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NEWS LETTER

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INTRODUCTION

Despite a downward trend for the last few years in the Indian Economy, there is now a positive reflection in the economic indicies. The consumption of steel is also showing a positive trend. However, the growth rate for steel demand is around 1% only.

The iron ore mines which were closed due to environmental restrictions and illegal mining operations are gradually getting operational. This is due to the removal of environmental restrictions. The prices of coking coal and iron ore are showing a downward trend.

It is heartening to note that India is now the world's third largest economy in the world. This is in terms of purchasing power parity. India now occupies the third rank only after US and China.

This Newsletter contains variety of write-ups on the above issues. It also contains National and International news items in the area of ferrous and non-ferrous segment.

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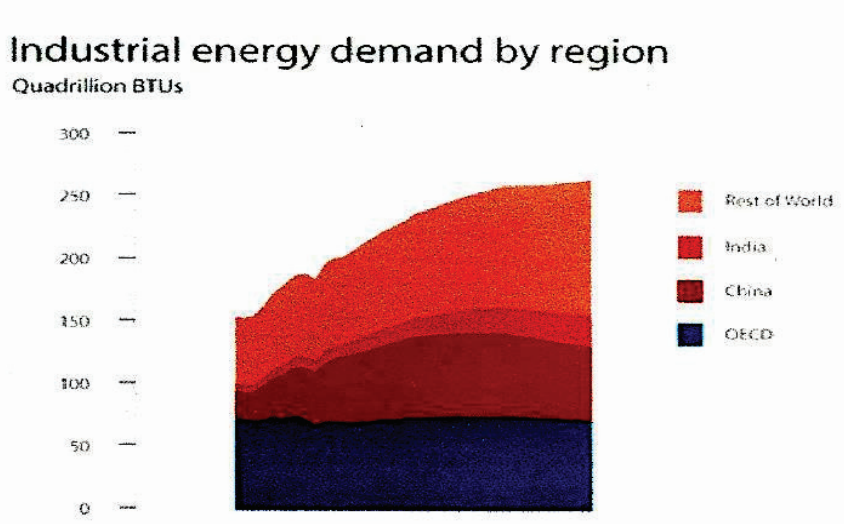
International Conference on "Energy Generation and Conservation for meeting India's Futuristic Needs"

Keynote address delivered by Mr. Manoranjan Ram, Honorary Secretary, IIM Delhi Chapter at Babu Banarsi Das Institute of Technology, Ghaziabad, U.P on 22nd March 2014.

The word "energy" comes from the Greek word "energia" i.e. vigour of expression, activity. In India the concept of energy as "shakti" has been the focus of metaphysical thoughts since Vedic times. However, we realised the need for external (to man) source of energy as the mankind progressed from a primitive to a civilized state. The industrial sector is a major consumer of energy, accounting for about half of all the electricity consumed around the world. Urbanization and rising living standards continue to drive industrial demand for energy. Global industrial energy use also is driven by the chemicals sector, where demand for energy is rising about 50 percent faster than overall energy demand. What is perhaps the biggest driver of energy demand is the human desire to sustain and improve the well-being of ourselves, our families and our communities. By 2040, China's industrial energy demand is expected to be just 25 percent higher than in 2010; in contrast, India's will be about 2.5 times the 2010 level.



Energy Scenario in INDIA

Currently, INDIA accounts for around 4.6 % of total global annual energy consumption. According to the International Energy Agency's (IEA's) World Energy Outlook (WEO-2012) published in November 2012, the global energy demand is likely to grow by more than one-third over the period to 2035, with China, India and the Middle East accounting for 60% of the increase. It is certain that India will see an increased escalation of energy demand, the question that surrounds India is at what scale and speed India's energy generation will expand and which fuels and technologies it will use.

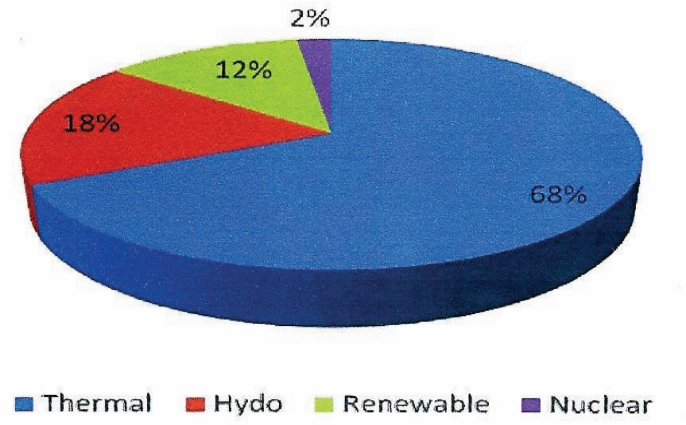
During the 12th five-year Plan, import dependence on crude oil is expected to increase to around 80% in FY17 and import dependence on natural gas is expected to increase to around 35% in FY17. India has low proven hydrocarbon reserves with reserve to production ratio of around 18 years for oil and around 27 years for gas as per the current production levels.

An overview of Indian Power Sector – Fourth largest in the world

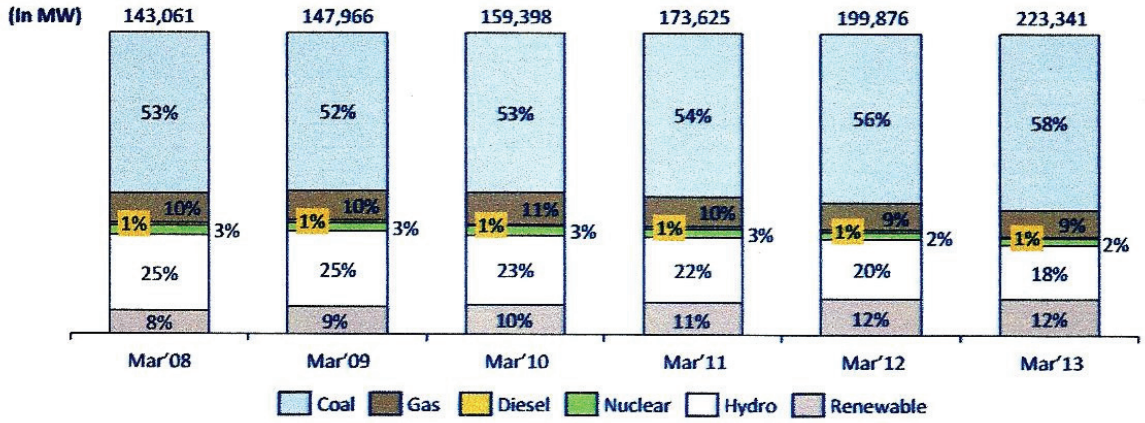
Top 4 countries in terms of Power Generation Capacity in the World are USA, China, Japan and India. In India the installed power generation capacity as on March 31, 2013 is 223 Giga Watt. We have the Transmission and Distribution network which is third largest in the world. However, the per capita power consumption in India is 880 kWh; whereas the world average is 3,500 kWh. Annual power deficit in India is around 9%.

- Capacity addition planned in Twelfth five year plan (2012 – 2017) is 107 GW
- Peak demand in FY 2012 -13: 135 GW; Peak generation: 123 GW; Deficit 9.0%.
- In FY'13, approx. 23 GW capacity has been added in the system

Installed Power Generation Capacity at the end of FY'13 => 223 GigaWatt



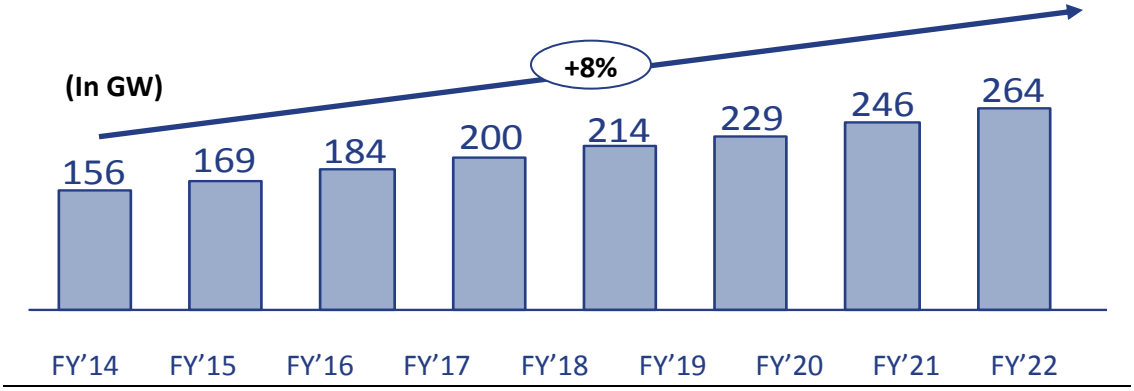
Installed Power Generation capacity has increased by 9.3% CAGR in last 6 years



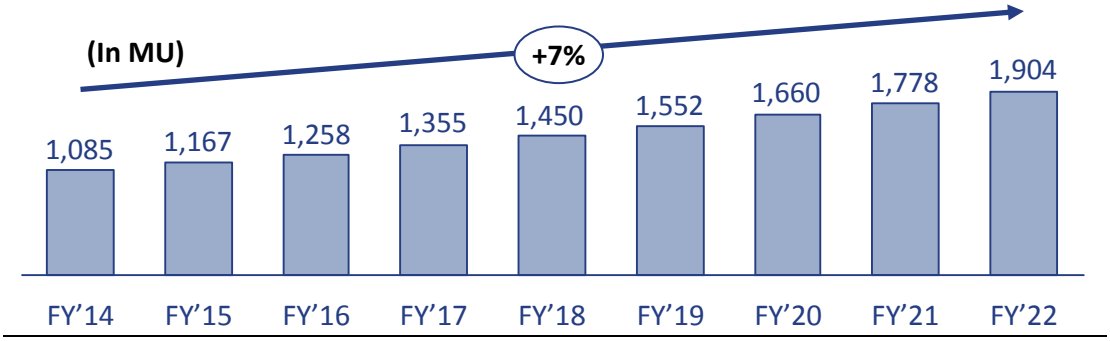
Share of Thermal Power has increased from 64% in FY'08 to 68% in FY'13 – Coal based power is the biggest contributor

- Share of Renewable energy has also increased significantly from 8% to 12% in last 6 years – Wind power is the biggest contributor
- Share of Natural Gas based power plant has been on a decline due to non-availability of domestic NG to power sector.

