business overlaps in various group companooies? How do you reduce those?

Ans: If you look at our portfolio, we have around 100 companies of which 29 are listed. They have subsidiaries and there are several unlisted ones. Actually, we have three large businesses - TCS, Tata Motors, and Tata Steel.Besides them, if you look at the sectors, we have 5 to 6 additional sectors: Retail and consumer, financial services, infrastructure, and for want of a better word tourism that includes hotels and airlines, and defence. Then, we have start-ups.But how do we scale them up? There can be consolidation in some; there can be co-operation and synergies in some. I think we have to simplify these structures…simplification in terms of entities we have now, simplification in terms of questioning business cases. We need to also examine entities where we are very marginal and see whether we scale them up or get out. There is simplification opportunity in every company or business -- whether it is steel, motors or power. Simplification will drive agility.

Also, we need to be synergistic. In Infrastructure, we have commercial real estate and housing. But you take Tata Reality, and it's in multiple segments. The question is do you want to be in all? We are in roads to ropeways to commercial real estate and affordable housing. The question is do we need to focus on one or two?

In EPC, we have Tata Projects, Tata Engineering Consultancy, and Voltas Projects. So although in infrastructure, we are large but scattered with lots of cross-holdings. How do we bring them all together for a strong infrastructure play?

In defence, we have four companies, with two unlisted companies under the holding company, and the rest are subsidiaries of listed companies. So how do we present a uniform picture and have a single view by either consolidating or co-operating among these companies. Defence is a big play and we can do it successfully only when we have a single view of the sector. There are a couple of options we are examining… When I say simplification we want to bring all these together. I can say this with other sectors as well.

Q: Would you bring all infrastructure businesses under one entity?

Ans: One entity or one holding company – these are all options before us. If we put all our infrastructure businesses together and have a single strategy and view on infrastructure, we will be one of the largest players in the country and we will do that.But does it mean one company or multiple companies, I don't know. We have started exploring those options in consultation with these companies.

Q: Which are next big growth areas apart from infrastructure?

Ans: We have financial services, retail and consumer. We have the best brands in India. I have seen the analytics within the group and we sell goods to 900 million consumers. We have a strong brand, our domestic economy is very strong and demography is such that people will be spending more.So this is a huge market and we want to a have a big play. So whether we call it housing or consumer or retail, all of this must be scaled. Then there are electric vehicles and urban infrastructure.All of these are in the works and I cannot give a strategy today because these have to be dovetailed with the strategies of individual companies. There will be no force fitting or rash decisions but everything will be moving in an urgent fashion.

Q: How will you approach these plans and growth areas?

Ans: I am not the one to create 112 companies from 100 companies. That is not the approach I will take. The approach is to first get ourselves organised. Also, there are important things but some are urgent. Like Tata Teleservices needs urgent attention. I will deal with urgent issues now and things that are important, I have to organise myself.

Q: So, should the cluster formations be seen as a preamble to this simplification exercise? You will soon have a new CEO for Tata Capital and one for the infrastructure cluster… What's their mandate?

Ans: We have three large companies that have scale and we have got another five sectors we have to scale, and then we have new opportunity areas.We are small in financial services. If my numbers are correct, it is a $600-billion financial services market in a $2-trillion economy. We are not even 5%.We will see how can we take a collective view about our insurance companies and NBFC and our ecosystem is large with the group itself having 6 lakh employees. If we add our dealers, vendors and customers, we probably must be touching 6 to 7 million people. …We have bought Rajiv Sabharwal on board in Tata Capital and will find other serious talents. We will look at consumer business. Tata Beverages is seen as a tea company. For the brand and reach we have, we want to be a much larger company. That is the discussion we are having.

Q: Where do you stand now on Tata Teleservices?

Ans: This is one of the big problems I have to deal with. We have a debt of Rs 31,000 crore and we are paying huge interest. We have a spectrum liability of close to Rs 2,000 crores and the mobile business is making loss.I definitely have my priority to solve this and I am on it. As soon as I came in, I looked at the portfolio and made a to-do list that included Tata Teleservices, delinking European and the India business of Tata Steel, and commercial vehicles and passenger cars of Tata Motors. Looking at all of that, we will solve these issues one way or another, but Tata Teleservices was the priority. In Tata Teleservices, either we will have to sell it or have a graceful exit. These are the two options and I want to complete it this fiscal year. I am working hard on it and that is my goal.

Q: For the group, would it not be a hard decision to exit?

Ans: What do you do? If we have to revive and stay in the game, I will have to commit another Rs 50,000 to Rs 60,000 crores. Just to repay debt, I have to put in a lot of money, then invest additional capital to buy new spectrum and that is not a choice.I don't think it will be prudent too.

You will tear me apart in your editorial. Ideally, our interest will be to get out of the wireless business. We have to see if we can bring these enterprises businesses together.

Q: Tata Steel Europe is one on the to-do list you have completed…

Ans: Tata Steel Europe has been a good outcome. We have been able to solve it in a way that's good for all stakeholders. It can fund its capex, working capital, aspirations and so on. That allows Tata Steel India to expand its footprint.We have demand here and Tata Steel India is a well-performing business. So, we want to support Tata Steel India to see how it can grow by acquisitions or organically. Both options are on the table and we will see what makes sense.

Q: In some way you are doubling your steel business in India?

Ans: Absolutely. Not in one way but the only way.

Q: How do you support the growth ambitions of individual group companies? Will Tata Sons continue to bankroll them? Relying heavily on JLR or TCS as ATMs is risky…

Ans: Our priority is to fix the balance sheets. In Tata Teleservices, Tata Sons will have to take a huge hit. We have found a solution to Tata Steel Europe. The capital ratios of both Europe and Tata Steel India will come under control and Tata Steel can look at growth either from internal accruals or Tata Sons, or through multiple other options.In Tata Power, we have a huge leverage and the priority is to bring down the leverage. It will come from multiple options, including selling non-core assets. The point is that directionally, debt has to come down.It may not happen in 6 months, but as long as it happens quarter by quarter, we will be in better shape. The question to ask is whether we should be in all the businesses we are present now or should we be exiting some so that it is not unwieldy. No company can survive with hundreds of subsidiaries and joint ventures. Growth will suffer. If you want growth, we need sharper focus. Tata Power will look a couple of options. So the priority is to get the balance sheet right, and we are making progress… The Mundra project is an unfortunate pain point. I know the management is trying hard to solve it.There are only two options. One is divestment and the other is to find cheaper coal. So far, there's been no success on either side. We do not have a solution today but it's under discussion.

Q: What about the returns from companies apart from getting the balance sheet right?

Ans: We have growth ambitions on returns. Every company will focus on their investment plans. If a company A in an industry has certain multiples such as certain ROE/ROCE, there is no reason that a Tata group company has anything lesser on these parameters and, in fact, should be better.And that's because of two reasons. The first is the affinity of customers to the Tata brand, and the second is the availability of a better interest rate from lenders, with the support of guarantees and support of the Tata Sons.So, we will have to drive performance. Third, any capital we allocate to a company will have rigorous scrutiny. In fact, it is something we are already doing. Unless we are fully convinced and we have a business case, we will be stingy with capital. I think for the right project, we will find money.

Q: Would you seek to unlock value by hiving off or listing the renewables platform within Tata Power? You are among the top renewables companies in the country…

Ans: There are easy solutions and there are difficult solutions. It's very important to solve the problem in such a way that you also remove the complexities and difficulties. If you don't address the difficult questions or the complexities, these issues will keep coming back.

Q: Besides leverage, capital allocations or other financial issues, what are the other challenges for reviving growth?

Ans: Our culture. We want to bring more agility, focus on performance and accountability. The next thing is we want to bring back the concept of One Tata. I keep talking about it… whether it is leadership development, talent management.. Every single aspect, capabilities, opportunities of talent, CSR to leveraging consumers, the power of the group is multi-fold if we can bring it together.It will require communication, communication and more communication. It will require people at the top to think and work together and we will need systems and processes, and we will need initiatives.

Q: Could you elaborate on what do you mean by systems and processes?

Ans: For example, how do you do a group-wide thing... If you take procurement, for instance, there is no group-wide procurement system. If you want to look at technology group wise... I am not saying every company can share everything, but there are things that can be done together.In every angle you look, there are multiple things we can do together that will bring agility. You see cost is not the only issue. It is the simplest. If somebody can do something cheaper, they will do so.But information flow, talent, capabilities, knowledge, leveraging partnerships – the more angles you look, the greater would be the number of opportunities. How do you unlock them? They will not happen in one month, but over the next 2-3 years.

Q: Do you believe that the group's complex structure will make implementing One Tata difficult?

Ans: Not really. It's not impossible. But I will be the first to admit that we are very complex. We need to be simplified. Looking at the businesses, I would like to see ourselves as 5,6,7 groups as opposed to 11o companies.The more we see ourselves as 110 or 120 companies, nothing will be done. So whether it is a consolidation or a virtual view, whether it is reducing the subsidiaries, all options should be explored. Once you do that simplification, it's a question of creating these 4 tools -- communication, thinking together, systems and processes and initiatives. At the end, you have to create value.

Q: You talk about culture and agility. Do you believe the Tata Group has a "soft" culture?

Ans: There's nothing wrong in having a soft culture. I believe it is perfectly possible to be aggressive and be soft at the same time. Aggression is fine, only arrogance or abrasiveness is not. The Tatas are soft but can also be aggressive. Some companies are, and some companies aren't. Aggression doesn't mean the lack of humility.

Q: To actualize your vision, do you need to bring more in-house executives to the board of Tata Sons?

Ans: We need a structure and the people, and where you have the people internally, we will give them the opportunity. Where we will need people from outside, we will get them from outside. As long as the outsider gets integrated, he becomes an internal guy.So, we should be careful about these terms internal and external. In TCS, I hardly hired anybody, and everything was internal. Here I am hiring.What we need to do in terms of consolidation, portfolio mapping, or market deals, requires a very strong finance team. So we are hiring for strategy, business metrics, and analytics. Wherever the need is, we will get people. Right talent is key, we should not make too much of this internal or external candidates. It is my job to ensure that the team is integrated.

Q: But what about the Tata Sons board? Will you bring in more operating CEOs....

Ans: It's not to say that we will not have changes in the board. More importantly, what is required is to have clarity on what you want to achieve. It's about creating value proposition. With the right set of people and collaboration, you can do it. With all humility I can say I have done this before. (..laughs)

Q: In Tata Motors, what are your priorities?

Ans: Tata Motors is basically 3 businesses. The big business is JLR. Of the Rs 280,000 crores, Rs 234,000 crores of topline would be in Jaguar. The remaining Rs 45,000 crore comes from the CVs, 8,000-9,000 comes from passenger cars.JLR under Ralf (Speth) is doing well and will continue to do so. In the India business, the management team is focused on a couple of priorities. We want to gain in commercial vehicles... We want higher growth, higher market share and higher profitability.We are driving them very hard as we have lost all three. We have lost market share very significantly, we have suffered on growth and we have increased the cost structures. We are looking at all three – it's a big priority and a massive programme is underway to look at each of these aspects.

In passenger cars, our cost structures are out of whack. Every single car and model is losing money. It's important to pick up volumes and try to become profitable. If I look at the domestic business what is it that is hurting us -- the drop in profitability in CV and the increase in loss in passenger cars. We are working diligently and with enormous urgency. I am confident that we will turn it around.

Q: Do you believe it will help bringing in a strategic partner for Tata Motors?

Ans: If you look at the opportunity in CVs, then why can't it be a million units? In passenger cars, we are very small, one-tenth of the market leader. So, there is a huge upside. The standalone balance-sheet is also stretched.The domestic market priority is debt reduction, rigorous capital allocation, growth revival, market shares and margins of CVs. The new models of passenger vehicles are doing well. The question is how do you sustain scale and fix the cost structure.Then one has to see what does it take to scale up further -- -- do we have a platform sharing arrangement with somebody or acquire somebody? All those things are there but first we have to fix this. It should not happen that we have 110 companies and then we end up with 132 companies.

Q: So in TAMO, all the 3 pillars are integral?

Ans JLR is smaller compared to their two big competitors. So it has aggressive growth plans and a strategy and it's pursuing its options seriously.In CVs and passenger vehicles, we have the market and growth.We need to address the domestic market and get it right. So if there is an execution problem, we have to fix that. Unlike Tata Teleservices, where the cost of fixing or cost of reviving is just too much, Tata Motors doesn't have the same issue.

Q: Do you believe the company needs something transformational -- break it up, or maybe list JLR overseas?

Ans: I will again go back to what I said – that difficult problems need to be solved. Easy solutions to difficult problems won't help.

Q: There was a lot of controversy around different operating companies pursuing their own CSR initiatives, often competing with the Tata Trusts. Going forward, will this continue?

Ans: It's again coming back to that One Tata philosophy. Given the capability that rests with the Trusts, leave alone the number of projects they undertake, we can do much more toward sustainability if we bring it all together.The Tata Group defined its purpose as impacting societies over a hundred years ago. The idea is to bring together the knowledge, capabilities and resources to take on big projects and create a bigger impact. There is no point in replicating that capability. It's not easy.We have a TCS Foundation, where we have hardly 10 people. In Trusts, we probably have 1800-2000 people. How do you leverage that? The point is: How do we come together to make an impact. Like in technology, TCS is the face that will make the impact. In steel, Tata Steel will make the impact... In CSR, it will be Tata Trusts to lead the way.

Q: TCS is the group flagship. But there are a lot of headwinds by way of automation and machine learning, disruptive technology, and visa curbs. What's your vision for TCS?

Ans: TCS results are out soon. They are in a silent period so I can't talk much about them. But I am very bullish on TCS. I believe tech spending will only increase. There is more tech in everything. Automation, AI are real. But that does not mean less work. Rather, quite the contrary.

Q: What are your views of the Kotak panel recommendations, especially on the separation of the roles of the Chairman and the MD?

Ans: There are best practices and if separating the post is one, it should be undertaken. In all our group companies, these two jobs are separate. The executive chairman is only at the Tata Sons level. In every other group company, there is a non-executive chairman.

Q: In aviation, people would argue about the need of running two JVs?

Ans: You can ask that question in many portfolios of Tata Group. Why should we have TCS and Tata Alexi and Tata Interactive Systems. Why is there Tata Petrodyne? Then there are so many subsidiaries of Tata Steel or Tata Motors.In Indian Hotels, some of the JV companies are listed... Obviously, you can't run two airlines, with each having 15-20 aircraft. Definitely, that's not the way forward. As I have said before, if you are in a business, you have to have scale.So you have to commit resources. You have to have a meaningful size irrespective of being number 1 or number 2, you should have scale. We have to take a strategic, long-term call on this. Every morning, there can't be a call. I can take a call on this today, but to execute it takes time.

Q: Does the consensual approach of the group make it more difficult to take these tough calls?

Ans: No. As long as you have clarity of thought, you carry people. The board is supportive. You want to debate and move ahead. What are you looking at? You are looking at doing the right thing. You can't be all over the place.We are a 150-year group. I don't want to criticise decisions that were taken in the past as every decision makes sense in a context. In hindsight, we can question that.We are now in a new context. In this context, let us take a transformative view… And the ultimate objective is to produce returns and be a meaningful or a big player... It is not difficult to convince people.

Q: Will Air India provide that scale?

Ans: I don't know. Every proposal will be validated. I haven't seen the bid document. To me it is important to have an aspiration and then have a strategy… We have to make sure there is a business case. Every decision we take, I am accountable for generating returns. They can't be emotional decisions.

Q: So, the financial metrics of RoCE/RoE would be crucial to being considered the best in class?

Ans: You need to get the velocity and direction right. And it's a journey. You can't be in 2021 and say that Mr Chandra, you are not the best in class in everything. That is not possible. But whether I have made attempts to significantly improve will be the key. The decisions that were taken and the attempts made must be right. I can't guarantee the results. But I will try hard.

Q: For India's most admired corporate brand, would you say it's worrisome that

in the last few years, it has been getting into the news for the wrong reasons -- the Misty exit, the spat with JV partners, the IP infringement case...

Ans: I have a different view. When you are such a large corporate, there will always be issues. Some will be unfounded… for example, the TCS issue. We haven't done anything wrong but we can't stop someone from suing us.In each situation, the important thing is how we react. That's what defines great corporations. To say that in great companies nothing will go wrong is a fallacy. That is also why you should not have marginal businesses. Too many problems come in marginal things. I always believe the number of things we can do is directly related to management bandwidth.

Q: One of the things you initiated is removing the cross-holdings. Is that exercise now complete?

Ans: Whatever is done is done. Whatever needs to be done will be done. (laughs)... At the end of the day, I wish I had another Rs 100,000 crores to do more. But we are on a path. Removing cross holdings is another path toward simplification.

Q: What's the relationship between Tata Sons and Trusts?

Ans: It's a simple relationship. They are the largest shareholder. There are no issues. On one hand you are asking if I am facing difficulty in executing. I am not having any difficulties. At least you appreciate that I am working with urgency.I will take tough calls. What is tough is not important. Taking the right calls is. I will have to carry with me the board which is the way it should be and I am happy to do that.

Q: Would it be wrong to say that the end game is to have several of these big groups or clusters, and then create a holding company structure while exploring ways to unlocking value?

Ans: Forget about holding companies. It's a figment of imagination of the media. Create a holdco; create a CEO for each one of them. Those are implementation decisions. Look at it this way -- consolidation and collaboration, with a segmental view. If you see Tata's consumer business, or retail or financial services businesses, are we the best in class? Are they significant players?

A material player?Or a top player? We have to look at every business like that. And then, are they ticking all the boxes on financial returns? Instead, if we create a story of holding companies and who will be the CEO of each, it will be very gossipy. I am not interested in gossips but in the results.

Source: www.auto.economictimes.indiatimes.com

Government will soon revamp Make in India to meet its twin objectives of jobs, GDP growth

In a complete rethink of the 'Make in India' initiative, the government will come up with policy interventions in key sectors that can help create jobs and sustainable economic

development in the country.From 25 focus sectors presently, the government is selecting four or five to 'nurture' them, with emphasis likely on labour-intensive and high-potential sectors such as leather, textiles and garments, engineering, pharmaceuticals and automobiles.High-level meetings have taken place in NITI Aayog, the industry department and the heavy industries ministries to restructure the policy for the auto industry – identified as a high-potential sector – to create more jobs. According to the Ministry of Labour and Employment, about 10 million youngsters join the race for jobs in India every year.

The government is deliberating on ways to push global automotive companies to engineer vehicles in India and not just assemble them here. "No country in the world has developed without a thriving auto industry... We need to nurture our auto sector in a fiercely competitive atmosphere," a senior official said.Invest India, the government's investment promotion arm, has proposed several ideas for the auto sector to the heavy industries ministry. It suggested that the government should promote design in automotive engineering by incentivising companies willing to bring technology to India. "The future lies in technology transfer. India needs to take a cue from countries such as China, which was making less cars than us in 1999 and has surpassed us today," said Vikas Sehgal, vice chairman, Rothschild, South and South East Asia. "The government needs to promote design and exports in the auto industry."

Rothschild has been engaged in devising policy strategies for key sectors by Invest India. On the table are stricter proposals for companies to engineer and design goods in India if they want to avail of benefits offered in the country. The government will also encourage JVs that bring international expertise to India such as the tie-up between M&M and Ford.In India, benefits for the auto sector include rebates on land cost, stamp duty exemption on sale or lease of land, power tariff incentives, concessional interest rates on loans, investment subsidies, tax breaks, backward-area subsidies and special packages for mega projects."The government's support to the auto industry has been crucial in all countries where the sector has flourished, including China, Japan, the US, France and Italy," Sehgal said. India has the fifth-largest passenger and commercial vehicle market.It is estimated that 6 million-plus hybrid and electric vehicles will be sold annually in the country by 2020. FDI in the auto sector increased by 5% to $4.6 billion in the April-June quarter from the corresponding period last year.

Source: www.auto.economictimes.indiatimes.com

Dedicated freight corridors project to have multiplier effect on the logistics industry: ICRA

The commissioning of dedicated freight corridors (DFCs) is expected to benefit the Indian Railways (IR) in the medium to long term and will be a game-changer in the Indian logistics industry.As per an ICRA note, the DFCs will add incremental capacity to the railway network and would also have a positive multiplier effect on the logistics industry in India.Shedding more light, Shamsher Dewan, Vice President and Sector Head- Corporate Ratings, ICRA, said: "Currently IR account for 30 per cent of total freight movement in India and are a preferred mode of transportation for long haul and bulky commodities such as Coal, Iron Ore, Fertilizers, Steel and Cement."

"Although, it continues to maintain its dominance in transportation of select commodities, it has lost market share on an overall basis over the past few decades due to significant increase in freight charges and infrastructure bottlenecks. However with the commissioning of the DFC, IR's competitive position is expected to improve and enable it to capture market share in freight transportation."In the first phase, the Western Dedicated Freight Corridor (WDFC) and the Eastern Dedicated Freight Corridor (EDFC) will be commissioned. The WDFC is being financed by Japanese International Cooperation Agency (JICA).The WDFC, which will pass through Haryana, Rajasthan, Gujarat and Maharashtra, will greatly benefit the container freight movement and the CTOs by reducing the turnaround time and operating time tabled trains.

The EDFC will pass through Punjab, Haryana and the densely populated states of Uttar Pradesh, Jharkhand and West Bengal. The major commodity carried over rail in this region being coal, the EDFC is expected to provide uninterrupted and fast deliveries to the thermal plants in Delhi and Uttar Pradesh, which will greatly benefit industries and; the general population by ensuring uninterrupted power supply.Despite getting the government approval in 2008, the DFC project has been delayed on account of land acquisition and obtaining other approvals. The biggest challenge post completion of DFCs would be upgrading feeder lines of IRs to support heavier trains that will move on the DFC.Smooth transition of trains from DFC to Indian Railway's infrastructure will be important to ensure timely movement of trains. Any delays would greatly hamper the flow of trains as DFC junctions have low holding capacity by design.

Source: www.auto.economictimes.indiatimes.com

Indian Railways opens door to private steel manufacturers

Indian Railways has floated a global tender to procure rails, a move that may end the monopoly of state-run supplier Steel Authority of IndiaLtd. as Asia's oldest network seeks to plug a supply shortfall. The state-run freight and passenger carrier is seeking to buy 700,000 metric tons of rails for track upgrades, Railway Minister Piyush Goyal said. The move will ensure steady supplies and competitive prices. Jindal Steel & Power Ltd., one of the biggest non-state steelmaker, may benefit as it's the only other local producer of this grade, according to Goutam Chakraborty, an analyst at Emkay Global Financial Services. "If Steel Authority cannot supply, then they will go in for other producers. So in that way, JSPL will definitely be benefiting," Chakraborty said by phone from Mumbai. "The railways' first preference will always be Steel Authority." Prime Minister Narendra Modi is pouring about 8.6 trillion rupees ($132 billion) to upgrade the aging lines of the network that was started under British colonial rule. Giant track-laying projects are underway to modernize passenger and freight movements to cut travel time.

Market Share

The tender gains significance as Steel Authority and Jindal Steel have been trying to boost market share and profits after reporting losses for at least two straight years even as they battle high debt levels. Indian Railways expects annual demand for steel rails to rise to 1.5 million tons in the year ending March from about 800,000 tons in the prior 12-month period. Jindal Steel has long been striving to make inroads into the segment. The company has the capacity to produce 800,000 tons of rails and universal beams, said Kapil Mantri, head of corporate strategy and business development at Jindal Steel. "We are the only other supplier in India for rails, so it is a clear advantage to us," Mantri said by phone from New Delhi.

Steel Minister Birender Singh asked the state-owned steelmaker to ramp up production from its new rail mill in Bhilai to meet the requirements of its major customers. "The company should chalk out a time-bound action plan to cater to the Indian Railways' increasing demand." The tender can put pressure on Steel Authority to ramp up production from the plant at a faster pace, according to Emkay's Chakraborty. Steel Authority didn't immediately respond to phone calls and an email seeking comment. Expecting demand to surge from railways to housing, steelmakers have lined up expansion plans. Annual capacity stands at 126 million tons and is forecast to rise to 150 million tons by 2021, before settling at 300 million tons, according to Steel Secretary Aruna Sharma.

Source: The Economic Times

JSW Steel exploring tie-ups to acquire stressed assets

Sajjan Jindal-controlled JSW Steel Ltd may team up with external investors to set up a platform for acquiring distressed assets, a top company official said.The group is open to various options including setting up a platform in partnership with financial sponsors as it looks for inorganic growth and opportunities in the distressed assets space where a number of large steel companies are facing bankruptcy, said Seshagiri Rao, joint managing director and group chief financial officer.“There are various structures which we are open to exploring and this is one of them,” Rao said in an interview. “But only when a specific asset is identified and the resolution process is decided thereafter I will be able to give a definite answer,” he added. Rao said the company is also actively looking at acquisitions in Europe, where it sees several opportunities, especially in the downstream segment.

“In my view, if you look at assets available in Europe the capital employed per million tonne is significantly lower that it is otherwise needed in India to pursue opportunities whether organic or inorganic.”Distressed assets platforms typically involve incorporating a separate entity to be used as an investment vehicle to acquire the assets. A recent example is Resurgent Power Ventures Pte Ltd, jointly created in Singapore in September last year by Tata Power along with private equity fund ICICI Venture, Canadian pension fund CDPQ, sovereign wealth funds State General Reserve Fund of Oman (SGRF) and Kuwait Investment Authority (KIA). Bloomberg reported in August that JSW Steel could consider an investment from Japan’s second-biggest steel mill JFE Steel Corp. as the Mumbai-based firm looks to acquire distressed companies in India.

Recently, Business Standard reported that JSW Steel was in discussion with Piramal Enterprises for a partnership that could result in a joint bidding for assets currently going through the insolvency process. According to the contours of the arrangement, Piramal Enterprises would provide the funding and JSW Steel the management to the assets once they come up for bidding, the report added. Assets that JSW Steel is jointly evaluating with investors includes Bhushan Steel Ltd, which is currently under bankruptcy proceedings.“As far as the fund raising is concerned we have already announced organic growth of 18 to 23 million tonnes of capacity with an overall capital expenditure of Rs23,800 crore in the next three years which will be funded by debt and equity and we will keep our debt to equity and debt to Ebitda unchanged,” Rao said.

“Any inorganic opportunity which we will pursue will conform to these matrices and will eventually decide the structure we will follow whether involving an external investor or not.”JSW Steel is India’s largest domestic steel producer with an installed capacity of 18 million tonne per annum (mtpa). The company operates manufacturing locations in India and also has presence in the US, Chile and Mozambique.JSW Steel has recently ramped up its production capacity and according to recent corporate filings its average capacity utilization was 88% in FY 2017 which was significantly higher than the overall industry standards during the same period.

Source: Metal Junction

Govt assures support to green steel production: Union Steel Minister

Steel Minister Chaudhary Birender Singh assured all possible support to secondary steel sector, which uses an eco-friendly electric furnace to produce the commodity.Electric arc furnace route emits less Co2 and cost of production is also reduced compared to the blast furnace route.The minister was speaking at ‘All India Induction Furnaces Association Conference (AIIFA) on Strengthening Green Steel Production’ here.AIIFA Secretary General Kamal Agarwal enumerated the problems being faced by the sector including lack of financial support from banks, varying power tariffs in states, and non-acceptance of the products by government bodies such as NHAI, CPWD, Railways.Besides, there is a shortage of scrap which is required for making steel through electric furnace route. Duty on import of scrap is another issue.Responding to this, Singh said his ministry will take steps to address all issues of the sector which has the potential to create employment for 3 crore people.

“There are certain points which need attention of our ministry and also we can take some with other ministries."He also urged the industry to work on technology."We are way behind in technology. You will have to think out of the box. The ministry has also announced a competition to encourage innovative ideas."The minister said he sees potential in the industry in terms of production and job creation and therefore he will provide all support to it.Steel Secretary Aruna Sharma informed the members of the industry that the duty on nickel has already been removed and the ministry has requested the Revenue Department to remove the duty on ferro-nickel and stainless steel scrap.