Expected Peak Power Demand Growth



Expected Growth in Energy Requirement



An Overview of Energy Conservation initiatives in Indian Steel Plants (ISP):-

The demand for energy is a derived demand. Energy conservation is not a reduction per se but a rationalization of use and increase in energy efficiency. An often unrecognized sign of technology's progress over time is dramatic energy efficiency gains.

For example, a steam engine in the year 1800 at 6 percent efficiency pales in comparison to a modern combined-cycle gas turbine with about 60 percent efficiency.

Today, the Macroeconomic situation is driving energy conservation activities in India. India is the fourth largest energy consumer in the world – after USA, Russia and China; ever increasing energy production vs. consumption gap is prevalent in the country. At present 31% of country's energy requirements met through imports.

Reduction in specific energy consumption in steel plant operations has three dimensions: minimisation of energy requirement for the process, maximisation of energy utilisation and minimisation of energy losses.

The Specific Energy Consumption (SEC) in the steel industry has reduced significantly by over 20 % in the last ten years.

Due to industrial revolution and growth of science and technology, the Blast Furnace (BF) process had undergone rapid development. It continues to be the preferred source of hot metal even today due to its size, techno-economies, energy utilization efficiency and reasonable quality of hot metal

compared to other emerging technologies of Iron production. BF is the most energy intensive units in a steel plant and call for specially directed initiatives to improve the productivity and energy efficiency.

Iron making in Blast Furnace is much matured technology now and has already reached to a degree of excellence in efficiency. The minimization of energy requirements in blast furnace necessarily means reduction in coke rate, which is closely linked with overall furnace performance.

Top Recovery Turbine (TRT) in Blast Furnace (BF)

TRT technology is a method of generating electrical power by employing BF top gas heat and pressure to drive a turbine generator. Although the pressure difference over the generator is low, the large gas volumes of waste gas can make the recovery economically feasible.

The system comprises dust collecting equipment, a gas turbine and a generator.

There is a potential of around 7000 kW of electricity generation through TRT from a Blast Furnace of 1 Million tonne per year capacity.

ISPs will reduce emissions, enhance heat recovery and green power generation and thus can reduce waste through new technology interventions.

Today, a typical 1.5 million tons per annum (MTPA) integrated steel plant with the following industrial configuration can become self-sufficient in its power requirements:-

- Coke Oven Battery (1.2 MTPA) with Byproduct recovery unit
- Blast Furnace (1.7 MTPA) with Top Recovery Turbine
- Sinter Plant (2.5 MTPA)
- Steel Making Shop (1.55 MTPA)
- TSCR / CSP (1.5 MTPA Hot Rolled Coil)
- Waste Gas fired boilers for generating power

Here below is the Calorific values of waste gases generated out of metallurgical processes in an ISP:-

- Blast Furnace Gas (870 kcal/NM^3)
- Coke Oven Gas (4300 kcal/NM^3)
- Gas from Steel melting furnace (2000 kcal/NM^3)

The surplus waste gases can be gainfully utilized to produce steam and power of around 150 megawatts which can meet the power requirements of 1.5 MTPA steel plant.

Thus a typical ISP with the above industrial configuration is independent of external source of electric power and this result in energy conservation and environment protection by way of saving fossil fuels.

> *By significant investments in new steelmaking technologies, and through the innovation of the women and men working on the plant floor, America's steel industry has reduced energy intensity per ton of steel shipped by 30 percent since 1990.*
>
> *American Iron and Steel Institute*

The outlook for Energy:

By 2040, we expect to see...

- ✓ 2 billion more people on the planet,
- ✓ 130 percent larger global economy,

- ✓ about 35 percent greater demand for energy – which could have more than doubled without gains in efficiency,
- ✓ Non-OECD countries like China and India lead the growth in energy demand,
- ✓ about 60 percent of energy demand supplied by oil and natural gas,
- ✓ natural gas surpass coal as the second-largest fuel source,
- ✓ 90 percent growth in demand for electricity,
- ✓ energy-related CO_2 emissions plateau and gradually decline.

"We do not inherit the earth from our parents; we borrow it from our children"

Chief Seattle

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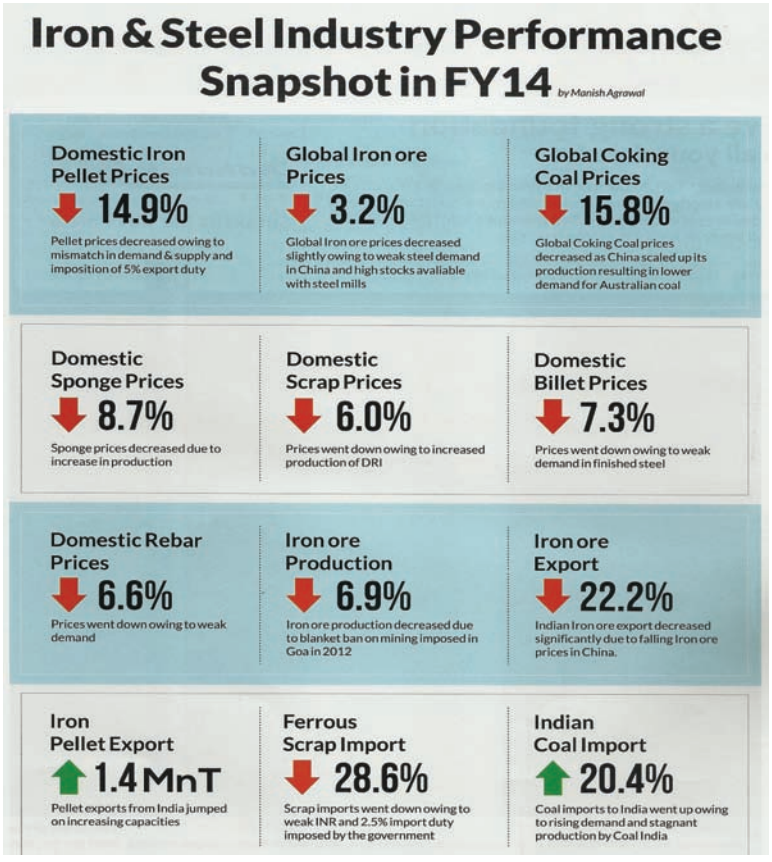
Steel sector witnesses less than 1% growth in FY14

The steel sector has seen a listless growth of less than one per cent for 2013-14 as demand remained subdued in the domestic market, experts said. With a prolonged slowdown in auto, real estate and infrastructure sectors, demand for steel continued at lower levels, resulting in very low growth for FY14. Sanjay Jain, analyst at Motilal Oswal, said that according to the Joint Plant Committee report, the steel sector has witnessed only 0.6 per cent growth in the first 11 months of FY14. Demand continued to remain low in the month of March, triggering price cut by steel companies much before the onset of the monsoon. Jain said that along with low demand from the domestic market, prices are also under pressure as prices of imported steel are falling due to softening of raw material prices globally. Coal prices have declined by around 10-20 per cent sequentially and steel manufacturers are passing the benefit on to customers to boost sales. Thus imported price of steel has started declining in the country, forcing the domestic players to take a price cut. A senior official from JSW Steel said the company is contemplating a price cut of up to Rs 1,000 per tonne. "We will take a final call soon but most likely prices will be cut by around Rs 500-1,000 per tonne."



The official said that demand continues to remain low in the domestic market. Other companies like Essar Steel and Kalyani Steel said that they have not yet decided on the prices but will take a call this week.

Bhavesh Chauhan, analyst at Angel Broking, said, steel prices are showing a downward trend globally because of which the landed price of steel has started to decline. Taking a cue from the

global trend, domestic companies are also expected to reduce prices. Chauhan said that in the first nine months of 2013-14, the sector has witnessed only 0.7 per cent demand growth and for the full year, demand growth will continue to remain below one per cent. Usually, prices of steel start correcting with the advent of monsoon but this year prices are expected to start correcting a couple of months ahead, Chauhan added. However, margins of steel companies will not be impacted significantly in the quarter despite the price cut since raw material prices have softened. According to a ICRA Report, the near term outlook on the profitability of Indian steel players has improved, given the soft price trends of key raw materials. The steel industry being highly raw material intensive, ICRA expects the near term benefits from lower raw material costs to more than neutralise the adverse impact of a low volume growth, even if a part of the benefits of lower costs are passed on to customers to protect sales volumes. Jayanta Roy, senior vice-president and co-head, Corporate Sector Ratings, ICRA, said, "over a longer term, volume growth however would be critical, given that substantial fresh capacities are likely to be commissioned in the next two years. Unless demand conditions improve significantly, overall capacity utilisation levels and profitability of steel players would remain impacted". Persistent weakness in demand from key end-user industries kept the domestic steel consumption growth at a meagre 0.5 per cent during the period April-December 2013. ICRA therefore expects the domestic steel demand to grow at a slower pace in 2013-14 than the 3.3 per cent growth rate achieved in 2012-13, notwithstanding a typical pick-up in demand in the last quarter.

Source: www.metaljunction.com

China steelmakers are in toughest situation – Experts

China Daily reported that China's steel industry is in its toughest year in two decades with falling prices weak demand and overcapacity leading to mergers and acquisitions. Mr Li Xinchuang head of the China Metallurgical Industry Planning and Research Institute said that "In the first two months of 2014, large and medium scale Chinese steel companies ran a total loss of CNY 2.8 billion. The loss worsened in March." Mr Li said that "Solving overcapacity is key to various problems of China's steel industry. Many Chinese steel companies face operational difficulties and obstacles to upgrading while many problems in the industry are closely related to overcapacity." He said that "The traditional development method of making profit through large production capacity is not working anymore for the steel industry. The companies should be more creative in both management and marketing. Steel companies' profitability varies widely." The top 10 profitable steel companies produce 22% of the country's steel output but make 97.7%of industry profit and that may bring mergers and acquisitions. The peak time for M&A in China's steel industry has not come yet but it will be the most important trend in the next 10 years. According to the China Iron and Steel Association, major domestic steel companies had total profit of CNY 22.8 billion in 2013, mostly generated by their non-steel business sectors. The steel units contributed only CNY 5 billion to total profit last year, little for such a huge industry. Association data show the industry's total profit was CNY 169.95 billion in 2006. Mr Liu Zhenjiang senior official with the association said that "Demand is weakening, but output deceleration cannot reach the fall in demand. This quarter will be the worst for profit this century in China's steel industry. The real winter for the industry is coming, starting now." Mr Dai Zhihao GM of Baoshan Iron & Steel Company Limited said that more Chinese steel producers will be forced to close in the next three years under the pressure of tighter credit, higher environmental requirements and weak profit. The company reported a 42% fall in net profit for 2013 to CNY 5.82 billion from CNY 10.1 billion in 2012, mainly caused by overcapacity and slower demand growth."

Source: Steel Guru

Stainless steel prices set to rise as nickel turns costlier

Faced with a 15 per cent jump in nickel prices, stainless steel finished product manufacturers are considering raising prices in phases. In 2012, India's nickel imports stood at 2.4 million tonnes (mt), before declining to about two mt in 2013. As it is completely import-reliant, the Indian stainless steel sector revises product prices in proportion to the fluctuations in raw material prices. Depending upon the user segment, 0.5-four per cent nickel is used as an anti-corrosive agent in manufacturing

stainless steel. While the utensils segment uses 0.5 per cent, high-tensile pipe manufacturers use four per cent nickel for use in oil, gas and milk transportation. "Yes, the price rise for raw materials has a direct bearing on finished products. Since nickel prices have moved up, stainless steel manufacturers will certainly follow suit," said Rohit Kumar, director, Indian Stainless Steel Development Association.

Nickel prices rose to $1,6078 a tonne recently, 15 per cent higher than $1,3970 a tonne early this year. In India, price increased six per cent in the last three months to about Rs 1,063 a kg. While other base metals, including copper and aluminium, have declined on weakening demand from consumer sectors, amid sustained pressure on global economic growth, nickel surged following an export ban announced by the world's largest producer, Indonesia, two months ago. Copper recorded a decline of nine per cent to close at $6730 a tonne. Aluminium gained 0.6 per cent in three months, closing at $1,775 a few days back. Sources said Steel Authority of India Ltd has already raised its flat stainless steel (pata) prices four-five per cent in the last three months. Another primary producer, Jindal Stainless Steel, might also raise prices, said sources.

Messages to SAIL and Jindal Stainless seeking comment did not elicit any response. Utensil manufactures have been hit the hardest by the nickel price rise, despite the low use of the corrosive resistant metal in this space. Fearing cheap Chinese imports, stainless steel manufacturers have raised their products prices only marginally. "The cost of labour is the key differential between stainless steel prices in China and India. As nickel and ferro chrome (another raw material for stainless steel manufacturing) prices are determined by global factors, these remain the same for India and China. "A sudden, huge spurt in the prices of stainless steel will invite cheap dumping from China, as has been seen in the past. We are, therefore, taking cautious steps in fixing stainless steel prices," said Hukumraj Hundia, chairman of Indian Stainless Steel Development Organisation. Hitendra Bhalaria, managing director of Bhalaria Metal Craft, a city-based stainless steel utensil manufacturer, said, "With labour turning expensive in China, India will now be able to pass on the high cost of raw materials to consumers." With the stainless steel segment working to reduce the use of nickel because of its price volatility, a complete replacement will not be possible, due to the metal's anti-corrosive property. Ramesh Kotharia, another utensil exporter, said India would go slow in stainless steel price revision, owing to fear of cheap imports from China.

Source: www.metaljunction.com

SAIL wakes up to sale of fake steel in Kashmir

Acting on the complaints of sale of fake steel in the Valley, the Steel Authority of India Limited has terminated contracts of three Jammu-based conversion agents. The company has issued public notices in various newspapers informing the people that the agents are no longer associated with it. The notice reads: "It is for the information of all that the New Jammu Kashmir Rolling Mill, Kashmir Steel Rolling Mill, R B Jodhamal Industries Private Limited are no longer the conversion agents of Steel Authority of India Limited." The company has terminated the contracts of the three agents with effect from 27-03-2014. The company has further made it clear that it shall not be responsible in any way whatsoever for losses, damages, etc. "caused to anybody by these parties." "Hence any entity/organization /individual wishing to work with them shall be doing so at his/their own risk and cost," the notice reads. The notice does not mention the reasons for terminating the contracts of the conversion agents. However, according to sources, the complaints of sale of fake steel under the name of SAIL have prompted the company to take this action. Pertinently, Greater Kashmir on March 20 carried a news story on sale of fake steel under the seal of SAIL in Kashmir. The report, according to officials of SAIL, prompted the company to take this step.

Sources informed Greater Kashmir that some unscrupulous traders and steel mill owners in Jammu were making steel TMTs and rods using sub-standard raw materials. "Later they would sell them in Kashmir by misbranding them as products of Steel Authority of India Limited (SAIL)," they said.

According to sources these substandard steel products are used even in many important projects being executed by the state and centre agencies in Kashmir.

"Few days back, a truck laden with steel rods fraudulently trademarked as SAIL was seized by the officials of SAIL and they confirmed that it was substandard steel," they said, adding that the matter, however, was later put under the carpet. As per the sources, the SAIL has a network of its distributors across the country who alone are authorized to sell its steel and steel products in the market. However, the SAIL hires and utilizes the services of various steel mills across the country for converting the raw material into finished products. The conversion agents (such millers are known as) receive the raw material from the SAIL and after converting it into finished products return them to the company. The agents are not authorized to sell these products in the market. According to sources, the SAIL provides these agents with its seal and authorizes them to use it only on its finished products. However, sources alleged that some Jammu-based steel mill owners (agents of the SAIL) are misusing the SAIL stamp and manufacturing the steel TMTs and later pass them to customers by fraudulently putting the SAIL mark on them.

Source: www.metaljunction.com

Peril looms over Indian steel industry amidst low demand and import threat

Latest numbers from Indian steel ministry's Joint Plant Committee belied optimism exuded by steel mills in India. Indian steel industry consumption grew by just 0.6% in 2013-14 fiscal, its lowest in four years, to 73.93 million tonnes. It stands in striking contrast with consumption growth of 3.3%, 5.5% and 9.9% respectively over the past 3 years. The low growth rate in domestic steel consumption reflected abysmal demand from Construction sector and automobile industry accounting for around 60% and 15% of total steel demand. Both the sectors were plagued by dipping economic growth and tight credit rates. India's economic growth is estimated to be 4.9% in 2013-14, against the growth rate of 4.5% in 2012-13. Indian steel mills had been on roller coaster for the past 3 months with hiking price by INR 4000 per tonne. Shadowed partially by weak INR and rising input cost of iron ore and coke the mills bid to capitalize on year end demand and shortage in domestic market . However the euphemism was to vanish soon as INR got traction recently eroding the parity advantage. Predictably the mills corrected price levels in April for flat products to withstand an imminent import from China. The trend is likely to continue in the coming month with global price levels showing no improvement. However the long term hope remains intact in the industry projecting to clock growth of 5-6% in the current fiscal based on the projected economic growth of 5-7%. Typically, steel demand grows by 1.2 to 1.3% of the GDP growth.

Source: Steel Guru

India's steel demand may grow 3.3 percent in 2014: WSA

As per an independent report, World Steel Association (WSA) recently indicated that India's steel demand may grow 3.3 percent this year on higher demand from construction and manufacturing sectors. "In India, steel demand is expected to grow by 3.3 percent to 76.2 million tons in 2014, following a 1.8 percent growth in 2013," the WSA said in its short-range outlook for 2014 and 2015 released few days back. The industry organization, whose members represent about 85 percent of the world's steel production, expects the growth on an improved outlook for the construction and manufacturing sectors, although this may be con-strained by high inflation and structural problems. "Despite uncertainties relating to the impact of upcoming elections, steel demand is projected to grow by 4.5 percent in 2015, supported by the expectation that structural reforms will be implemented," the WSA said. Globally, steel use would increase by 3.1 percent to 1,527 million tons in 2014, following growth of 3.6 percent in 2013. In 2015, this would in-crease by 3.3 percent to 1,576 million tons. In 2013, world steel demand grew higher than our previous forecasts due to a stronger-than-expected performance in the developed world in the second half of the year. In particular, the recovery in the US gained strength," said Mr. Hans J. Kerkhoff, Chairman of the Worldsteel Economics Committee. Despite the bottomed-out downturn in the EU, growth this year will be impacted as many emerging economies continue to struggle with structural issues and financial market volatility along with deceleration in China. "In 2015, growth in most parts of the world will accelerate, thanks to a continuing steady recovery in the developed economies and an improvement in the situation for the emerging economies," he added. China's steel demand will decelerate further and this will

prevent the broad recovery momentum from registering a higher global growth rate for 2015, Mr. Kerkhoff suggested.