Source: Business Standard

Coastal shipping will help cut logistics cost: Steel Minister

Union Steel Minister Chaudhary Birender Singh said coastal shipping being encouraged under the Sagarmala project would help reduce logistics cost incurred by steel and other major industries drastically.He was speaking after flagging off the first consignment of 10,000 tonne of products of Rashtriya Ispat Nigam Limited (RINL) from the Visakhapatnam Port by coastal shipping.Union Shipping Minister Nitin Gadkari participated in the ceremony via a video link. RINL has entered into a ₹75-crore agreement to transport its products by coastal shipping for a year to its stockyards in Mumbai, Kochi, and Ahmedabad as a pilot project through Shreya Shipping and Logistics and Srivalli Shipping and Transport.The maiden consignment was sent by the general cargo vessel, SSL Sabarimalai.

Terming the shipment of RINL products by coastal shipping as a momentous occasion, Mr. Singh said the steel industry could play a key role in automobile and shipbuilding sector. Ferrying their products by sea and inland water transport would be eco-friendly, fuel-efficient and cost-effective.Stating that India had emerged as a key player in the global economy, he asked the steel industry to lay emphasis on exports to contribute more to the growth of the GDP and increase foreign exchange earnings.He said India should emulate the success story of China and the Europe in making use of coastal shipping for slashing significantly the logistics cost.He said, at present, the logistics cost in India was amongst the highest in the world, but the Sagarmala programme had the potential to unlock the full potential of India's coastline and waterways and make the logistics sector competitive with the world standards.Coastal shipping was cheaper than road or rail by 60-80% and would reduce the burden on rail and road transport. He observed that an overall cost saving of around ₹40,000 crore per annum was estimated from this project by 2025.

New era: Gadkari

Mr. Gadkari, in his address, said a new era had begun with RINL taking the lead in transporting its products by coastal shipping. He said while spending 18% of production cost on logistics it was only 8-10% in China and 12- 13% in the Europe. Coastal shipping would help save ₹200 to ₹300 per tonne of steel, he stated.HRD Minister Ganta Srinivasa Rao, MPs K. Haribabu and M. Srinivasa Rao, RINL CMD P. Madhusudan, VPT Chairman M.T. Krishna Babu, and Additional Secretary of Steel Saraswathi Prasad were present.

Source: Metal Junction

JSW Steel profit rises 29% on higher exports

JSW Steel reported a 29 per cent increase in net profit at ₹836 crore in the September quarter against ₹647 crore logged in the same period, despite pressure on realisation and high cost.Sales were up 17 per cent at ₹16,638 crore (₹14,180 crore).Steel sales were up two per cent at 3.92 million tonnes (mt), while crude production was flat at 3.94 mt. Steel production at the company's unit in Tamil Nadu was impacted by water scarcity and shortage of iron ore supply took a toll on output at its Vijayanagar plant in Karnataka. Seshagiri Rao, Joint Managing Director, said operational challenges apart, import of steel from China doubled to 8.22 lakh tonnes in the September quarter as it dumped sub-standard material below the market price.The minimum import price of $490 a tonne fixed by the government to protect domestic steel producers has become ineffective as globally the price crossed $560 a tonne, he said.With major portion of domestic demand being met by imports, JSW Steel exported 1 million tonnes during the quarter under review.

Claiming that China had managed to dump steel into India despite Indian prices (excluding taxes and transportation cost) being 10 per cent cheaper than global prices, said Rao.On the company's bidding strategy for stressed asset, he said it will take a calculated step as it has ample room for brownfield expansion and will not stretch itself financially just because some assets are available."The overall cost for the company's 18 million tonne capacity works out to ₹3,000 crore per million tonne and we need a compulsive reason to bid anything above this for a stressed asset," he said.The company's net debt reduced to ₹42,764 crore, while the cost of borrowing was down by 5 basis points.Globally, he said trading on equity shares of companies under the NCLT process is suspended to curb speculation. "When the secured creditor is made to take hair cut of 50-60 per cent, how can unsecured investors in equity can be allowed to speculate and make money," he said.With firm coal prices, JSW Steel plans to restart coking coal mining in the US by end of this fiscal.The company is waiting for the Court-appointed Monitoring Committee in Karnataka to enhance the overall iron ore production cap beyond 30 mt as it has approved mining plan for 33 mt at its Category 'C' mines.

Source: Metal Junction

SAIL to enhance iron ore production in Jharkhand mines

Steel Authority of India Limited (SAIL) is going to enhance its iron ore production from the mines in Jharkhand. Along with expansion and modernisation of its mines in the state, and is working for development of remote villages of Jharkhand.The company has showcased its activities in its pavilion at the Jharkhand Mining Show 2017 opened at the HEC Ground in Ranchi recently. In response to the call of the Jharkhand government SAIL has joined hand in the development initiative of the state government. Chief Minister, Jharkhand, Raghubar Das, has inaugurated the SAIL pavilion at the exhibition. While visiting the stall, he showed interest in the activities and development of SAIL.

CONGRATULATIONS

Shri SC Suri, past-Chairman, IIM Delhi Chapter, has been bestowed the Distinguished Contributor Award 2017 for his outstanding services for promotion of metallurgical activities in The Indian Institute of Metals.

He received this Award at the NMD-ATM 2017 event held at Goa on 14th November 2017.

Delhi Chapter extends heartiest congratulations to Shri SC Suri on this coveted achievement.

SAIL emphasises on sustainable mining. Apart from flux and coal mines, SAIL has major iron ore mines at Kiriburu, Mehgahatuburu, Gua and Chiria in Jharkhand. SAIL has planned to increase its hot metal production to 23 MT for which the iron ore requirement will be met from its captive mines spread over Jharkhand, Odisha and Chhattisgarh. The enhanced requirement of iron ore supply will be met from these mines, for which SAIL has embarked on expansion and modernisation of its mines. The expanded capacity of Jharkhand's Kiriburu, Meghahatuburu, and Gua mines will be 5.50 MT, 6.50 MT and 10.0 MT. The Chiria mines will be developed in phases, 7 MT in first phase and 15 MT in second phase. Participation of SAIL in the Mining Show conveys significant message to be a partner in the progress of the Jharkhand.

Along with expansion of mines SAIL has been working on several CSR projects in remote villages of Saranda region. In last 6 years SAIL has spent over Rs. 36 cr on various CSR projects exclusively in Jharkhand mines area. In mines area the company mainly focuses on identified areas like education, health and hygiene, medical facilities in villages, women empowerment, employability enhancement, infrastructure, sports and cultural development. In the exhibition SAIL has put up panels to display its wide range activities along with its products and plants.

Source: Metal Junction

U.S. Steel profits nearly triple year-over-year

U.S. Steel turned a profit of $147 million in the third quarter, up from $51 million in the third quarter of 2016.The Pittsburgh-based steelmaker beat analysts' expectations, earning $0.83 per share. It declared a dividend of $0.05 per share."Our third quarter results were modestly better than we expected," U.S. Steel President and CEO Dave Burritt said. "Our results for the first nine months of 2017 improved over the first nine months of 2016."U.S. Steel brought in $299 million in operating cash flow in the third quarter, including a $160 million profit from its flat rolled operations that include Gary Works, East Chicago Tin and the Midwest Plant in Portage. The steelmaker now has $3.5 billion in liquidity, including $1.7 billion in cash."Our balance sheet continues to improve, with net debt decreasing by $200 million in the third quarter, to $1.2 billion," Burritt said. "Our total liquidity also increased during the quarter, which leaves us well positioned to continue the implementation of our asset revitalization program."U.S. Steel expects to make $323 million this year, or $1.83 per share, if market conditions persist.

"We remain focused on our operations, revitalizing our assets, and developing our talent. We are seeing operating improvements in the assets in which we are investing," Burritt said. "This increases our confidence that we will achieve the 2020 improvement targets we have disclosed. We believe the attention to our assets and employees, with continued focus on improving safety, quality, delivery, and cost, will result in improved operating reliability and enable us to remain a strong business partner for our customers."Burritt said the steelmaker is going forward with plans to build a new galvanizing line in Ohio instead of Portage.

"In addition to the increased focus on our operations, we also are continuing to develop the next generation of steel products for our customers," he said. "Our Generation 3 steels will provide superior formability and high-strength properties while using a low-alloyed approach for robust weldability. To expand our capabilities in Generation 3 steels, we announced a few days back that a new continuous galvanizing line will be constructed at our PRO-TEC Coating Company joint venture, which will allow PRO-TEC to produce these Generation 3 steels with a hot-dipped zinc coating."

Source: Metal Junction

GOOD NEWS FOR DELHI CHAPTER

As the esteemed members are aware, The Indian Institute of Metals (IIM) has 53 Chapters spread pan India. The IIM gives best Chapter Award every year on the basis of evaluation of certain parameters which include technical activities, organisational issues, communications, membership development and financial performance. The IIM gives the Best Chapter Award after evaluating performance of all the chapters against the above parameters.

Delhi Chapter is glad to inform all its members that our Chapter has been conferred Second Best Chapter along with Kolkata Chapter for the year 2017

Tata eyes steel hub role for Thailand

Rajiv Mangal, president and CEO of Tata Steel (Thailand), said the Thai unit was part of a global organisation, "and hence we get support in terms of best practices in research and development, technology, human resources and safety" from the parent group in India. "Internally, it's a multi-location manufacturing operation and hence it gives us a sustainable and stable supply position within the country," Mangal said. "Over the years we have developed Thailand products to be well above the domestic or international standards and have a strong product development team to back up any new product development.

"If you see Thailand a hub for the supplying of business to neighbouring countries, yes, Thailand enjoys a very good reputation in the region as made-in-Thailand is a status that identifies a premium product. We will definitely be looking forward to increasing our production from Thailand and to selling these products in the neighbouring geographies as a matter of high price, high premium, high-quality products going ahead." He said that Tata Steel (Thailand) believes in looking for long-term profitable and sustainable growth, so the company's priorities include reaching its full capacity and making sure that the financial returns are better than the cost of capital. He added that the company should soon return to being a dividend-paying company for the benefit of its shareholders.

In terms of market share, Tata Steel (Thailand) is the leader in long products and the company expects to maintain its position, whether it be in rebars or wire rods, Mangal said. He said that in terms of growth for the Thai industry this year, the expectation is that there will be slight contraction or reduction in the steel market in 2017. "The number is somewhere between 5 and 6 per cent, and the overall steel consumption in Thailand for the calendar year 2017 is likely around 18 million tonnes," Mangal said. "The key driver for this has been a slowdown in construction activity during the year. Overall automobile production has improved in the last quarter, so that will partly offset the drop which is expected in construction. But still, for the full year 2017, we expect the steel consumption in Thailand to drop as compared to 2016." Tata Steel (Thailand) Plc reported its financial results for the second quarter of fiscal 2018, ending in September. It recorded its best quarterly sales volume of wire rods and cut and bends products. Net sales during the second quarter of fiscal 2018 were Bt5.78 billion, up 26 per cent over the previous quarter and 25 per cent over the same period last year. "In terms of Tata Steel's strategy for this market, we believe in a stable, sustainable position, and hence we have been improving our product mix," Mangal said. "In terms of rebars, we have introduced seismic bars. We have increased the strength of steel from SD 30 to 40, 50 and now we are talking of SD 60. We are giving value-added product for cut and bend, which is useful for Thailand considering the shortage of labour in the industry that we have. "We have upgraded and improved the quality of our wire rods and, supported by the Ministry of Commerce against cheap dumping, we expect the wire rod business to go up. So, we will continue to look at better products and better service to our consumers and yet at the same time keep costs under control."

Source: Metal Junction

Centre wants to increase use of pellets in steel plants

The Centre is planning increased use of pellets as a raw material in the blast furnaces of integrated steel plants in the country.Union Minister of Steel Chaudhary Birender Singh, who participated at KIOCL's programme of 'Rashtriya Ekta Divas', said the pellets are converted out of iron ore fines and beneficiated low grade ore, which are abundantly available in mine heads. KIOCL, being pioneer in the pelletisation industry, can contribute immensely in utilising these resources, he said.The focus of NDA government is to ensure a quantum jump of steel exports and India emerge as a net exporter of quality steel. "It is very important that we ensure quantum jump in production of steel and also that whatever the country produce product it should be consumed and imports minimised. We are trying to have Joint ventures with foreign companies which has latest technology and produce high-end steel which is used for defence and automobile purposes," he said.

Urging the steel producers especially PSUs to take the lead in increasing steel exports from India saying that the current share of steel exports was just 1.4 per cent and it should be enhanced up to 5 to 6 per cent. Singh said minimum import price restrictions and anti-dumping measures had helped bring down steel imports by nearly 40 per cent.He further said in the 2017 steel policy the government had targeted to create a capacity of 300 million tonnes of steel in the country and also to produce 260 mt of steel."The policy has made it clear, any transfer of technology or the response for FDIs would be welcomed by our ministry," he added.

CMD (Addl. Charge) & Director (Commercial), KIOCL Subba Rao made a presentation on the expansion and diversification plan of the company along with plans for Vision 2020-22 .Rao apprised Union Minister of the challenges faced by the company on closure of its Kudremukh mines and said that the Karnataka government has allocated an iron ore mine at Devadari, Bellary district to the company.

Source: Metal Junction

JSW Steel seeks green nod for Odisha mega steel plant

Sajjan Jindal-controlled JSW Group with interests in steel, infrastructure and energy, has sought the green nod for its mega steel plant cum captive power plant (CPP) proposed near Paradip in Odisha.The company has applied for environment clearance for the crude steel plant of 13.2 million tonnes per annum (mtpa) and 900 Mw CPP to be set up within the integrated steel plant complex. The expert appraisal committee (EAC) of the Union ministry of environment, forest & climate change (MoEF&CC) would take up JSW Steel's case at its upcoming meeting on industrial projects."JSW's bid for environment clearance for steel plant and CPP would be vetted by EAC at its next meeting for industrial projects. Along with the steel plant and CPP, a cement unit by the group is also on the agenda", said an official source.