Source: www.oreteam.com

Indian steel imports decline 31 percent in last fiscal

Steel imports declined by more than 31 percent in the last fiscal to 5.44 million tons due to subdued economic growth and exchange rate volatility. Imports were down in March by 34.2 percent to 0.437 million tons, compared to the same month a year ago. "Import of total finished steel showed a southward trend, declining by 31.3 per cent year on year in April March period of 2013-14 at 5.445 MT," Joint Plant Committee (JPC), a unit of the steel ministry, said in a report. "Such trends were driven by factors like slowdown in domestic economy, exchange rate volatility, relative prices, global downswing and bilateral agreements among others," JPC indicated in the same report. Lower imports helped India remain a net exporter of total finished steel in 2013-14. The exports were up by 4.1 percent last fiscal at 5.59 million tons. Rupee volatility, dynamic economic conditions, mis-matched demand-supply fundamentals helped steel mills to increase their exports. Indian steel mills produced 85 million tons of finished steel, up 4.1 percent (year-on-year), mainly due to 9.5 per cent growth in output of the primary producers like SAIL, RINL and Tata Steel. However, steel consumption growth rate hit the lowest in four years at 0.6 percent to 73.93 MT in 2013-14.

Source: www.oreteam.com

Steel ministry calls for speedy approval to ArcelorMittal's Jharkhand project

Business Line reported that the Steel Ministry has asked its coal counterpart to expedite the process to grant approval to the mining plan of a block in Jharkhand allotted to steel giant ArcelorMittal for its proposed INR 50,000 crore plant. The development comes in the wake of a meeting of a high level panel to address roadblocks impeding mega investments in the steel sector. A Steel Ministry official said that "Steel Secretary Mr G Mohan Kumar has asked the Coal Ministry to expedite the matter of approval of mining plan for Seregarha coal block of ArcelorMittal." According to the official, in the Inter Ministerial Group's meeting to fast track mega investments in the steel sector last month, Coal Ministry representatives said that the issue was being examined by a committee. The world's largest steelmaker has plans to set up 12 million tonne per annum steel plant in Jharkhand at an estimated investment of INR 50,000 crore. The proposal is stuck for over eight years now for want of regulatory clearances and land acquisition.

Source: Steel Guru

Worldsteel calls for an industry wide safety audit

The World Steel Association calls for an industry wide safety audit across the steel industry on the occasion of the Steel Safety Day on April 28th 2014. This safety initiative coincides with the World Safety Day held by the International Labour Organization and aims to engage the entire steel industry as well as all related organizations with a cross section of employees and service providers, involving as many as 4 million people worldwide. worldsteel is requesting all participating organizations to carry out the audit during the two weeks starting from April 14th to 28th 2014 and report back to worldsteel afterwards. The audit will focus on identifying the hazards for the main causes of safety incidents within the steel industry and setting up an action plan to manage the hazards and risks for each site. The five most common causes of safety incidents and preventative measures are as follows:

1. Moving machinery – before any machinery is cleaned, serviced or adjusted all sources of energy including gravity must be isolated, locked, or pinned to prevent movement.
2. Falling from heights – training should be provided on how to use protective equipment and work safely at heights.
3. Falling objects – measures must be taken to prevent objects from falling and all people should be evacuated from areas where this remains a possibility.
4. Asphyxiation or gassing – people should be trained to ensure they can test for and eliminate dangerous gasses in confined spaces.

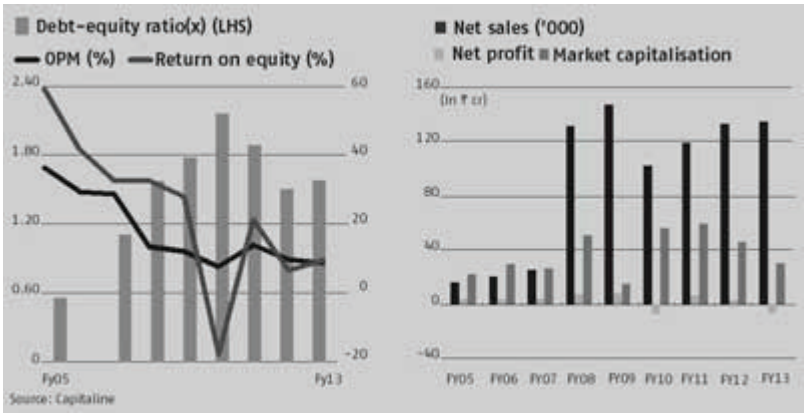
5. Cranes – daily checks must be carried out on cranes before use to maintain reliable operation.

Mr Edwin Basson DG of worldsteel said that "The steel industry is a highly automated industry and most manual handling, heavy lifting and many operational activities have been automated. This has removed staff's exposure to many hazards and reduced safety risks in the working environment. However, safety incidents still happen in the industry and it is our responsibility to make sure that all applicable measures have been put in place to manage the hazards. We believe all injuries and work-related illness can and must be prevented."

Source: Steel Guru

Tata Steel: After Cutting flab, gains show

When Anglo-Dutch steel maker Corus (now known as Tata Steel Europe) was acquired by Tata Steel in 2006, there were many reasons to cheer. Then, the acquisition was considered a game-changer for Tata Steel in terms of providing scale, diversification and access to new technology and value-added products. The acquisition provided ready access to huge capacity which otherwise would have cost much more money and time if done through the organic route. After the acquisition, Tata Steel's total capacity increased significantly making it the fifth largest steel maker globally in terms of size. However, the celebration did not last for long. After the world economic slump in 2008-09 and particularly the crisis in the European economies in 2009-10, demand in the region fell significantly. Both, domestic and international steel prices crashed to multi-year lows, hitting the company in terms of realisations and profitability. Corus in particular suffered because of the severe pressure on demand for its value added products and because of its non-integrated operations leading to losses at the operating level. The capacity utilisations gradually fell and fixed expenses, such as employee and interest costs, started to take a toll on Tata Steel's consolidated performance. Most analysts believe the timing of the acquisition and debt funding was a key issue. However, some of these issues are resolving as demand and steel prices have off late started to improve in the European region. Also, aggressive cost cutting, monetisation of assets, product rationalisation, recent increase in the capacity utilisation and partial gains in terms of integration are now helping Tata Steel to realise the benefits of synergies and scale. Tata Steel has also taken other measures like writing off impaired assets and goodwill in the past. All these suggest the painful days are behind. Notably, any incremental improvement on these counts (demand, pricing or costs), because of Tata Steel Europe's size, could have a huge impact on Tata Steel group and the benefits of acquisition will start to reflect. Analysts say the European operation is already reaching the breakeven point, which is good news as this will have a positive impact on earnings of the consolidated entity. In FY13, the European operations made an Ebitda of $11 per tonne which has improved to $43 per tonne in third quarter of the FY14



Source: Business Standard

Indian steel offers continue to climb up on rising demand from construction segment

Off late, the semi-finished steel segment saw the prices moving up at some of the demand centers during the initial session, as the demand fundamentals kept on showing recovery mainly due to the increased buying from the secondary steelmakers. In a complete change of trends, the semi steel prices have jumped about INR 2,000 per ton at some of bench-mark centers in the past couple of weeks. Morning session saw the semi-steel offers depicting uptrend with the off-take improving with every day due to increased demand from the secondary steelmakers. The offers were reported around INR 31,500 per ton and INR 32,000 per ton (ex-works) at Raipur and INR 35,900 per ton and INR

36,400 per ton (ex-MGG) at Mandi Gobindgarh for ingots and billets, respectively. Onto the intermediary steelmaking commodities, the products like sponge iron and pig iron were mostly saw taking cues from the semi-steel prices in the respective regions. At Raipur, the spot offers were reportedly quoted around INR 21,800 per ton and INR 25,200 per ton (basic price) for sponge and pig iron, respectively. Meanwhile, the domestic scrap prices spiraled upwards at the bench-mark town of Mandi Gobindgarh, where the MS scrap and Old scrap offers were quoted around INR 32,300 per ton and INR 29,900 per ton (ex-MGG), respectively. At Alang, the ship breaking scrap offers were reported around INR 26,800 per ton (ex-works). Among the finished steel market, the rebar offers moved up by INR 100-300 per ton at Chennai, Hyderabad, Mandi Gobindgarh and Mumbai, while remaining stable across the other demand centers. Moreover, the wire rod offers also recorded an increment of INR 200 per ton at Durgapur and Raipur. However, the spot flat steel offers were broadly un-changed, and have stabilized once the April cuts came into play. Seemingly, the change in sentiments as well as fundamentals has be-come more visible as the drastic improvement in the semi-steel and long steel segments have brought back cheers into the market. Construction demand has buoyed up the markets, which will gain more pace once the elections are over and new government take charge in center.

Source: www.oreteam.com

Uncertainty dogs steel production 2025 target

Ups and downs in the market and the absence of pricing power puts a question mark over India's plan to achieve 300 million tonne steel production by 2025 and to make the country the second largest producer of steel. The absence of pricing power in steel industry unlike the highly consolidated coking coal field has remained a matter of serious concern. The prolonged uncertainty in the market and lack of demand has failed not much increase in capacity addition. Pricing power of an industry is critical for its growth and profitability depends on its ability to consolidate. Steel sector be it in India or world is highly fragmented due to which it lacks pricing power. Big players like Arcelor Mittal, Hebei in China, Nippon in Japan, Posco in South Korea and Nucor in USA account for less than five to seven per cent share in the market. SAIL and JSW command not more than 12-13 per cent of market share in India. Lack of pricing power leaves the products totally market-driven. Steel industry lacks bargaining power in procurement of raw material i.e. iron ore and coal. Raw material security has remained a major worry for city-based Rashtriya Ispat Nigam Limited, the corporate entity of Visakhapatnam Steel Plant. With the prices not firming up due to General Elections and market slump, the steel industry, experts say is undergoing a difficult phase. Industry sources say out of total production, 55 per cent is of flat products and 45 per cent long products. While in flat products market, SAIL, JSW and Tata are the leading players, in long products, 74 per cent market share is held by the secondary producers. "This makes the long products pricing further more vulnerable. From 2012, long products prices have started coming down substantially by Rs.7,000 to Rs.8,000 per tonne in a year i.e. every month, it was reduction in prices offered by main, major and secondary producers in terms of incentives/discounts/rewards amounting to Rs.4,000 to Rs.5,000 per tonne," a RINL official told *The Hindu*. To control inventory, almost all the major producers are resorting to price war by offering discounts.

Source: The Hindu

Steel major sets Rs 20k cr turnover target for 2014-15

State-run steel maker Rashtriya Ispat Nigam Limited (RINL) has an ambitious plan to achieve a turnover of around Rs 20,000 crore in 2014-15 and increase it to Rs 30,000 crore by 2016-17, said RINL chairman-cum-managing director P Madhusudan. Addressing RINL's regional managers, regional finance managers, branch managers and marketing contact officers from across the country at Visakhapatnam Steel Plant (VSP) a few days back, he congratulated them for achieving sales volumes of more than 3 million tonnes despite a sluggish market. He also exhorted them to fulfil the target of 4.425 million tonnes, an increase of 46% in 2014-15. Madhusudan said that during the 12th five year plan, the government had earmarked Rs 50,000 crore for infrastructure projects and had already cleared several projects that will augur well for the domestic steel market, particularly longs.

RINL is seriously thinking about dispatching its products in containers through a combination of coastal and road transportation to various destinations in the country and was focused on the logistics of dispatch to meet its targets, he added. Pointing out that the steel ministry had given higher MoU targets for the year, he called upon the marketing collective to try and achieve them right from the beginning. "The marketing department has a bigger role to play in tapping new markets to achieve sales of double the product volume of 6.3 million tonnes. The volume of value-added steel has to be increased for higher realization and the coordination with railways is to be strengthened for smooth dispatch of products," he said. RINL director (commercial) T K Chand said that the meet was aimed at formulating the company's business plans and highlighted the steel outlook for 2014-15, which he said would be a turnaround year for the steel industry. Mentioning that RINL was all set to achieve strong growth in sales in the current year, he said major thrust had been given to exports, particularly to Middle East and African countries, due to the freight advantage. He disclosed that RINL's contribution in exports had helped India to emerge as a net exporter of steel after eight years of being a net importer of steel. He pointed out that though earlier RINL exported its products just to ensure a global presence, now the scenario had changed with RINL focusing on exports for better realization, buoyancy in market, hassle free evacuation of products and export earnings in new markets. Chand said that the major challenges before RINL were selling double the volume, augmenting sales and logistics, coastal shipping, finding new markets for products from expansion.

Source: The Times of India

India Imports of Iron and Steel rise to US$ 730.69 M in March- 2014 - InfodriveIndia.com

InfodriveIndia.com, India's premier research company in export import market research, announced that India's imports of Iron and Steel in March- 2014 has grown to US$ 730.69 M an increase of 19.04% compared to February 2014.

This finding is based on India Import Market data of Iron and Steel of InfodriveIndia.com and is compiled from Imports bills of entry filed at Indian customs through March- 2014 at more than 170+ ports in India like JNPT, Bombay Air and Sea, Chennai Air & Sea , Delhi IGI Air, Delhi Tughlakhabad ICD, Delhi Patparganj, Kolkata Air and Sea, Bangalore Air and many more. InfodriveIndia.com India Iron and Steel Import database is considered to be the most comprehensive, up-to-date and authentic information on India's foreign trade of Iron and Steel. According to Pradeep, Chief Research Associate of InfodriveIndia.com, compared to February 2014, a increase of USD 730.69 M in March- 2014 has been noticed. He further gives a analysis and break up of major product categories, major countries and major Indian ports under Iron and Steel as follows:

A. Imports of Ferrous Waste and Scrap or Remelting Scrap Ingots of Iron or Steel has grown month on month basis by 26.66%.

   Total value of imports in March- 2014 was 219.51 M, compared to February 2014, there is an increase of 46.2 M in March- 2014, growth rate in percentage terms is 26.66%, the major destination countries were United arab Emirates, United Kingdom, South Africa, Netherlands and United States and major Indian ports were JNPT, Ludhiana ICD, Madras Sea, Loni ICD and Vizag Sea.

B. Imports of Flat-Rolled products of other Alloy Steel of a width of 600 Mm or more has grew month on month basis by 19.49%.

   Total value of imports in March- 2014 was 119.63 M, compared to February 2014 , there is an increase of 19.51 M in March- 2014, growth rate in percentage terms is 19.49%, the major destination countries were China, Japan, Korea, Republic of, Taiwan and Russia and major Indian ports were Bombay Sea, Madras Sea, JNPT, Mundra and Kandla.

C. Imports of Flat-Rolled products of Iron or Non-Alloy Steel of a width of 600 Mm or more, Clad and Plated or Coated has grew month on month basis by 24.77%.

   Total value of imports in March- 2014 was 72.03 M, compared to February 2014 , there is an

increase of 14.3 M in March- 2014, growth rate in percentage terms is 24.77%, the major destination countries were Korea, Republic of, Japan, China, Belgium and Germany and major Indian ports were Madras Sea, JNPT, Bombay Sea, Kandla and Calcutta Sea

D. Imports of has fallen month on month basis by 13.05%.

Total value of imports in March- 2014 was 58.12 M, compared to February 2014 , there is a decrease of -8.72 M in March- 2014, growth rate in percentage terms is -13.05%, the major destination countries were Korea, Republic of, Iran, Japan, China and Romania and major Indian ports were Kandla, Madras Sea, Bombay Sea, Mundra and Calcutta Sea. Pradeep says that the above information is on major product categories, and users requiring detailed analysis and reports on their specific products can contact Sales team at InfodriveIndia.com with detailed description of their product, brand names and its uses. According to Pradeep, usually InfodriveIndia.com team delivers most of the projects within 3 working days.

InfodriveIndia.com analysis and research is done from India import shipment data from customs statistics which is based on the Import Bills of Entry filed at various ports, InfodriveIndia reporters collect this data from every Indian port, and InfodriveIndia database yields the most timely, accurate, comprehensive information available on trade through India Ports. Recently after a long and persistent lobbying with Indian Govt, InfodriveIndia.com has been able to release India Import Statistics almost on realtime basis, bringing the backlog time to just 3 days, compared to Govt sources which are around 6 months old. Another unique feature of InfodriveIndia.com database is unparalleled coverage of 170+ ports in India.

Source: www.metaljunction.com

India's Tata Steel Posts Record 2013-'14 Year

Despite all of the stories of gloom and doom, India's single-largest, private, integrated steel maker, Tata Steel, has managed to surprise everyone with its 2013-14 record performance. The steel major pulled down record highs in both its domestic annual production as well as sales categories at 9.15 million tons and 8.52 million tons, respectively. Not only that, but the year saw Tata Steel registering its best-ever performance in hot metal, crude steel and saleable steel production, as well, according to the company's statement.

New Production Highs

Hot metal production exceeded the previous best at 9.89 million tons in the just-finished Indian financial year against 8.86 million tons in 2012-13. Crude steel production was the highest-ever at 9.15 million tons compared with the previous best of 8.13 million tons in 2012-13. Analysts following the company said the results were an indication of the inherent strength of the company and that of India's overall steel industry. Despite a year where there was hardly any demand, domestically and even globally, Tata managed to post a record performance. Incidentally, India's real steel consumption grew by a mere 0.6 percent in 2013-14, its lowest in four years, to 73.93 MT, because of a slow domestic economy and lower imports.

Record Fuelled by New Business

We at MetalMiner have been tracking Tata Steel very closely for the past several years, reporting on its various twists and turns. Earlier in the year, we reported on Tata opening the UK's largest cutting center for steel plates at its West Midlands base. Late last year, Tata Steel decided to venture out into new markets to chart a new growth path. As reported by MetalMiner, Tata Steel UK Holdings (TSUKH), the wholly-owned subsidiary of Tata Steel, had launched a state-of-the-art facility in France that will produce super hardened train track, also called "stress free" rails, which will be three times tougher than normal rail. TSUKH had invested about $65 million USD in the plant. Tata Steel's saleable steel production of the company clocked a 12 percent growth in the April-March period from 7.94 MT a year ago. Tata Steel's sales rose 14 percent from 7.48 MT a year ago, buoyed by "best-ever" sales to the automotive, industrial products and LPG segments.