JSW Steel had originally proposed to set up a 10 mtpa capacity shore-based steel plant in Odisha. It had asked for 4500 acres of land for the steel mill. Later, the company has submitted a revised project plan, intending to go for a higher capacity steel project.With the reconfiguration in its proposed project expected to be accompanied by the latest technology, JSW Steel is likely to settle for a smaller land parcel measuring 2700 acres. The Odisha government is set to hand over the same land acquired originally for a 12 mtpa steel project proposed by Posco. JSW Steel had sought the same land which the state-owned Odisha Industrial Infrastructure Development Corporation (Idco) procured from betel vine growers and other farmers. The steel firm had asked for transfer of all land parcels at the rate of Rs four lakh per acre

JSW Steel has pledged an investment of Rs 50,000 crore on the steel project and associated facilities. The steel plant is expected to go on stream in four years from the zero date and when fully operational, it will create jobs for around 50,000 people. To optimise raw material costs, JSW Steel has committed an investment of Rs 3700 crore on a slurry pipeline for transporting 30 million tonnes of iron ore each year from Joda to Paradip. Both the projects have been approved by the High-Level Clearance Authority (HLCA), the highest body to clear investments.To secure iron ore supplies for its integrated steel project, the company has pitched for a long-term agreement for 50 years with state-owned Odisha Mining Corporation (OMC) to supply 30 million tonnes per annum of iron ore fines at IBM (Indian Bureau of Mines) declared price.

Source: Business Standard

Indian steel shortfall causes clash over Railways demand for rail imports

India's steel and rail ministries are at loggerheads over the state-run network's proposal to buy much-needed rails from overseas, a move that would undermine Prime Minister Narendra Modi's drive to build key infrastructure in India. The Ministry of Railways, which manages the world's fourth-largest rail network, has grappled with a spate of accidents. Modi's government wants to overhaul the country's ageing tracks, but shortages of steel produced by state-run Steel Authority of India Ltd (SAIL) have slowed progress.The clash highlights the dilemma the government faces as it tries to promote local production through the "Make in India" campaign at the same time it faces resistance from some state buyers who need to procure goods as quickly and cheaply as possible.

Indian Railways issued a tender seeking 717,000 tonnes of steel rails on Oct 18, which was the first time the state-run railroad operator sought overseas rails. The tender could be worth an estimated 30 billion rupees (USD 464 million) for global steel majors such as ArcelorMittal and ThyssenKrupp.That amount will make up SAIL's shortfall for the next two financial years.For the financial year for 2017/18, SAIL is expected to supply 920,000 tonnes, only 65 percent of the target, according to a letter sent by Indian Railways to the Steel Ministry dated Oct. 18 and reviewed by Reuters.

In 2018/19, SAIL is expected to supply 1.3 million tonnes, falling short of 1.5 million tonnes sought by the railways, the letter showed."We require rails. SAIL is not able to deliver the rails. That's it," said Ashwani Lohani, the chairman of the Railway Board which manages Indian Railways for the Ministry of Railways.He said Indian Railways had "no intention to change the tender", which is the first time the company ever sought overseas rails.SAIL did not respond to requests for comment.

The Ministry of Steel urged Indian Railways not to violate the "Make in India" policy that requires all infrastructure projects worth more than 500 million rupees to use locally-made steel.In a meeting a few days back, Steel Ministry officials asked the railways to abide by procurement rules that require steel for major infrastructure projects to come from domestic producers, three people who attended the meeting said.

Exemption Sought

Indian Railways maintains that passenger safety justifies an exemption to the "Make in India" policy. The government could allow an exception if there are shortages or specific grades of steel are unavailable.In a letter to Lohani from Aruna Sharma, the secretary at the Steel Ministry, dated Oct. 23 and reviewed by Reuters, the ministry urged the railways "to follow the procedure" on steel procurement but said it would examine the need for a waiver. In September, Modi named a new railways minister to oversee a $130 billion, five-year modernization programme and to replace some of the 92,000 km of tracks operated by Indian Railways.

The railways are a lifeline for the more than 20 million mostly poorer people who use it every day. In February, the government launched a $15 billion fund dedicated to ending the rising number of train accidents caused by track defects.India's state-owned companies such as SAIL maintain large roles in key industries and infrastructure projects, despite struggling with inefficiencies.Reuters has previously reported that the railways this year considered ending SAIL's decades-long monopoly supplying steel. Private firm Jindal Steel and Power, the only domestic alternative, pitched its services at its recent meeting, the three people attending said, but railway officials raised concerns that it lacks experience building rails.

Source: Metal Junction

Moody's upgrades rating outlook for Tata Steel to 'stable'

Moody's Investors Service said a few days back it has changed the ratings outlook on Tata Steeland Tata Steel UK Holdings Limited (TSUKH) to stable from negative, a change that reflected its expectation of a sustained improvement in financial performance by Tata Steel and Tata Steel UK and strong growth trends in its key operating markets. Explaining the rationale behind the move, Kaustubh Chaubal, a senior Moody's analyst said: "The change in the ratings outlook to stable from negative reflects our expectation that a recovery in the financial performance of TSUKH and Tata Steel over the last few quarters will continue over a longer term, leading to a sustained improvement in its credit metrics."

Moody's has also affirmed Tata Steel's Ba3 corporate family rating (CFR) and TSUKH's B3 CFR and has withdrawn the B3-PD probability of default rating for TSUKH. Additionally, the agency noted that strong growth prospects, in particular, in Tata Steel's key operating markets of India, Europe and South East Asia with apparent steel consumption slated to grow, amid capacity removals in China, augur well for Tata Steel. In particular, Moody's expects China's steel production capacity to continue to decline. Environmental protection measures in China have forced the closure of inefficient mills and prompted consolidation in the industry, leading to a decline in Chinese exports. This has supported regional steel prices which have firmed up subsequently.

On domestic demand, Moody's said it expects India's steel consumption to grow in the mid-single digits in 2017 and 2018, on the back of economic activity with expected GDP growth in the 7.3 per cent - 7.5 per cent area. It also said that implementation of the goods and services tax (GST), which was introduced in July 2017, will help the organized sector, and players with strong brand recall like Tata Steel, will be major beneficiaries. Additionally, Moody's also expects Tata Steel to gain in Europe, by far its second largest market by volume, with expected annual shipments of 10 million tonnes (mt) in the fiscal ending March 2018 (FY18). A sustained demand from key user industries, such as automotive, construction and capital goods, is tipped to lead growth in apparent steel consumption in Europe by an estimated 2 per cent in calendar 2017 and by 1.5 per cent in 2018.

As a result, consolidated earnings before interest tax, depreciation and amortization per tonne or per tonne EBITDA is expected to average around Rs 7,500-7,900 in FY18, higher than the stableoutlook trigger of Rs 7,000. Moreover, with half the sales volumes from the higher profitable Tata Steel India (TSI) business -- that generates EBITDA/tonne in the Rs 10,000-Rs12, 000 range --will drive a meaningful improvement in consolidated earnings.

With no large capital expenditure and investment needs, free cash flow generation will improve and allow deleveraging. Following Tata Steel's signing of the memorandum of understanding (MoU) with Thyssenkrupp AG in September 2017, Moody's said it expects Tata Steel to enter into a definitive agreement for a joint venture of its European business by March 2018 and the consummation of the joint venture by March 2019. The change in the ratings outlook to stable also rests on Moody's view that Tata Steel will maintain a cautious approach when evaluating expansions or potential acquisitions. "Large debt-funded investments, if any, that slow the pace of leverage correction could weigh on the ratings. However, given the significant improvement in operating and financial metrics, there is sufficient headroom under the ratings," the Moody's statement said.

Source: The Economic Times

Crude steel output jumps 5.5% to 8.65 MT in October

Domestic crude steel production rose by 5.5 per cent to 8.65 million tonnes (MT) in October 2017 compared to 8.19 MT in the same month last year, according to the official data."During April-October 2017, crude steel production was 58.416 MT, a growth of 4.7 per cent over the same period of the last year," the Joint Plant Committee (JPC) under the Ministry of Steel said in a report."SAIL, RINL, TSL, Essar, JSWL and JSPL together produced 33.515 MT," the report said, adding that the rest 24.901 MT came from other producers.The country had produced 55.805 MT crude steel during the first seven months of the preceding fiscal. In October, the overall production of total finished steel was at 9.354 MT, up by 6.9 per cent over October 2016.

"Production of total finished steel for sale was at 61.375 MT during April-October 2017, a growth of 5.1 per cent over same period of last year," the report said.In April-October, hot metal output stood at 38.129 MT, registering a growth of 1.1 per cent over the same period last year, the JPC said in its report, adding, "Overall hot metal production in October 2017 (5.744 MT) was up by 3 per cent over September 2017 but was up by 2.3 per cent over October 2016."During the seven-month period, the country's pig iron production for sale was at 5.353 MT, a decline of 2.9 per cent over the same period last year. Overall production for sale of pig iron last month at 0.777 MT was down by 0.8 per cent over September 2017 and 3.1 per cent lower when compared to October 2016. Empowered by the Ministry of Steel, the JPC is the only institution in the country which collects data on the Indian iron and steel industry.India is the third largest producer of crude steel in the world after China and Japan. The country is now aiming to grab the second spot.

Source: Metal Junction

SAIL, ArcelorMittal asked to expedite steel JV: Official

The government said a few days back that it has asked state-owned and the world's largest steelmaker ArcelorMittal to expedite setting up of their proposed joint venture for a Rs 5,000-crore auto-grade steel plant. "I think they (both the parties) have set certain timelines. They are moving on those timelines. We have asked them to expedite it (the proposed joint venture)," Steel Joint Secretary Sunil Barthwal said here. He was speaking to reporters on the side-lines of India Steel Summit 2017 organised by Assocham. When asked about the proposed joint venture, Barthwal said, "Both the parties are negotiating the final agreement. So, as soon as that is finalised they should come with it".

Steel Authority of India (SAIL) and ArcelorMittal in May 2015 entered into a memorandum of understanding (MoU) to explore the possibility of setting up an autograde steel manufacturing facility under a joint venture in India. There were some technical issues with regard to the JV which the government is trying to sort out, the official said. The much-awaited joint venture will also focus on producing specialised grade steel products for defence, space and automobiles. The proposed JV will construct a cold rolling mill and other downstream finishing facilities in India, touted as one of the fastest-growing automotive markets in the world with production expected to double between 2014 and 2020, from 3.6 million units to 7.3 million units.

The proposed JV will construct a cold rolling mill and other downstream finishing facilities in India, touted as one of the fastest-growing automotive markets in the world with production expected to double between 2014 and 2020, from 3.6 million units to 7.3 million units. A task force team comprising representatives from both SAIL and ArcelorMittal has been working on detailed due diligence and preliminary feasibility study and all other issues for setting up the joint venture company.

Source: The Economic Times

SAIL Q2 net loss narrows to Rs 539 cr

State-run Steel Authority of India Ltd (SAIL) said its standalone net loss narrowed to Rs 539.06 crore for the quarter ended September 30, 2017.The PSU had clocked a net loss of Rs 731.58 crore in the corresponding quarter of 2016-17, the company said in a BSE filing.Total standalone income of the Maharatna firm rose by 8 per cent to Rs 13,666.05 crore in July-September period of this fiscal from Rs 12,645.76 crore during the same quarter in 2016-17.

Total expenses also rose by 2.72 per cent to Rs 14,108.84 crore in the quarter under review as against Rs 13,734.80 crore in the year-ago period.State-run Steel Authority of India Ltd (SAIL) said its standalone net loss narrowed to Rs 539.06 crore for the quarter ended September 30, 2017.

The PSU had clocked a net loss of Rs 731.58 crore in the corresponding quarter of 2016-17, the company said in a BSE filing.Total standalone income of the Maharatna firm rose by 8 per cent to Rs 13,666.05 crore in July-September period of this fiscal from Rs 12,645.76 crore during the same quarter in 2016-17.Total expenses also rose by 2.72 per cent to Rs 14,108.84 crore in the quarter under review as against Rs 13,734.80 crore in the year-ago period.Simultaneously, the company is optimising the utilisation of its finishing facilities to increase the high-value product offerings for better market realisation.

SAIL said its operational performance also exhibited good numbers in Q2 FY18 by registering the highest ever quarterly saleable steel production at 3.659 Million Tonnes (MT) surpassing the previous best of 3.626 MT achieved in Q4 FY17.SAIL Chairman P K Singh said, "Our focus is on reducing operating cost of assets, prudent finance management, efficient production process and increased share of value added and branded products is beginning to show results."SAIL is aiming to supply large quantities of steel in prestigious projects including Sagarmala, upcoming Bharatmala project and railway expansion, Singh said.

"As part of SAIL's turnaround initiatives, our continuous large group communication exercises across units have helped embed our priorities in the company's collective psyche, which will keep strengthening SAIL's foundations for profitable growth," he added.SAIL has supplied steel to various mega projects like Agra-Lucknow Expressway, Lucknow Metro rail project, Sardar Sarovar Narmada Nigam Ltd (SSNNL) project and the country's longest river bridge -- Dhola-Sadiya -- in Assam.

MAJOR PLAYERS

- Vedanta, which produced 0.96 mt of aluminium in FY17, is on course to clock an annual output of 1.6 mt in FY18
- The combined capacity of Aditya Aluminium and Hindalco would be 1.3 mt. The group, as a whole, produced 1.26 mt of aluminium in FY17
- The other major producer of aluminium, the public sector National Aluminium Company (Nalco), would be in the third spot with an annual capacity of 0.42 mt

Source: Metal Junction

Vedanta eyeing more stressed steel assets

Vedanta is looking to up its ante in the battle for stressed steel assets, albeit a little late. The natural resources conglomerate had submitted an expression of interest (EoI) for Electrosteel Steels. However, according to sources the EoI came 10 days after the last date of submission, which was October 9."The EoI is not being accepted," the sources said. The qualified bidders for Electrosteel Steels are Srei Infrastructure Finance, Tata Steel, Mesco Steel, Edelweiss, Avalokiteshvar Valinv Ltd and Electrosteel Castings. Technically, however, it would be possible for Vedanta to align with any of the qualified bidders, the sources indicated.

An e-mail sent to Vedanta remained unanswered.

Electrosteel has a planned capacity of 2.51 million tonnes (mt) and has commissioned 1.5 mt. It was one of the 12 assets recommended by the Reserve Bank of India (RBI) for insolvency. The others facing insolvency in the sector are Bhushan Power & Steel, Bhushan Steel, Essar Steel and Monnet Ispat & Energy.For Vedanta, steel would be an uncharted territory. In an earlier interview, Vedanta Resources Chairman Anil Agarwal had said that the firm would only bid for assets that gave return on capital.From Vedanta's interest in the assets, it appears that the firm was primarily eyeing acquisitions in the east. Vedanta had submitted an EoI for the unlisted Bhushan Power & Steel, too, and emerged as a qualified bidder.