Segment Sales Rise

Annual sales to the automotive, industrial products and LPG segments rose to 1.17 MT, 1.7 MT and 1.1 lakh tons, respectively. Tata Steel Group's annual crude steel capacity now stands at over 29 MT per year. The group has production facilities in the UK, the Netherlands, Thailand, Singapore, China and Australia. Production of saleable steel registered a 7 percent growth the January-March quarter, while sales rose 6 percent. In March itself, the company had announced that it had achieved an all-time record monthly billet production of 304,000 MT, compared to 293,000 MT in the same month of the previous financial year. Confident Tata Steel officials, have in the past, forecast that India's steel consumption would grow by about 5-6 percent in the new fiscal. However, their assumption was based on a projected 5-7 percent economic growth of India, which not many are confident will happen. Traditionally, the construction sector accounts for around 60 percent of the country's total steel demand while the automobile industry consumes about 15 percent. Both the sectors have been plagued by the economic slowdown.

Source: www.metaljunction.com

Tata Steel to start 4th trial of new steel-making technology

Indian giant Tata Steel will soon begin the fourth test production of a revolutionary energy saving steel-making technology at its plant in the Netherlands. The technology, HIsarna, enables direct input of coal and fine iron ore into the ironmaking furnace. It saves energy consumption by eliminating two key raw material processing stages in blast furnace ironmaking. The elimination of these processing steps can reduce the emission of carbon dioxide from conventional ironmaking by 20%. The test will begin in mid-May and last six months. "We are very proud to have succeeded in designing and constructing this installation and to have advanced this potentially breakthrough technology to this stage," said Hans Fischer, Chief Technical Officer of Tata Steel's European operations and hub director of Tata Steel in IJmuiden. "A project of this size is not carried out by a single company. We are working closely with several other major steel companies in the ULCOS (Ultra Low CO_2 Steelmaking) consortium and with mining firm Rio Tinto," he said. HIsarna has the potential to become a "game-changer" in the steel industry, he said. "Despite the challenging economic circumstances in Europe, Tata Steel and its ULCOS partners have continued to support the HIsarna project. "But future phases of HIsarna's development will require very substantial investment that will exceed what the project partners can provide by themselves," he said. We are now looking for further support from the European Commission and the Dutch government to enable this potentially breakthrough technology to progress to the next and more advanced stage. "The fourth test campaign aims to produce liquid iron in a series of production runs, each lasting several days, and to test the use of different types of coal and iron ore. "After analysing the results of this campaign, Tata Steel and its partners will start preparing for a prolonged fifth campaign in 2015 which would last six months," he said. If the results of this test are positive, the next crucial step in HIsarna's development would be the design, construction and trial operation of an industrial-size HIsarna plant, he added.

Source: Business Standard

Global apparent steel use to increase by 3.1%, according to worldsteel's short range outlook

In its Short Range Outlook (SRO) for 2014 and 2015, worldsteel forecasts that global apparent steel use will increase by 3.1% to 1,527 Mt in 2014 following growth of 3.6% in 2013. In 2015, it is forecast that world steel demand will grow further by 3.3% and will reach 1,576 Mt.

Hans Jürgen Kerkhoff, chairman of worldsteel's economics committee, said: "In 2013 world steel demand grew higher than our previous forecasts due to a stronger than expected performance in the developed world in the second half of the year. In particular, the recovery in the United States gained strength. In addition, the downturn in the EU bottomed out and we now expect that steel demand in the Eurozone will move into positive growth in 2014. On the other hand, many emerging economies continue to struggle with structural issues and financial market volatility. This, along with China's deceleration, is the reason for our slightly lower global growth rate forecast for 2014. In 2015, growth in most parts of the world will accelerate thanks to a continuing steady recovery in the

developed economies and an improvement in the situation for the emerging economies. But China's steel demand will further decelerate and this will prevent the broad recovery momentum from registering a higher global growth rate for 2015." Kerkoff said the recovery in Europe was still only mild and constrained by high debt and unemployment. He said that structural problems in emerging economies are less likely to be resolved in the short-term, leaving them fragile and susceptible to external shocks. "We are still seeing unexpected unstable political situations in many emerging economies. In this regard, the development involving Crimea raises a high downside risk for our outlook for the CIS region. Finally issues remain surrounding China's debt and real estate bubble," he said.

According to worldsteel, the global steel demand recovery continues, but growth is stabilising at a lower rate with continued volatility and uncertainty leading to a challenging environment for steel companies. After growth of 6.1% in 2013, with support from government infrastructure investment, apparent steel use in China is expected to slow to 3.0% growth in 2014 (721.2Mt) as the Chinese government's efforts to rebalance the economy restrains investment activity. In 2015, steel demand growth is expected to further decelerate to 2.7%. In India, steel demand is expected to grow by 3.3% to 76.2Mt in 2014, following 1.8% growth in 2013, due to an improved outlook for the construction and manufacturing sectors, even though this will be constrained by high inflation and structural problems. Despite uncertainties relating to the impact of upcoming elections, steel demand is projected to grow by 4.5% in 2015 supported by the expectation that structural reforms will be implemented. In Japan, following a 2.0% increase in 2013, due to a moderate GDP recovery as a result of "Abenomics", apparent steel use in Japan is expected to contract by -1.0% to 64.6Mt in 2014 due to the consumption tax hike negatively affecting the construction and automotive sectors. In 2015, steel demand is expected to increase by 0.5%. In the United States, after a decrease of -0.6% in apparent steel use in 2013, years 2014-2015 are expected to deliver a return to growth and recovery. Apparent steel use will grow by 4.0% to 99.4Mt in 2014 and by 3.7% in 2015. The impact of the Federal Reserve Bank tapering programme on the US economy has been contained so far, but future actions still remain a risk. Apparent steel use in Mexico is expected to grow by 3.4% to 19.2 Mt in 2014 and to grow further by 3.9% in 2015. In Central and South America, apparent steel use is projected to grow by 3.4% to 50.9Mt in 2014 down from 4.3% in 2013. This is forecast to slow further to 2.7% in 2015 due to contraction in Argentina and a sharp slowdown in Chile. In Brazil, steel demand growth will slow to 3.0% to 27.2Mt in 2014 and 3.2% in 2015 as high inflation and interest rates continue to restrain economic growth.

After a contraction of -0.2% in 2013, apparent steel use in the EU (28) is expected to grow by 3.1% in 2014 to 143.3Mt with help of the construction sector, which is gradually bottoming out. Underlying trends at national level will continue to differ, but it appears that Southern Europe has passed its lowest point. Apparent steel use in Germany is expected to increase by 4.5% in 2014, Italy by 2.6%, France by 1.0% and Spain by 3.0%. A steady transition to a broader and more durable recovery will result in steel demand growth of 3.0% in the EU (28) in 2015. Apparent steel use in the CIS region is projected to grow by only 1.1% reaching 59.5Mt in 2014 due to slow investment, but will grow by 3.7% in 2015 with Russian steel demand accelerating to 4.4% growth. Steel demand in Ukraine will continue to contract in 2014, but the fall will be limited to -3% to 5.4Mt due to financial assistance from the International Monetary Fund. In the MENA region, steel demand is expected to grow by 6.1% to 66.7Mt in 2014 after a 0.9% increase in 2013. Growth in the region is strengthening as political uncertainties moderate. Strength in the non-oil sector in the GCC (Gulf Cooperation Council) countries is expected to stretch into 2014 and the Egyptian economy as well as the rest of the region will continue to recover. In 2015, steel demand in the region is expected to grow by 9.4%. Overall apparent steel use growth in the developed economies will be above 2% in 2014 and 2015, however the developing and emerging economies will continue to grow faster than the developed economies despite their more subdued performances.

Source: Steel Times International

Flat Product Capacity to increase 5-6 mt in 2014-15

Flat product capacity, or more particularly HR coil-making, is expected to rise by 5-6 million tons in 2014-15, industry sources feel. The flat steel industry is seeing a rise in capacity as many manufacturers in India have planned expansion in the near future. Sources say JSW Steel is mulling a hike in its production capacity by 1.7 million tons at its Dolvi plant, taking its capacity to 5 million tons. JSW currently manufacturers HR coils at the Dolvi unit. Similarly, another other major producer, SAIL, has also announced plans to add capacity of 1.2 mtpa for CR products at its Rourkela Steel Plant. The combined capacity of all players in the HR coil sector stood at 35.6 mt in 2013-14, whereas it is expected to touch around 41.6 mt in 2014-15, sources said. Tata Steel's Kalinganagar project is slated to commerce operation from the fourth quarter of 2014-15, say industry sources, adding 3 mtpa flat capacities to Tata Steel's portfolio in the process. Many industry players are quite optimistic about the growth in the domestic flat steel industry and this has led to announcement of significant expansion in capacity of late. On the other hand, contrarians believe the additional capacity is not going to be absorbed in the domestic market soon due to lack of demand and this will encourage manufacturers to export these surplus quantities. Sources say India is going to be one of the largest manufacturing hubs for automobiles in Asia and this will bring huge demand for flat products in the near future. Chennai, which recently planned to set up an 'auto city", is expected to see good growth in demand for flat steel products in the near term. Tamil Nadu accounts for 30-35% of India's auto component production, worth $6.2 billion. Upcoming additional capacities in India can feed the future needs of this industry.