Bhushan Power has a steel-making capacity of 3 mt across Odisha, West Bengal and Chandigarh. A hot-rolled steel facility is in Odisha and cold-rolling facilities are in Kolkata and Chandigarh. It also has a captive power plant, a pellet plant and an iron-ore beneficiation plant. If Vedanta finally bids for Bhushan Power, it would be up against JSW Steel, Tata Steel, AION Capital, an investor from the UAE, and existing promoter Sanjay Singal. Sources also expect Vedanta to throw its hat in the ring for Bhushan Steel, which has a 5-mt plant in Odisha apart from facilities in Uttar Pradesh and Maharashtra. JSW Steel, ArcelorMittal and Tata Steel were also likely to participate in the bidding process for Bhushan Steel. The resolution plans for Bhushan Steel would have to be submitted by December 23.

Source: Metal Junction

Finished steel exports surge 45% in Oct; imports rise 11.5%

Export of total finished steel saw an annual jump of 45 per cent to 0.778 million tonnes during October 2017, according to official data.The overall exports of finished steel stood at 0.537 million tonnes in the same month last year, according to Joint Plant Committee's latest report."Export of total finished steel was up by 57.7 per cent in April-October 2017 at 5.626 million tonnes over same period last year," the report said.However, on month-on-month basis, export in October 2017 (0.778 MT) was 30 per cent lower than 1.115 million tonnes in September this year, it said.

On the other hand, the imports grew 11.5 per cent to 0.600 million tonnes in October this year from 0.538 million tonnes in the same month a year ago."Import of total finished steel at 4.916 million tonnes in April-October 2017 was up by 18.9 per cent over same period of last year," the report said.However, on month-on-month basis, the overall import in October 2017 was down by 25.7 per cent over September 2017, it said, adding India remained net exporter of total finished steel last month and during April-October 2017.

Consumption

The consumption of total finished steel in October 2017 grew by 5.5 per cent to 7.486 million tonnes from 7.093 million tonnes in the same month last year.On month-on-month basis, the consumption in October was up by 1 per cent over September this year.During April-October, "the consumption of total finished steel saw a growth of 4.5 per cent at 50.337 million tonne over same period of last year, under the influence of rising production for sale and imports," the report said.Empowered by the Ministry of Steel, the JPC is the only institution in the country which collects data on the Indian iron and steel industry.India is the third largest producer of crude steel in the world after China and Japan. The country is now aiming to grab the second spot.

Source: Metal Junction

Indian steel consumption growth sees good improvement

Domestic steel consumption growth has seen good improvement in September with India has been performing better than other countries. The sudden jump in consumption after remaining weak for last several months shows consumption of finished steel improved significantly with 7.6% year on year (y-o-y) growth at 6.7 million tonne (mt). However, on a year to date basis consumption stood at 40.6 mt, up 2.5%. Inventory in the system stands at 6.5 mt, down 1.19% from August 2016, a report by Emkay Global said citing provisional data from the Joint Plant Committee (JPC).Imports continued to contract, falling 46.2% y-o-y and 1.3% month on month to 611 kt in September 2016. For year to date FY17 too, steel imports fell by 37% to 3.59 mt. Exports on month on month basis, increased sharply by 111% to 655 kt but decreased by 3.7% month on month. For year to date FY17 exports grew by 35.6% to 3 mt.

According to World Steel Association (WSA) short range outlook, global demand for 2016 and 2017 is likely to grow to 1509.6 mt, in 2017 from currently 1498.7 mt, though year to date growth in consumption has remained tepid. Meanwhile, short range outlook by World Steel Association (WSA) has forecast just 0.2% and 0.5% demand growth for crude steel in 2016 and 2017 respectively, due to a challenging environment, geopolitical uncertainty and weakness in investment.

Source: www.auto.economictimes.indiatimes.com

Tata Steel rejigs roles of two key executives, move linked to merger with Thyssenkrupp

Tata Steel's decision to rejig the roles of two key executives — managing director (India & Southeast Asia) TV Narendran and group executive director and chief finance officer Koushik Chatterjee—is linked closely to its proposed merger with Thyssenkrupp in Europe and the focus to grow aggressively in India. The company's board, which met recently, elevated Narendran as the global chief executive and managing director, and re-designated Chatterjee as executive director and CFO. While both were previously reporting to the Tata Steel board, Chatterjee will now report to Narendran.While the move carves out a bigger role for Narendran, his leadership over the company's European steel business is likely to last only till the new joint venture is formed. Tata Steel and German major Thyssenkrupp announced a preliminary agreement to merge their European steel operations, creating the continent's second largest steelmaker after ArcelorMittal.Karl Kohler had been the managing director and CEO of Tata Steel Europe until he left the company in February 2016. After that Chatterjee took up a bigger role in the European unit.

"A fair resolution of the pension scheme in the UK will be key to securing Tata Steel's future prospects in Europe, be it in pursuing a merger with Thyssenkrupp or running a lean and profitable business in high-value steels," Chatterjee had told ET in an interview in May. After that, he led the group in negotiating an amicable settlement with the pension regulator in the UK and in financial restructuring of the company's debt portfolio. "With most of the contentious issues being resolved in the UK, there was a need to rejig his role," a group insider said.In the fresh scheme of things, Tata Steel has clearly set its sights on India. Tata Sons chairman N Chandrasekaran has said the company has the potential to double its India capacity, which currently is 13 million tonnes.

In its latest report on Tata Steel, Centrum Research also said "all eyes are on the capacity scale up" at the company.While organically the blueprint is in place between Jamshedpur and the new 3 mt plant at Kalinganagar, Tata Steel is expected to increasingly look at inorganic options to grow.It has reportedly bid for stressed steel assets like Essar Steel, which has been referred to the National Company Law Tribunal."In case it is successful in bidding for such assets, there are chances of Tata Steel's debt going up due to inorganic acquisitions and that's where Chatterjee's expertise will be crucial," a source said.

Source: www.auto.economictimes.indiatimes.com

Consolidating the Gains of Steel Sector

Steel and non-steel products produced in Nigeria are already competing favourably with those of the western world. Jonathan Eze writes on the breakthroughs.

Steel is at the heart of any country's economic development. It is one of the most important materials widely used for both domestic and industrial purposes throughout the world, hence the priority given to the sector.Besides accelerating the industrial development of a nation, a vibrant steel sector contributes to the growth of the Gross Domestic Product and exploitation of Nigeria's abundant natural resources.A vibrant steel sector also generates economic activities in downstream industries, creates job opportunities and acquisition of technical skills, and helps in the transfer of technology and provision of machine parts and tools.Thus, it was cheering when African Industries, a steel company that was founded in 1971 in Nigeria gathered stakeholders in the steel industry and their financial support partners, government representatives in Lagos and reviewed its operations and the feat it had attained especially in exporting locally made steels.

The Group Managing Director, Mr. Alok Gupta, told the gathering that it had been exporting non-steel products to regional markets for many years, and according to him, their steel products had to compete with big produces from Ukraine, Russia, China and other developed countries. "However, our constant effort in marketing backed by international certification and satisfied products sampling by user made it acceptable in these market. Recent adjustment of naira has made our product more competitive to the extent that a significant amount of our production is in now destined for export."Gupta projected what the company intends to achieve in future which are realistically attainable considering its antecedents.He said: "We are targeting to export between 150,000 – 200,000 metric tonnes of steel on annual basis to start with. Our export of steel during first nine months of this year, have increased over three folds by weight and value compared to the full last year 2016. To put numbers on it, in year 2017 for the first three quarters, our steel export are almost $13.5million compared to $4.1million in 2016 and we are expecting an additional $12million of steel exports in the final quarter of the year. "Overall, we expect over $25million in the current year 2017. We are proud to achieve this milestone due to combined effort of our team and enabling environment created by domestic industrial policies.

"However, there are many miles to go and it is just the beginning. There are many challenges both on logistics and fiscal policy issues. Sea freight between Lagos and other West African countries is almost double of what it cost to bring the steel product from Ukraine or China. For example, sea freight from Ukraine to Ghana is $35-40 per MT while from Lagos to Ghana cost $65 perMT, i.e almost 50 per cent more."We appeal to shipping companies operating in Nigeria to remove this abnormality and make a level playing field for us, if we really want Nigeria to emerge as global player in steel sector. We need our colleague, partner and workforce among port authorities and customs to ease the bottleneck associated with smooth flow of export cargoes through port, reduce the various charges to acceptable level so as to make Nigerian goods compatible in global market."

Towards making its business thrive more in the country, the firm urged government to "look at provision of current export incentives and make it attractive to induce us for more export. Current export incentive for fully Nigeria manufactured goods are enough to cover the cost incurred due to infrastructural deficiency like high transport cost to port, dollar denominated high natural gas price, abolition of various taxes and levies on export cargoes and export expansion grant".Earlier, the Group Executive Director, Mr. Uche Iwuamadi, told the audience that the essence of the meeting was to update their business associates from the federal government agencies, banking sector, embassies, customs and steel dealers, update them with their manufacturing activities in Nigeria.

According to him, "the major breakthrough which I called breaking news is that for the first time in Nigeria, we are now exporting steel , finished steel, made-in-Nigeria steel from Nigeria to other countries. That is just the news and it has been on for a while. At this very critical time in the country, where people are talking of forex for importation, they are calling this country import oriented nation, we want to change the wheel, now we are exporting our finished products meeting up international standards and are accepted globally. At least having met the requirement of local need that is the most important thing. We have been able to produce enough to meet the local market and that is why we are now thinking of exporting. That is the summary."

On how the company balances the issue of not having enough scrap locally, Iwuamadi said: "In fact, there is no need of importing finished iron rods into this country, there is no basis for that. As at the moment, the number of manufacturing plants in steel in this country, if they go into full production, including us, we are not yet doing 100% capacity. We are still doing below 70 per cent operational capacity, so by the time we have up to 100% capacity we will have excess.

"So the problem is not about meeting up demand but being able to operate at optimum level which we are not doing due to so many reasons. But that does not stop our export because the export driven part of it is a different segment entirely. This is an era where one of the major constraints of Nigerian businesses today is forex scarcity and if you can meet up to international standard, you can sell your product beyond your shores and earn forex for the nation. If everybody is thinking of producing something you can export, of course export would be separate segment of business. Back to your question and where we are exporting to. We are exporting to Ghana, Ivory coast, Morocco and Egypt."

Iwuamadi added that the company has invested over $1.1billion in Nigeria as a total investment of the group and plans to invest more in upcoming project and the exporting we are doing is saving the nation over $650million yearly. In the past, many people have been importing steel into this country, nobody talks about that because imported steel cannot compete with our own. We are in the same standard so you don't need to waste your money importing steel.On his part, the Minister, Mines and Steel Development, Mr. Kayode Fayemi, lauded the company's stride, saying that the federal government policy on privatisation of the steel sector was working. Fayemi who was represented by Director, Steel and Non- Ferrous Metals, Ministry of Mines and Steel Development, Mr. Ime Ekrikpo, assured operators in the sector of right policy support and incentives aimed at taking the industry higher.

"Our key target in the mining industry is the steel and we will give them all the necessary support to begin to produce iron ore," he said.

Also speaking at the event, President, Manufacturers Association of Nigeria, Mr. Frank Jacob, applauded the company's export feat. "In spite of harsh operating environment, they are able to produce, export and earn forex for the country. I congratulate them," he said. African Industries started in 1971 and they are manufacturing various types of Steel products such as Iron Rods, Angles, Channels, Pipes, wire related products – in total over 1 Million MT / annum is produced, representing 33% of the steel consumed in Nigeria.

Out of this quantity, the company produces over 50% of Iron Rods consumed in the country. It also manufactures other non -steel products such as sheet glass, Industrial chemicals, Refined

Lead, Wood based products such as plywood & other construction materials. The company generates its own electricity using Natural gas and sells its surplus electricity via the national grid.

The group is also in the process of setting up a large agricultural processing facility in the Northern part of Nigeria. It employs over 8,000 Nigerians and benefit lives of more than 100,000 Nigerians in the entire supply chain. The company in a statement added that its industries are located in Port harcourt, Abuja, Agbara, Ogijo, Ikorodu

It has invested over 1.1billion and plans are on the way to increase and further diversify their product portfolio.

On what has helped them progress, the company added: "The enabling environment created by Democracy has allowed us to work hard to manufacture liquid steel in Nigeria.

"Our technology uses the latest state of the art equipment and is safe and environmental friendly."We are the first steel plant to get all 3 ISO certifications such as ISO9001, 14001, 18001 certified by Rina Italy on IFC/WB guidelines."We are also the first and the only company in Nigeria and the second company in sub-Saharan Africa to have UK Cares British Standard certification. It also means we can sell Iron Rods into UK or Germany without anyone challenging our quality."African Industries boast of patronage from almost all the large construction companies and government parastatals. However, it concluded that with additional support from government, export grants will perhaps go a long way to sustain exports.

Source: www.thisdaylive.com.

India needs to develop 20-25% of steel capacity along coast by 2025 to meet export targets: Birender Singh

Steel minister Birender Singh has said India could aspire to develop 20-25% of its steel capacity along the country's coastline by 2025 to meet its export targets. The minister's comments came during an event when he flagged off the maiden coastal shipment of Rashtriya Ispat Nigam Limited(RINL), the corporate entity of Vizag Steel, marking the steel major's foray into sea trade for its domestic needs. Speaking on the occasion, the Steel Minister said the Sagarmala Project would transform the logistic sector and change the lives of those living along the country's 7500-km coastline. India could aspire for 25-30% of steel capacity to be coastal by 2025 to meet the requirement of steel exports, the minister said. At present, logistic cost in India is amongst the highest in the world but Sagarmala programme has the potential to unlock full potential of India's coast line and waterways and make logistics sector competitive with the world standards, he added.

Coastal shipping is cheaper than road or rail by 60-80% and reduces the burden on rail and road transport. He observed that an overall cost saving of around Rs.40,000 crore per annum is estimated from this project by 2025. While commending RINL for foraying into sea trade to strengthen its relationship with the coastal transportation for domestic requirements, he said and added that RINL should take advantage of utilizing its locational advantage for import of raw materials like coking coal and export of finished products. He lauded the inherent advantages of coastal shipping over land modes of transport adding that it is environmentally friendly, energy efficient and safer.

Source: The Economic Times

STEELMIN URGES STARTUPS TO INVEST IN STEEL SECTOR

Domestic steel sector offers immense business opportunities for start-ups, Steel Minister Chaudhary Birender Singh said recently. "The steel industry has a huge potential to generate opportunities for start-ups, and as production capacity increases, newer avenues will emerge," the Minister said at the inauguration of the steel ministry's pavilion at India International Trade Fair (IITF) 2017 at Pragati Maidan here.The Minister also announced a Rs 10 lakh contest #myLOVESTEELidea challenge. The best three ideas on steel- related innovation, deployment or commercialisation of new product, processes or services or intellectual property would get reward of Rs 5 lakh, Rs 3 lakh and Rs 2 lakh. Singh also said that the country is moving towards 300 MTPA steel production capacity, adopting better technologies and increased leveraging of scrap-based steelmaking to drive this growth.The industry is also targeting zero waste to be more and more environment-friendly. Steel Secretary Aruna Sharma, , SAIL Chairman P K Singh, RINL Chairman, P Madhusudan, MECON Chairman Atul Bhatt, KIOCL Chairman MV Subba Rao and other senior officials of the ministry were also present at the event.

Source: Metal Junction

Tata Steel seeks one year more to start work at Odisha SEZ

Tata Steel has sought time till December 2018 from the government to start infrastructure development activity at its proposed 500-hectare, multi-product, Special Economic Zone (SEZ) project in Gopalpur, Odisha at a cost of ₹493 crore, saying it was awaiting formal environment and Coastal Regulatory Zone (CRZ) approvals.On the reasons for the delay in executing the project, a note on the agenda for the meeting of the inter-ministerial Board of Approval (BoA) for SEZs stated quoting Tata Steel Ltd. said, “As per guidelines of Ministry of Environment, Forest and Climate Change (MoEF and CC), development activities within the SEZ can only be taken up after approval of environment and CRZ clearances.” It added, “Tata Steel had applied for Environment Clearance (EC) on March 24, 2017 and CRZ clearances on July 3, 2017, and finally Expert Appraisal Committee of MoEF and CC. Recommended for grant of EC and CRZ clearance on October 16, 2017. The... approval letter of EC and CRZ clearance is expected by end of November, 2017, post which the infrastructure development activity would be taken up.”

8 extensions given

The BoA meeting agenda note said, “the Development Commissioner, Falta SEZ, (in charge of the matter) has recommended the request of extension for a period of a year, as requested (by the company) up to December 17, 2018 in view of the reasons given for the delay.” The project had received a Letter of Approval (LoA) from the authorities on June 18, 2007. It has already received eight extensions, the note said, adding that the first approval was only for three years. The LoA is valid up to December 17, 2017.Details of the business plan show that of the ₹493 crore, investment in land and site development is ₹230 crore, and another ₹123 crore is for construction, in addition to ₹70 crore each for ‘plant and machinery’ and ‘other overhead’. As per the note, the company had invested a total of ₹198.46 crore till September-end, 2017.The matter will be considered by the Board of Approval, the apex decision-making body on SEZ related issues.

Source: Metal Junction

Rising gas prices hurting margins of Essar Steel, Torrent Power

The uptick in global natural gas prices coupled with a bullish outlook for the commodity is worrying select

domestic steel and gas-based power units as capacity utilisation is dropping, resulting in bleak margin visibility going ahead. In the domestic steel sector, where most producers are running at 100 per cent capacity utilisation, the Ruias-owned Essar Steel is witnessing dwindling utilisation levels amid rising gas prices. The company has a 10 million tonne steel capacity, of which 70 per cent is gas-based. The company relies largely on imported gas to meet its requirement. The landed cost of gas for Essar Steel has risen to $10.16 per mmbtu in November from $7.4 per mmbtu in June this year.

“The three dollar rise in gas prices translates into an additional cost of Rs 2,500 per tonne of steel making. This makes Essar Steel less competitive in the domestic market,” a source close to the development told *Business Standard*.While company officials declined to comment, they confirmed that the volatility in gas prices is a challenge for Essar Steel.All of Essar Steel’s peers such as Tata Steel, Sajjan Jindal-led JSW Steel, Jindal Steel & Power and Steel Authority of India (SAIL) use coking coal as their feedstock fuel to run capacities. Globally, natural gas prices have been rising due to upcoming winter demand amid 5.5 per cent drop in US natural gas inventories over last year. Experts are of the view that after exceptionally low average gas prices in 2015 and 2016, average annual prices are likely to rise both in 2017 as well as 2018. The gas price in US market is currently at $3.09 per mmbtu and is up almost 20 per cent from $2.56 per mmbtu in February after having hit a peak of $3.44 per mmbtu in May this year.

Apart from steel, around 25,000 MW of gas-based plants are stranded due to the non-availability of gas at reasonable prices. Currently, state-owned NTPC that has close to 2,400 MW of gas-based capacity is running at half its capacity due to a shortage in gas supply. Privately owned gas units, on the other hand, are running at plant load factor of less than 50 per cent.Among the listed companies, Torrent Power also relies on imported gas to run its plant in Gujarat. According to NTPC officials, gas is sourced from GAIL and any price change is passed on the power tariff. The official said GAIL's supply does not specify the amount of imported gas. According to a Care Ratings report, gas-based thermal power plants that constitute approximately 10 per cent of the total installed thermal power capacity would continue to witness lower capacity utilisation in the range of 22-25 per cent due to rising global gas prices. Of the 24,150 MW of gas grid-connected power generation capacity in the country, 14,305 MW is gas-starved at present. On this front, an investment of around Rs 60,000 crore is at the threshold of becoming a non-performing asset (NPA). The remaining capacity of around 9,845 MW, involving an investment of around Rs 40,000 crore, is working at a sub-optimal level, based on the limited quantity of domestic gas in India.

Source: Business Standard

Govt to ensure rising steel prices don't push up infrastructure project costs

The government will ensure rising steel prices do not lead to increase in cost of infrastructure projects. This is particularly significant since the steel ministry has already notified that preference will be given to locally made steel for procurement by the government and public sector undertakings. Rise in input costs and an improvement in demand, especially from segments like housing, railways and automobiles, led to the firming up of steel prices in the past few months. A slew of policy measures taken to protect the domestic steel industry from the threat of cheap imports have also started making a positive impact on the industry. During April-October 2017, consumption of total finished steel increased 4.5% to 50.33 million tonne over same period of the previous year.

"We will ensure there is no cartelisation, but at the same time we do not want prices to fall since it affects the companies. Our objective is to see that Indian infrastructure construction does not become expensive," steel secretary, Aruna Sharma said in an interview with ET. She said mechanisms such as reverse auction would help ensure international price discovery. The GAIL (India) tender was case in point, she said. It had invited bids for the Vijaipur-Auraiya-Phulpur pipeline project, but cancelled it following notification of the government policy in May 2017 that called for preferential procurement of locally produced steel in government projects. An exception was to be made only where specific grades of steel are not manufactured in the country or where the quantity sought cannot be met from domestic sources. "While the initial cost may appear a bit higher, promoting the use of steel in infrastructure projects not only makes the lifecycle cost affordable, but is also low-maintenance and environment-friendly," she added.

Source: The Economic Times

Tata Steel to leverage emerging technology to boost performance

Tata Steel is looking to tap emerging technologies to improve its performance, a top company official said."Technology is evolving and there is always scope to leverage it better to enhance performance", said T V Narendran, managing director & chief executive officer, Tata Steel during his visit to Kalinganagar, the site of the steel company's greenfield steel complex in Odisha.Narendran's visit to Kalinganagar coincided with the second anniversary of the dedication of the steel project.To mark the second anniversary, an exhibition was organised on the theme- 'Tata Steel Kalinganagar- Taking pride with every stride'. The exhibition sought to depict various milestones and operational excellence attained by operating departments of the plant in the last one year.Anand Sen, president (total quality management & steel business), Tata Steel said, "Customers' feedback has been overwhelmingly positive about the products being rolled out from Kalinganagar. Tata Steel Kalinganagar has positive effect on product mix of Tata Steel.''

Tata Steel Kalinganagar has adopted state-of-the-art technologies to ensure higher productivity with minimal impact on environment. It is leveraging the Coke Dry Quenching (CDQ) facility capable of handling 200 tonnes per hour at its state-of-the-art greenfield steel plant. This environment-friendly technology is helping in abating climate change by reduction in carbon-di-oxide emissions and reduction in dust emission while saving a significant amount of water.Rajiv Kumar, vice president (operations) of Kalinganagar project, Rajesh Ranjan Jha, vice president (engineering & projects), Tata Steel, D B Sundara Ramam, principal executive officer and other officers of Tata Steel Kalinganagar were present on the occasion.

Source: Metal Junction

EMERGING SEGMENTS TO DRIVE TATA STEEL'S KALINGANAGAR SALES

Tata Steel's Kalinganagar greenfield steel project is looking to tap emerging, value-added products and segments like construction & projects, pre-engineered buildings, oil & gas, lifting and excavation and shipbuilding. At full ramp-up, the new segments are expected to account for 30 per cent of total sales from the Kalinganagar plant.The steelmaker is almost close to operating the plant at full Phase-I capacity of three million tonnes per annum.

Tata Steel has conducted successful trials and started supplies to global leaders in lifting and excavation segment. It has also approvals from an oil marketing company for the supply of API grade steel, said a source close to the development. Products manufactured at Kalinganagar would help establish Tata Steel as a major player in large diameter water pipeline segment, besides strengthening its presence in the construction sector.Tata Steel did not respond to the *Business Standard*questionnaire sent via e-mail.

Presently, the company's Kalinganagar facility is servicing segments like hot-rolled commercial, LPG cylinders, precision tubes and Railways. The superior hot strip mill (HSM) at Kalinganagar compared to Jamshedpur, both in width and tensile strength, is capable of addressing to an array of customer requirements. The mill has developed high-end application products such as HS 800, DP 600, API X70/X80 and S355 for lifting and excavation segment.Through controlled cooling strategy in run out table of HSM, Tata Steel is developing high tensile grade material suitable for yellow goods and pre-engineered building customers. It is also developing new, targeted products for wheel rim applications, structural application for chassis reinforcement in light, medium & heavy commercial vehicles, thinner & high strength steel for solar panel structures and special grade steel for tubes used in high-end automotive applications.

Tata Steel is also keen to position its Kalinganagar plant as one of the biggest suppliers of high strength alloys to the automobile industry, especially alloys for car wheels. The steelmaker has commissioned the first phase capacity of three million tonnes per annum (mtpa) at Kalinganagar and this is entirely devoted to manufacturing flat steel products that find applications in automobiles and white goods.

Source: Business Standard

SAIL TO FOCUS ON VALUE PRODUCTS TO SUIT MARKET NEEDS: CHAIRMAN

Public sector steel major SAIL plans to come up with a range of quality products in the market and wants to focus on value addition along with volume growth, its chairman P K Singh said today.Citing stiff competition in the market, Singh said value addition to products and processes along with tailoring the quality as per market needs will prove to be a game changer for SAIL.The PSU steel giant is looking forward to offer an array of differentiated and quality products in market while focusing on both value and volume, a company statement quoted him as saying in his address to about 600 employees at Durgapur Steel Plant (DSP) in West Bengal. Singh further said that 1 MTPA (million tonnes per annum) capacity Medium Structural Mill (MSM) installed at DSP is capable of producing world-class structural steel products which have a high demand for various ongoing and upcoming infra and construction projects in India.Singh also said that with Railways' switchover to LHB coaches in next few years, wheels for new LHB railway coaches are in advanced stages of validation at DSP and the metallurgical testing of the wheels has already been completed.

The MSM is producing parallel flange beams, joists, channels and angles, which are primarily used by infrastructure and construction segments and considering the pick-up in infrastructure projects, metro connectivity, accelerated construction activities, Singh said."These products are all expected to translate into increased demand for such value added structurals. The company is also tapping world market for exporting its products where there is a demand for these," he added.The Durgapur plant, he said, is designed to produce 7.5 lakh tonnes of semis, where in association with R&D and Centre for Engineering and Technology (CET) will tap the huge market for special grade semis by targeting to produce 90 per cent semis as special steel grades and tie up for value added products of special steel.SAIL top management has been visiting company units and offices across the country as it aims at clearly conveying its top priorities and identifying main issues at plant level.The chairman had earlier visited SAIL's Bokaro Steel Plant where he held a group interaction with a cross section of more than 600 plant employees.

Source: Business Standard

SAIL to diversify product range

State-run Steel Authority of India Ltd (SAIL) is looking to diversify its product basket through value-added and ready-to-use product offerings.Plans are also afoot to scale up its presence in global markets by venturing into newer markets, said a press statement issued by the company.According to PK Singh, Chairman, with its new and modernised mills stabilising, the company will look at diversifying its product basket with several value-added and ready-to-use products."We will introduce several new and niche brands to the product basket. Gauging the domestic and international market, we aim to have a blend of both markets in our portfolio," Singh said, during his interaction with the marketing team and employees of SAIL in Kolkata.

Talking about scaling up presence in global markets, he said close to 10 per cent of its saleable steel production will be targeted for new markets overseas, including Africa, Philippines, Indonesia, Thailand, Sri Lanka and Bangladesh.SAIL would also be streamlining its channel management to address the needs of customers in untapped geographies."In the times to come, we will focus on retail sales with higher volumes and deeper reach along with exploring effective ways of transportation and logistics," he said.He also identified consolidation of its market leadership as a crucial tool for the turnaround of the company.

Source: Metal Junction

Global steel production just hit a record high

Global crude steel production hit the highest level on record in October, boosted by higher output in China, Europe, the US, India and Japan. According to the World Steel Association (worldsteel), production rose to 145.3 million tonnes, up from 141.6 million tonnes in September, surpassing the 144.8 million tonne record set earlier this year in August. Over the year, production grew by 5.9%, a slight acceleration on the 5.8% pace reported previously.China was once again the top individual producer with output lifting to 72.4 million tonnes, an increase of 6.1% on a year earlier. Of the remaining 65 nation's tracked by worldsteel, production levels jumped to 72.9 million tonnes, up from 69.7 million tonnes in September.Over the year, production outside of China grew by 5.7%.