HR Coil Capacity (mt)

Manufacturers	FY13	FY14	FY15*
SAIL	6.2	6.4	6.4
Tata	6.4	6.4	9.4
JSW Steel	11.5	11.5	13.2
Bhushan Steel	2.5	2.5	5.5

Auto Sales drop, other steel consumers languish

The recent cut in excise duty did little to lift sales of passenger vehicles in the country, with eight of India's leading automobile makers together postings a drop in volume in March (1.6 percent), as well as for the entire financial year (4.4 percent for 2013-14). This is the first time in more than a decade that sales have declined. High interest rates, rising fuel prices and uncertain economic conditions hit sales of companies such as Maruti Suzuki India, Hyundai Motor India, Mahindra & Mahindra (M&M) and Toyota Kirloskar. Industry experts feel a policy paralysis in the past few years has led to steel consuming sectors such as infrastructure, capital goods and automobile registering a decline in production or marginal growth, negatively impacting demand for the metal.

Flat steel trading volumes at all-time low

Trading volumes in flat steel products have been at an all-time low and delays in settlement of payments are a new concern area haunting many flat steel traders in India. Dealers and trader across trading regions have reported difficulties in getting their payments settled on time, affecting them deeply. Faridabad, which is one of the major trading hubs in Delhi & the NCR region, has been through a deep crisis. Usually, payments are settled within 30-35 days but now these are being delayed unnecessarily by 2-3 months and in some cases indefinitely, leading to difficulty for traders. Around 80 per cent of trading volumes are facing such delays. Traders based in Kolkata are also facing difficulties in getting their payments settled. Around 60-70 per cent of orders are directly or indirectly linked to government projects. The slowdown in government projects has led to delays in payments. Moreover, payments from some private players have also been under stress on dull demand in the market and it is quite risky to invest any fresh capital for stocking up on inventories in such a situation, say traders. Traders in Chennai are experiencing a similar predicament.

Source: Steel Insights

Chinese iron ore imports to rise by 90Mt in 2014

An environmental clamp-down on high-polluting Chinese steel plants will neither curb growth in domestic steel-production or cut seaborne imports of iron ore, which are predicted to rise by a further 90Mt in 2014 to a record 921Mt, according to Wood Mackenzie. Steel plants in some Chinese regions have been told to slash capacity, as well as idle coke batteries and sintering operations as part of push to cut emissions that are viewed as a source of toxic smog enveloping Beijing and Shanghai. But Wood Mackenzie said there is plenty of unused capacity within China's steel industry ready to replace any lost production due to shut-downs resulting from harsher emissions controls. The energy consultancy added: "The iron market is understandably spooked ...by the introduction of environmental controls and their potential financial impact on the steel industry.....and this has caused price volatility with prices plunging to 17-month lows in recent weeks, before picking up again recently.

"However during the remainder of 2014, we expect that fighting emissions will have negligible impact on total Chinese crude steel production and limited impact on iron ore demand in terms of quantity." Recently, Australia's Bureau of Resources and Energy Economics predicted that iron ore spot prices will fall 30% over the next five years due to increased supply of the steel-making mineral.

Source: www.metaljunction.com

Indian iron ore miners looking up to next government to resume operations

According to an independent report, the harried iron ore miners of India, who have lost over two years of business, are pinning hopes on the next government to clear the statutory roadblocks and encourage exports. "We hope the next government will clear the roadblocks faced by the iron ore mining industry and promote investment into the sector, which can contribute to GDP," Goa Mineral Ore Exporters' Association secretary Mr. Glenn Kalavampara recently stated and stressed on sustainable mining. When asked about the recent statement of the major Opposition BJP indicating its preference for domestic use of iron ore than exports. Mr. Kalavampara stated low grade iron ore is not utilized by the domestic steel industry and should be exported. "Low grade iron ore is not used by the domestic steel industry. So, its exports should continue as there is no demand for this grade in the country," he said, adding most of the output from Goa is of low grade ore only. Notable, certain low grade ore is also mined in Karnataka and Odisha as well in small quantity. The country, which had exported around 110 million tonne iron ore in 2008-09, has witnessed drastic fall in outward shipment due to investigation into alleged illegal mining in key producing states like Karnataka, Goa and Odisha. While mines are slowly being reopened in Karnataka, it is yet to restart in Goa, which is a major exporter of low grade iron ore fines. An official of the Federation of Indian Mineral Industries, the association representing iron ore miners, also echoed similar sentiment. "Domestic demand for iron ore fines is not there. So, it has to be ex-ported," FIMI Secretary General Mr. R.K. Sharma said, adding the association would engage with the next government on the export of low category iron ore from key producing states. The country, which used to be a reliable supplier of iron ore to key consumer nation like China, has lost its place to countries like Brazil, Australia and South Africa in the last two years due to halting of mining in major producing states.

Source: www.oreteam.com

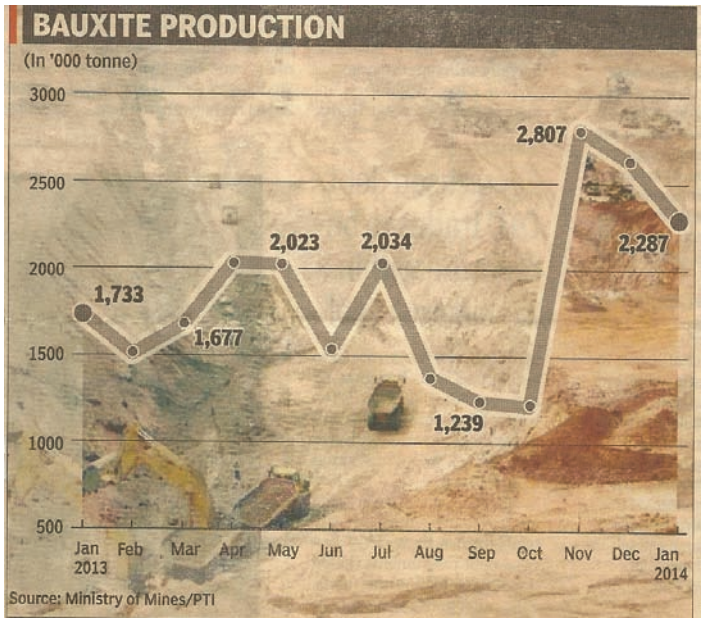
Kobe Steel provides license to FLSmidth in India for iron ore pellet process

Kobe Steel Limited, Japan and FLSmidth Private Limited, India have entered into an exclusive license agreement enabling the Indian partner to market, design and construct iron ore pellet plants using Kobe Steel's pelletizing process called the KOBELCO Pelletizing System. This agreement gives FLSmidth the exclusive right to supply pellet plants in India. Projects in other countries will be evaluated on a case by case basis. FLS's cement plants and the KOBELCO Pelletizing Systems share core technology (pyro processing) in common and particularly the rotary kilns and burners. India has produced 81.2 million tonnes of crude steel during 2013 and steel production is anticipated to be prosperous in future according to the World Steel Association. Indian Government's aim to increase steel production to 300 million tonnes by 2025 has enhanced the need for iron and other related production facilities, including pellet plants. Kobe Steel and FLSmidth will cater to this demand by jointly promoting the KOBELCO Pelletizing System.

The KOBELCO Pelletizing System makes iron ore pellets used as a raw material for blast furnaces and direct reduction plants. Over many years, Kobe Steel has made continuous improvements to the KOBELCO Pelletizing System through the operation of its own pellet plant in Japan and its engineering business, where Kobe Steel has supplied pellet plants and services to companies worldwide. Major projects include a 4 million tonne per year plant and a 6 million tonne per year plant for the former Gulf Industrial Investment Company, now known as Bahrain Steel. Kobe Steel also received an order for two 4.5 million tonne per year plants from Vale Oman Pelletizing Company. Mr Hiroshi Ishikawa an Officer at Kobe Steel and Head of its Iron Unit Division said that "The long and vast experience FLSmidth has in mineral processing including iron ore beneficiation makes it an excellent partner for our pelletizing process. The synergy and expertise of both Kobelco and FLSmidth will add value to our customers, which will be mutually beneficial." Mr Bjarne Moltke Hansen country head of FLSmidth India said that "Iron ore being one of FLSmidth's core industries, this agreement with KOBE will enable us to provide the customers with a complete iron ore pellets production line comprising of material handling, crushing, screening, washing/beneficiation and pelletisation. The synergy between KOBE and FLSmidth is unique with individual business capabilities that will mutually support us to provide value added services to our customers and to take on new opportunities in the iron ore industry."

Source – Strategic Research Institute, Steel Guru

Coking coal prices under pressure in changing market conditions



Recent trend in coking coal prices is giving out clear indications that this may not be a good year for the miners of essential steelmaking raw material. Already, the spot prices have gone down from $330 per ton (FOB levels) in 2011 to less than $100 per ton in the past few weeks. Amid the widespread industry retrenchments and cost cutting, the pressure on coal miners is deepening, with price cuts emerging and oversupply playing havoc on the minds of the participants. Anglo American settled its contract with one of the buyer at $120 per ton (FOB basis), down 16 percent from the $143 negotiated for the first quarter. Its major buyer, China is facing an issue as the imports of coking coal so far this year have slowed, destocking across the steel chain by Chinese mills facing a credit squeeze is noted. Market conditions are changing and the participants are now taking in account that other buyers like India may now have more impact on the pricing of key steelmaking commodity. Also, with domestic coking coal set to rise in India as Coal India will be hiking its prices by 10 percent from the new fiscal. Coal India produces nearly 15 million tons of coking coal annually, mostly through its subsidiary Bharat Coking Coal Limited. Looking at the physical market, the Australian premium low volatility HCC offers were heard around $106-108 per ton (FOB Dalrymple Bay), pretty much steady from last week. Similarly, Australian mid volatility HCC cargoes was heard around $97-99 per ton (FOB Dalrymple Bay). CFR India offers for Australian mid-volatility cargoes were reported below $115-117 per ton (CFR East Coast). According to a recent report by Bureau of Resources and Energy Economics, the Australian government's official forecaster, few miners can operate profitably at these prices. Thus it has become far more essential for the miners to find new sources of demand, which clearly points towards India as the country has huge expansion plans of its steel sector.