Of the major producers, production in the EU rose to 14.75 million tonnes, up from 13.81 million tonnes in September. Output also increased in the US, India, Japan and South Korea, rising to 6.98 million tonnes, 8.63 million tonnes, 8.97 million tonnes and 6.2 million tonnes respectively. Russian output also bounced, lifting to 6.23 million tonne.Looking ahead, global production levels look set to decline in the coming months as production cuts in China — introduced to improve air quality during winter — take full effect.The cuts — curtailing as much as 50% of production in some northern Chinese provinces — began earlier this month and are expected to remain in place until mid-March next year.

Source: Metal Junction

MEPS Forecasts Global Crude Steel Output at 1.7 Billion Tonnes this year

World crude steel production is expected to expand, markedly, in 2017. Steel demand has rebounded, this year, amid an improving economic climate. A revival in investment is underway in many countries. Moreover, we note a continued firm level of consumption.MEPS has upgraded its prediction for steel output in China and the rest of the world. Global production is forecast to surpass 1.7 billion tonnes in 2017 – up by 5 percent, year-on-year. Outside China, the largest gains, are expected to be attributed to increased output in Iran, India and Turkey. These three countries have all recorded strong export sales, this year.A healthy performance is noted in the developed economies, with a recovery in steel supply and demand, in the EU and United States. Steelmakers worldwide, particularly scrap-based producers, have been able to raise output due to a reduction in the volume of Chinese finished and semi-finished steel exports.The outlook for steel production and consumption, in 2018, is broadly positive. However, MEPS predicts that the current growth levels are unsustainable in the long term. The recent upturn is largely cyclical and recovering from the lows witnessed in late 2015/early 2016. Steel demand growth is expected to weaken and the problems of structural overcapacity remain, largely, unresolved. Low capacity utilisation levels, in many countries, are likely to constrain mill profitability.

Source: www.worldsteel.org

Indian steel firms can meet railways' needs: government panel

Indian steel companies can meet the needs of the country's railways and local rail market entrants such as Jindal Steel and Power Ltd should be given a chance, a government panel said in a document seen by Reuters. Jindal Steel told the committee recently that it could supply up to 600,000 tonnes of rails per year to Indian Railways, which recently floated a global tender for 717,000 tonnes of rails.The committee on domestically manufactured iron and steel products for government projects is headed by the top bureaucrat in the steel ministry, which has said the tender went against government policy to prefer local steel in state projects."Prima facie there exists domestic rail making capacity for the tendered quantity of Ministry of Railways," said the minutes of a committee meeting held on Nov. 3, which were seen by Reuters.

"Reasonable supply quantity may be assured for the new domestic entrant to demonstrate their capability and build up the performance/ track record."State-run Steel Authority of India Ltd (SAIL), currently the main supplier of rails to Indian Railways, has struggled to supply the steel as the world's fourth largest rail network tries to upgrade and expand.SAIL is expected to deliver only around 950,000 tonnes of rails this financial year, which is two-thirds of the railways' needs, according to the document.In response, Indian Railways last month opened up the global tender for steel rail worth an estimated 30 billion rupees ($464 million) to private bidders for the first time. Global steelmakers such as ArcelorMittal and Thyssenkrupp could bid for the tender.

Source: Metal Junction

Second steel plant move in Vizag raises eyebrows

The second steel plant in the city mooted by the Government of India has raised many an eyebrow as Visakhapatnam Steel Plant-the integrated first shore-based steel plant was established after the 'Visakha Ukku Andhrula Hakku' agitation. Union Steel Minister

Chaudhary Birender Singh at the task force meeting held in New Delhi recently to review the promises made in the AP Reorganisation Act, 2014, announced that Greenfield steel plants would be set up at Kadapa making use of raw material available in Rayalaseema and a cold rolled coil steel plant in Visakhapatnam.

He hinted at an investment of ₹6,000 crore. The steel plant will come up under the supervision of Steel Authority of India Ltd (SAIL), sources said. Cold rolled coil steel is used for almirahs and other usage. Employees of Rashtriya Ispat Nigam Limited (RINL), the corporate entity of VSP, contend that the steel plant, the first in undivided Andhra Pradesh established after a lot of struggle is now in distress due to cash crunch, volatility of market and dumping of cheap steel by China."Instead of investing in a new plant, let the government help RINL make use of it premises by developing a steel sheet mill to roll out cold rolled coils," CITU leader J. Ayodhyaram said

Source: Metal Junction

SAIL targets 16% market share

With an eye on grabbing a larger share of the market, Steel Authority of India Ltd. is putting in place a revamped marketing policy which rests on distributor-centric sales, increased share of value-added and customised steel in the product basket and a wider global footprint."For SAIL, the new marketing strategy, with customer-retention through enhanced customer experience as its mantra, is a way-forward to consolidate its market leadership," Chairman P.K. Singh said.The government's 'growth-oriented policies and its focus on augmenting infrastructure through improved rail, road and air connectivity, and investment in ports and inland waterways, as well as the Make-in-India drive' all translate into increased demand, said SAIL officials.

Harnessing this opportunity through an aggressive customer-centric marketing policy, SAIL is aiming to increase its market share, by volume, from 14% to 16% by 2018-19."With stabilisation of most of our new and modernised mills, we are diversifying our product basket with value-added and ready-to-use products. SAIL will introduce new and niche brands also," Mr. Singh said after interacting with SAIL's marketing team.The marketing strategy would be focussed on increasing share of value-added steel in the basket from 37% now to 50% by next fiscal. It would also see the recast of the marketing model from the present dealership-based mode to a distributor-based model with focus on key-account management and increases in export volume and reach.

Domestic demand

SAIL's present capacity of 17 million tonnes of saleable steel production will increase to 21.4 million tonnes on completion of its more than Rs. 60,000 crore modernisation programmes by this fiscal."SAIL is aiming to seize the growing opportunities in the domestic steel market where demand is set to rise due to the thrust on infrastructure, housing and smart cities," SAIL executive director R.K. Singhal said.Products from the modernised facilities such as universal rail mill at Bhilai, new plate mill at Rourkela, structural mills and wire-rod mill at Burnpur and Durgapur and the cold-rolling mill at Bokaro will contribute to SAIL's value-added product basket.

These products mainly target the construction sector including roads, bridges, tunnels, housing, railways, industrial usage like power transmission boilers, pipes and also niche segments like defence and space research, company officials said.On the distributor-based marketing model , officials said that while SAIL already has a 2100-strong dealer network, it is planning to revamp the network into a two-tier distributor channel which will enable it to put in place a system of key account management for customer-satisfaction. It also sees this model as an enabler to help double its rural sales to one million by next fiscal.

Source: Metal Junction

Steel Ministry urges FinMin to remove import duty on stainless steel scrap

Along with ferro-nickel, the Steel Ministry also wants to bring down import duty on stainless steel scrap to zero, a top official said a few days back.The steel ministry has already made a request to the finance ministry in this regard."We have sent it (request) to Revenue

(Department under the finance ministry). Ferro nickel and stainless steel scrap, we have sent request (to remove the import duty) for both," Steel Secretary Aruna Sharma said in New Delhi. Recently, the secretary answering to a question related to the import duty on raw materials had said, "There are only ferro-nickel and scrap of stainless steel (which are being levied import duty)".In the Union Budget for 2017-18, the government had waived basic Customs duty on nickel, a key element used for making stainless steel, which stood at 2.5 per cent.

At present, the import duty on Ferro nickel and stainless steel scrap is 2.5 per cent. Acknowledging the steps being taken by the ministry to safeguard the interests of domestic steel industry, president of industry body Indian Stainless Steel Development Association (ISSDA) K K Pahuja said if the import duty on ferro-nickel and stainless steel scrap is removed it will bring down the cost of production of stainless steel in the country.Important elements like nickel and chromium are already present in stainless steel scrap, so the stainless steel industry will not need to get the two components, which will save time as well as cost of production, he said.When stainless steel is made with mild steel, these two components are added. So, removal of import duty on stainless steel scrap along with ferro-nickel will be a win win situation, Pahuja said.

It will also create a new market for manufacturing of various stainless steel products such stainless steel pipes for use in water supply. At present, in water supply galvanised steel pipes are used which catch leakages and are not corrosion-free so bacteria also develops in them. This leads to wastage of water and at times causes health issues.Besides, the plastic pipes get crack and catch fungus and algae, he said, adding that introduction of stainless steel pipes in water supply and storage will address these issues.The secretary said the life of stainless steel pipes will be more and maintenance cost will be near to zero.

Source: Business Standard

SAIL and ArcelorMittal to sign pact for auto-grade steel plant

Union Steel Minister Birender Singh said recently that the SAIL and ArcelorMittal will sign an MoU for forming a joint venture to set up a 1.5 million tonne per annum auto-grade steel plant, in the next few days."There is (will be) a JV between SAIL and Arcelor Mittal. That JV is almost finalised. And within few days that would be signed. It would be a JV (joint venture) of 1.5 million tonne capacity steel plant which would produce high-end steel which would be used in car manufacturing," Singh told PTI on the side-lines of the inauguration of the 20th Asian Men's Club League Handball Championship-2017. SAIL (Steel Authority of India Limited) and ArcelorMittal had entered into a memorandum of understanding (MoU) in May 2015 to explore the possibility of setting up an autograde steel manufacturing facility under a joint venture in India.

"In the times to come, maybe after one or two years you would see that India would be producing 27 per cent of total cars produced in the world and ultimately India would be a hub for car manufacturing. It (the JV) can be signed anytime. It has almost now...It is only the matter of time," he said.The proposed JV will construct a cold rolling mill and other downstream finishing facilities in India touted as one of the fastest-growing automotive markets in the world with the production expected to double between 2014 and 2020, from 3.6 million units to 7.3 million units.In May last year, an inter-ministerial group (IMG) had reviewed the progress of the MoU that aims to set up an estimated Rs 5,000-crore joint venture (JV) plant to produce auto-grade steel in the country.

Source: Business Standard

Domestic stainless steel output to rise 9% to 3.6 mn tonnes by year-end

Domestic stainless steel production will reach the 3.6-million tonne mark at the end of 2017, industry body ISSDA has said.If the output crosses that level, it will be about 9 per cent more than last year's."The production of stainless steel in the country at the end of the calendar year 2016 was 3.3 million tonne," President of Indian Stainless Steel Development Association (ISSDA) K K Pahuja told PTI, citing data collected by the International Stainless Steel Forum (ISSF)."At present, we (the industry) are growing at a rate of 8-9 per cent year-on-year," he added.The growth is in response to the rising demand for stainless steel, mainly from sectors such as auto, roads and highways, housing and the like, the industry veteran said, adding that the demand will keep rising every year.

Besides, protectionist measures imposing a definitive Countervailing Duty (CVD) on certain stainless steel products from China have helped the industry, he said.The government had removed the import duty on nickel, a key material required to produce stainless steel. Now, the steel ministry wants the import duty on ferro-nickel and stainless steel scrap to be removed.This will further bring down the production cost of stainless steel in the country, he added.For 2018, the domestic stainless industry is expected to produce close to 4 million tonnes.India is the second-largest producer of stainless steel after it overtook Japan in 2016. China remains the leader.

Source: Business Standard

Steel demand in India set to rise, profitability of cos to improve: Moody's

Profitability of Indian steel companies is likely to improve next year despite an increase in raw material prices, according to Moody's Investors Service.In its latest report 'Steel — Asia, 2018 outlook', the rating agency said that among major steel-producing Asian countries, operating conditions will be most supportive in India because of robust domestic demand and protectionist measures, and despite an increase in raw material prices and new capacity.

Moody's has also revised the outlook of Asian steel companies to stable as it expects the profitability of these companies to be steady compared to 2017. "The likely stable profitability for Asian steelmakers that we rate is underpinned by the removal of excess steel-production capacity in China and broadly steady demand in Asia as a whole," says Kai Hu, a Moody's Senior Vice-President.Steel production capacity in China will continue to decline, due to its government's supply-side reforms and environmental protection measures.These factors will reduce the supply glut in Asia, Moody's said in a statement a few days back.

China outlook

China drives the outlook for steel companies in Asia because the country represents the region's largest steel consumer as well as producer. "Overall steel demand in Asia will remain stable, with robust demand growth in South and South-East Asia, and flat growth in China," said Hu.A likely slowdown in China's property sector sales will have a limited effect on overall demand and industry fundamentals over the next 12 months, because the strong fall in sales since 2016 will support new construction and steel demand over the next several quarters. Domestic demand will be steady in Japan and Korea, which, together with the steelmakers' efforts to cut costs and increase production of premium products, should push up earnings of companies in these two countries, it added.

Source: Metal Junction

Iron Ore of 70.53 million tonnes available at Bayyaram: Minister

Telangana Industries & Commerce and Mines Minister K T Rama Rao informed the Assembly recently that the available quantum and quality of Iron Ore at Bayyaram was 70.53 million tonnes including 59.73 million tonnes of low grade quantity as found out by exploration done by Geological Survey of India.Replying to questions in the house, Mr Rao said that due to inadequate quantity and quality of Iron Ore available at Bayyaram, the State Government has initiated discussions with National Mineral Development Corporation (NMDC) to get the Iron Ore from their closest mines in Chhattisgarh State to Bayyaram. Further the transportation of Iron Ore from Chhatisgarh to Bayyaram also needs to be examined either via new railway line or through slurry pipeline. Once the supply of Iron Ore was confirmed, the state Government would approach Government of India or Steel Authority of India limited (SAIL) for establishment of Steel Plant at Bayyaram.Mr Rao said in the section 93 of AP State Reorganization Act, 2014 read with Thirteenth Schedule under "Infrastructure Development", it has been mentioned that the Government of India shall take all necessary measures for establishment of an integrated steel plant in Khammam by the Steel Authority of India Limited (SAIL).There was no proposal to hand over Bayyaram Iron Ore to private organizations for mining purpose, the Minister added.

Source: Metal Junction

Vedanta set to overtake Aditya Birla group as largest aluminium maker

Anil Agarwal-owned Vedanta Ltd is poised to overtake Aditya Birla group as the largest producer of aluminium in the country in the current fiscal.Vedanta, which produced 0.96 million tonne of aluminium across its two facilities in Odisha and Chhattisgarh, is on course to clock an annual output of 1.6 million tonne this year.

As against this, the combined capacity of Aditya Aluminium and Hindalco, subsidiaries of Birla group, across four locations in Odisha, Madhya Pradesh and Uttar Pradesh is 1.32 million tonne. The group, as a whole produced 1.26 million tonne aluminium in FY17.The other major producer of aluminium, the public sector National Aluminium Company (Nalco) is stuck at the third spot with an annual capacity of 0.42 million tonne.

"As a group, we will be producing 1.6 million tonne of aluminium in FY18 which is 66 per cent higher than the last year's output of 0.96 million tonne", says Abhijit Pati, CEO (Aluminium and Power Division), Vedanta Ltd.The major boost to the aluminium output by the company has come from its Jharsuguda facility in Odisha which is under an expansion mode. The Jharsuguda smelter is expected to produce 1.1 million tonne and Balco plant in Chhattisgarh 0.56 million tonne this year. Jharsuguda unit produced 0.76 million tonne aluminium last fiscal."Four new lines of production are being readied at the Jharsuguda facility out of which work on two and half lines are already over. The rest work will be completed by this year. So the exit capacity at Jharsuguda in March, 2018 is expected to be 1.4 million tonne", he added.

The company had built two smelters at Jharsuguda with an investment of Rs 25,000 core and combined capacity of 1.75 million tonne, representing the largest single location aluminium facility in the world.Though its smaller smelter of 0.5 million tonne was running for some time, the larger one having 1.25 million tonne capacity and SEZ status was largely idle due to dispute with the electricity authorities over drawal of power from the company's captive power plant (CPP), raw material (alumina) supply constraints and overall market glut.The resolution of dispute with the state government over access to CPP power and strengthening of LME (London Metal Exchange) prices for aluminium has aided the company to unleash the idle capacity and scale up production.

With the company's Lanjigarh alumina factory languishing from raw material crunch following denial of bauxite mining on Niyamgiri hills by the Central government, that unit is compelled it to run on low capacity on imported bauxite. As a result, the Jharsuguda smelter is unable to source sufficient alumina, the feedstock for aluminium, in house.The company is importing 60 to 65 per cent of its alumina requirement from different countries. But with the LME metal prices remaining robust, scaling up aluminium production based on imported alumina will be viable, Pati argued and pointed out that LME aluminium prices are hovering over 2000 dollar per tonne for last six months and are expected to remain in the range of 2000 to 2200 dollar range for atleast next two years. Aluminium demand in the country is growing at a rate of 7.5 per cent outpacing the world demand growth of 5 per cent.Pati said, with the Balco unit going for capacity addition of 0.42 million tonne and Jharsuguda unit achieving rated capacity of 1.75 million tonne, Vedanta will account for more than half of the country's aluminium production couple of years down the line.

Source: Business Standard

Hindustan Copper gets nod for joint venture company

Hindustan Copper Ltd (HCL) has obtained approval from its board of directors to form a joint venture (JV) company with Mineral Exploration Corp. Ltd (MECL) and Nalco Ltd.

The JV would help in the formation of a joint working group, which would be empowered to deal with government-to-government (G2G) deals relating to sourcing of rare minerals. "We have got the board nod to form a JV with MECL and Nalco. This JV will help the three of us in sourcing rare minerals from other countries by virtue of the formation of an empowered joint working group," chairman and managing director (CMD) of HCL, Santosh Sharma told reporters.

The JV would take shape of a new company, namely Khanij Bidesh India Ltd (KABIL), which will have an authorised and paid-up capital of Rs100 crore and Rs30 crore, respectively, he said. Sharma said this was a part of HCL's diversification process for sourcing rare minerals like titanium.

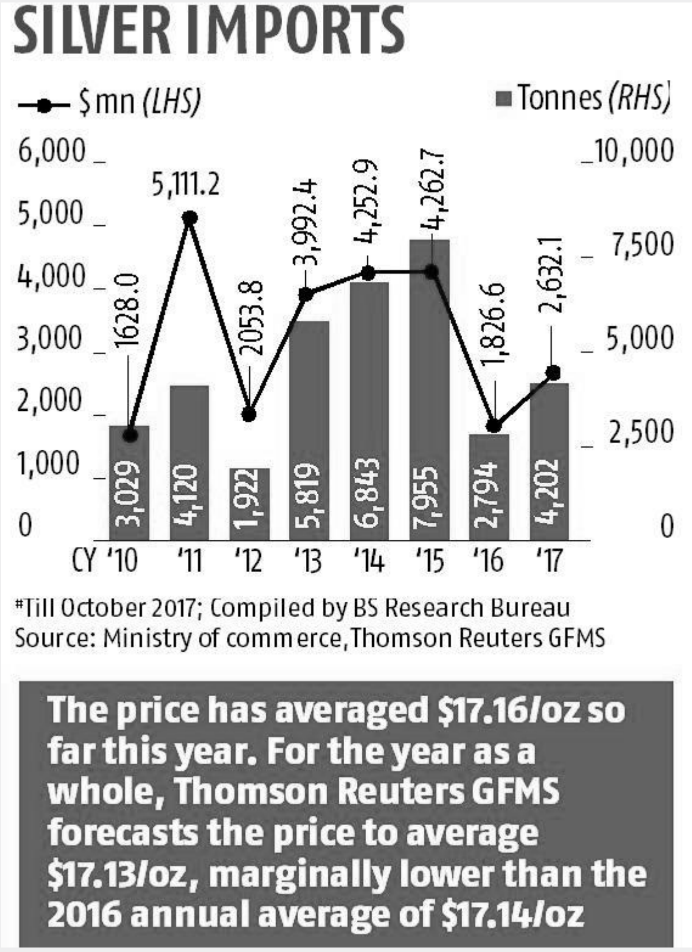
The company said it has also decided to extract precious metals like gold and silver from waste at its Malaj Khand copper complex. It has a waste processing capacity of 10,000 tonne per day that would help in extracting 1.1kg of gold and 11kg of silver. The copper major has invested Rs200 crore towards this, Sharma said, adding, the project would be commissioned by early next fiscal.

HCL's board has also approved increase in borrowing limits from consortium or banks up to an aggregate of Rs650 crore. In the quarter ended September, total income of HCL jumped 152% on-year to Rs540 crore, while net profit surged 322% to Rs28.55 crore. The sharp rise in the bottom line was due to firming of copper prices on the London Metal Exchange, he said.

Source: Financial Express

Silver import up 60%, to cross 5,000 tonnes

Silver imports have risen by as much 60 per cent on a year-on-year basis to reach 4,200 tonnes in October, and are likely to end the year with 5,000 tonnes, according to Thomson Reuters GFMS.



Restocking after last year's fall and industrial demand have led to the rise and "with overall improved consumption sentiment and improving rural demand, we expect import demand next year to rise further by approximately 10 per cent," says Sudheesh Nambiath, regional lead analyst, GFMS.

Imports fell significantly in 2016 to 2,794 tonnes, from an all-time high of 7,955 tonnes in 2015. Says Viraj Didwani, Director at Foresight Bullion India, a large silver importer and wholesaler: "After demonetisation, cheques deals are catching up; we see dealers/jewellers in even smaller towns shifting to banking channels to buy silver."

As a result, unaccounted silver flows are largely from customers who sell jewellery or bars back to jewellers and insist on cash. The wholesale business has reportedly moved to cheques.

Chirag Thakker of Ahmedabad-based Amrapali group, says: "Industrial demand is also better. However, investment demand is down, as people are more bullish on the equity market this year."

Both Didwani and Thakker believe demand will be more price-sensitive in 2018. The Washington-based Silver Institute says in its 2017 interim report, "The price has averaged $17.16/oz so far this year. For the year as a whole, the GFMS team at Thomson Reuters forecasts the price to average $17.13/oz, marginally lower than the 2016 annual average of $17.14/oz."

It adds: "The market is expected to switch to a small annual physical surplus of 32.2 million oz in 2017, after posting annual physical shortfalls for four years. Total silver supply is forecast to remain broadly flat in 2017, standing at 1,008.4 million oz. Total physical demand is forecast to drop by five per cent in 2017, to a total of 976.1 mn oz, led by a sharp fall in retail investment, although an upturn in silverware demand and a modest recovery in jewellery and industrial fabrication should help to offset some of that."

Globally, silver demand for investment is expected to fall to 130 tonnes, from 205 tonnes in 2016. "In India," says Nambiath, "net investment demand was dull through most of the year. However, it managed to increase significantly during the Diwali week in western and northern India, where some dealers have reported that sales were 30-40 per cent higher than last years' Diwali week. But, overall investment demand this year will increase over last year; 2016 physical bar demand was the lowest in four years."

Source: Business Standard

Automakers to use ethical minerals

Leading carmakers including Volkswagen and Toyota pledged recently to uphold ethical and socially responsible standards in their purchases of minerals for an expected boom in electric vehicle production.Demand for minerals such as cobalt, graphite and lithium is forecast to soar in the coming years as governments crack down on vehicle pollution and carmakers step up their investments in electric models.To cover its plans for more than 80 new models by 2025, Volkswagen (VW) alone is looking for partners in China, Europe and North America to provide battery cells and related technology worth more than 50 billion euros ($59 billion).Talks with major cobalt producers, including Glencore, at VW's Wolfsburg headquarters last week ended without a deal.

More than half of the world's cobalt comes from the Democratic Republic of Congo, a country rocked by political instability and legal opacity, and where child labour is used in mines.A few days back, a group of 10 leading passenger-car and truck manufacturers announced an initiative to jointly identify and address ethical, environmental, human and labour rights issues in raw materials sourcing.The partnership dubbed "Drive Sustainability" consists of VW, Toyota Motor Europe, Ford, Daimler, BMW, Honda, Jaguar Land Rover, Volvo Cars and truck-makers Scania and Volvo.The alliance "will assess the risks posed by the top raw materials (such as mica, cobalt, rubber and leather) in the automotive sector," said Stefan Crets of the CSR Europe business network."This will allow Drive Sustainability to identify the most impactful activities to pursue" to address issues within the supply chain.

Source: Hindu Business Line

China and India lead the way in solar power boom

Unprecedented investments in solar power in the rapidly developing economies of China and India promise a renewable energy revolution with steel at its heart

The International Energy Agency (IEA) predicts that solar power could be the world's largest source of electricity by 2050, and a major renewables push by the two countries likely to be this century's economic powerhouses suggests this isn't unrealistic.Earlier this year, China exceeded its already ambitious plan to install 105 gigawatts (GW) of solar capacity by 2020 as part of its 13th Five Year Plan, forcing administrators to revise the target to 213GW. Close on its heels, India aims to install 100GW by 2022 as part of its National Solar Mission. The fact that a typical coal power plant generates half a gigawatt gives some sense of the scale of their ambitions.

Of the five largest solar power plants in the world, three are Chinese and two are Indian.

China already leads the world in terms of installed solar capacity, topping 112GW in July. At the end of last year, India was seventh in the IEA's rankings with 9GW, but it added the fourth most capacity in 2016 and hit 16.2GW by September this year, hinting at its rapidly increasing commitment to solar.A look at the rankings for the world's largest solar installations highlights where the real ambition is – of the five largest solar power plants in the world, three are Chinese and two are Indian. And neither country is stopping there; India has plans for an extraordinary 10GW solar park in the northern state of Rajasthan, while China wants to build 100 panda-shaped solar installations along its planned Silk Road Economic Belt trade corridor.

This enormous expansion will obviously require huge amounts of raw materials and steel will be at the centre of it all. It is an obvious choice for the structural components that support solar panels thanks to its combination of strength, corrosion resistance and affordability. Solar farms are often in remote areas and subject to highly variable environmental conditions, such as snow, humidity or high wind, so excellent durability is essential to keeping down maintenance costs.

At the same time, remote solar installations covering vast areas require lots of new electricity transmission infrastructure. Overhead power lines normally feature steel cores to provide the strength necessary for them to span large distances between transmission towers, also typically made using a steel lattice. Additionally, Steel is an essential ingredient in transformers, whose cores consist of special steel tailored to have specific magnetic properties.

The drive for solar power is not only restricted to large, remote solar installations though. India's targets assume 40GW will come from solar panels installed on top of buildings, while in China, Bloomberg New Energy Finance predicts that rooftop solar will account for as much as 40GW by 2020 and as much as 125GW by 2040 by. Here again, steel makes an excellent material for the structural mountings and fasteners required, and architects may also be tempted to choose steel roofing solutions specifically developed to be compatible with solar panels.

While the bulk of the growth in solar power is in photovoltaic panels that directly convert light to electricity, other methods use the heat of the sun to generate energy. Fields of mirrors mounted on steel frames that move to follow the sun throughout the day concentrate sunlight to heat a fluid that can then be used to drive a turbine. A particularly promising approach heats molten salts to more than 1,000°C before using them to generate steam.

These salts hold their temperature very efficiently, allowing energy from the sun to be stored for later use, a major advantage compared with other intermittent renewable sources. However, they are both hot and highly corrosive, so storage tanks have to be made out of specially designed resistant stainless steel. US firm Solar Reserve has signed a deal with coal provider Shenhua Group to install a gigawatt of this kind of solar power in China.

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On a smaller scale, the sun is also used to heat water for domestic use by circulating it through a series of tubes inside a panel called a solar collector, which traps the sun's heat. Stainless steel is a popular choice for both the frame of the collector and the tanks used to store water, again thanks to its durability.In colder climates, where there is a danger of frost, solar heaters often heat non-freezing fluid in the collector before pumping it to a heat exchanger, which features a circuit of ultra-thin metal tubes designed to transfer heat to a tank of water. To ensure efficient heat transfer the walls of these tubes have to be very thin while still able to resist high pressures, which makes steel a popular material choice thanks to its excellent mechanical properties.While these various strategies for harnessing the sun's energy are likely to gain traction at different rates in China and India, the desire to meet their ambitious targets and broader commitments in the Paris climate agreement suggests solar has a bright future in these evolving economies.

Source: www.worldsteel.org