Source: www.oreteam.com

Indian coal imports in 2013-14 miss 150 million tonne mark

According to the data of coal and coal products imports at 30 main ports in India during 2013-14, total coal imports missed 150 million tonne mark by just about 2 million tonnes at 148.043 million tonnes ie monthly average of 12.336 million tonnes per month. Maximum monthly import was recorded at 15.3 million tonnes in March 2014 and lowest at 10.8 million tonnes in August 2013. More

than 75% was accounted by thermal coal, followed by about 23% by coking coal and 1% each by met coke and pet coke. Indonesia took the first spot as supplier with about 55% share followed by Australia at 20% and South Africa at 9%. (About 10% of imports remained unidentified). The total number of coal carrying vessels was 2410 ie monthly average of about 201 vessels per month with average cargo size of 61,429 tonnes per vessel. The information is compiled for 30 main coal receiving ports in India for a period of April 1st 2013 to March 31st 2014. It contains port name, vessel name, cargo type, quantities, origin for 2149 vessels and buyers for 2190 vessels.

Source: Steel Guru

Coking coal prices dip; good news for steel companies like SAIL, Tata Steel, JSW Steel and others

A record 20% dip in global coking coal prices to a six-year low bodes well for steel companies in India which rely heavily on imports. The price impact will lower companies' coal import bill and reduce working capital needs. However, its impact on earnings is likely to be muted at a time when demand from auto and infrastructure remains sluggish. Spot prices of coking coal have come down almost 20% to $107 per tonne, while long term contract prices are hovering at $125 per tonne in April-June'14 quarter compared to $140 per tonne in January-March'14 period. India's steel producers import nearly 40 million tonne of coking coal , out of which top steel producers like SAIL, Tata Steel and JSW Steel account for a significant share. Steel majors have been negotiating contracts with foreign suppliers for the April quarter, at prices that are nearly 10-11% lower. A slower-than-expected offtake by China, the largest steel producer in the world, leading to a supply glut in Australia, the world's biggest supplier of coal. "Along with rupee appreciation, a dip in coking coal prices, a key steelmaking input will rein in production costs," director-marketing of JSW Steel Jayant Acharya said. Analysts tracking the sector felt this could translate into gains for steel companies particularly at a time, when demand has remained sluggish on the back of a slowdown in the economy. Analysts tracking the sector said the impact of a lower coking coal prices will mainly translate into reduction in working capital needs. "Lower prices will mean a lower imports bill and hence lower working capital requirements. As such, the price impact may not be felt in terms of improved margins for steel companies.

Source: The Economic Times

Solid Energy gearing stuck about 70% unless coal prices recover

Solid Energy continues to forecast far higher levels of debt than sector peers and does not expect that to improve until international coal prices recover, Parliament's commerce select committee says in a report on the troubled state-owned enterprise, published recently. Solid Energy came close to commercial failure in 2012 when, like other coal mining companies around the world, it was caught out by a sharp plunge in the price of coal, which saw it report a $40.2 million loss in 2012 and a further $335.4 million loss in 2013, reflecting writedowns and restructuring. The committee reports includes a minority view by Labour Party members, who say it was "grossly irresponsible of the government" not to initiate an open inquiry into Solid Energy's near failure at the cost of some 800 jobs to date and some $400 million to the Crown. The committee reports it asked Solid Energy's current chair, Pip Dunphy, whether the company would have been in a better position if its level of debt in 2012 had been more like 10 percent of the value of its assets, "the same as other mining companies at the time." Such low gearing would have helped, Dunphy told the committee, but that "typical gearing ranges between 20 and 50 percent in the mining sector." "We noted (Solid Energy) has forecast gearing in excess of 70 percent from 2014/15 onwards", despite expecting a significant reduction in debt over the next two years after renegotiating with its banks last year. "This may not be achieved if coal prices remain at current levels," the committee reports. Dunphy told the committee that Solid Energy "believes its business can be sustainable with a hard coking-coal price of US$140 to US$150 a tonne, but the current price is only US$119." The committee also queried consideration of reopening the underground semi-hard coking coal mine at Spring Creek, on the South Island's West Coast. The mine was mothballed as part of wider restructuring because of uneconomically high mining costs and safety concerns. The committee was told a feasibility study was under way on recommencing operations at Spring Creek because its very low ash coal is desired in the silicon and ferroalloy manufacturing processes, making it worth up to US$100 a tonne more per tonne than coking coal. "However, this potential will be limited until coal prices increase internationally," the committee report says. In questions on corporate head office costs and company culture, the committee was told that almost all the board members and senior managers responsible for the decisions that led to the

company's financial difficulties had departed, and that half the space at the Christchurch corporate headquarters had been leased to other tenants. However, Solid Energy's headquarters would remain in Christchurch "for strategic reasons

Source: Coaljunction

ASSOCHAM for strong policy measures on coal, gas pricing

Industry body ASSOCHAM has pressed for strong policy measures on pricing of coal and gas, strengthening the power distribution framework and addressing the issue of public sector monopoly in coal production to lift the performance of core sec-tor. "The new government needs to initiate a comprehensive review of not only policies but also processes that govern core industries," ASSOCHAM Secretary General Mr. D.S. Rawat said. Healthy output of electricity, coal and crude oil helped in pushing the core sector growth to 4.5 per cent in February from 1.3 per cent in the same month a year ago. Index of Eight Core Industries grew 1.6 per cent in January this year.

Core industries including fertilizers, cement, steel, electricity, crude oil, coal, petroleum refinery products and natural gas have a combined weight of about 38 percent in the Index of Industrial Production.

Source: www.oreteam.com

Reforming the Public Sector

The way state-owned companies have grown over the last 20 years in India is noteworthy. They contribute significantly to India's economy and promote industrial and urban infrastructure. They are big employers and contribute large portions of their profits towards development and corporate social responsibility. The contribution of central PSUs in terms of total turnover has been 20-24% of India's GDP during 2008-12. Despite subdued growth, the PSUs clocked a net profit of Rs 1,15,300 crore in 2012-13, a 17% jump over the previous fiscal. They employ 14.04 lakh people, and spent Rs 1,16,375 crore on salary and wages in 2012-13. Their contribution to the central exchequer by way of excise, customs duty, corporate tax, interest on central government loans, dividend and other duties and taxes increased to Rs 1,62,761 crore. Four PSUs and one public sector bank are in the global Fortune 500 list. State-owned enterprises (SOEs) have been an important element of many economies, including the most advanced ones. In fact, SOEs have been around for more than 100 years in capitalist economies. Their role has grown after the crisis of 2008. In January 2012, The Economist pointed out that "state-directed capitalism is not a new idea: witness the East India Company. But it has undergone a dramatic revival." With the West in recession since 2008, stimuli and SOEs have kept their economies running. Remember, 10% of the world's largest firms in the Forbes Global 2000 are state-owned. They come from 37 countries and their net sales were $3.6 trillion in 2011. Though SOEs have been characterised as lagging in business performance, some contemporary SOEs are among the largest and fastest-growing multinational companies in the world. They compete with private firms in domestic and international markets.

Cutting-Edge PSUs

Many success stories of today began as SOEs in the developing world. In the developed world, the list includes Renault, Rolls-Royce, Posco and British Aerospace. Ownership can't predict performance. With this logic, Singapore Airlines and Air India would be similar, as their ownership structures are similar. But things can get even better for SOEs. What about setting up a holding company on the lines as Temasek of Singapore or Sasac of China or khazanah in Malaysia? Temasek was incorporated in 1974 to hold and manage investments and assets previously held by the Singapore government, leaving the ministry of finance to focus on policymaking. To separate regulation from ownership, the Chinese government constituted a regulatory body called State Assets Supervision and Administration Commission (Sasac) in 2003. Its mandate was to draft laws and regulations about state-owned assets, managing and restructuring these assets and hiring and laying off executives of SOEs. All SOEs were taken away from the control of government agencies and started reporting to the State Council. The need for creating such a holding company arises when SOEs grow too big and managing them becomes difficult. As markets reform, SOE regulation and operation need to be separated. The holding companies regulate SOEs minimally, without interfering with operations. Since Independence, the government adopted measures to accelerate industrial development by setting up SOEs in core and strategic sectors. After the reforms of 1991, the government opened up sectors reserved for SOEs, leading to increased competition from domestic and multinational companies.

Under the new economic environment, SOEs modified operating strategies and revisited the management of people, process and technology.

PSUs on Top

This would not have been possible without efficient use of capital, human and financial resources and enhanced productivity. The public sector can be as competitive as the private sector. Some private sector companies benchmark themselves against the public sector. Many hire skilled people from SOEs.

Time for swot Analysis

India's integration with global markets has thrown up opportunities and challenges for SOEs. Yet, what is lacking? Do they lack managerial autonomy or motivation? Is there a need to redefine the ownership structure? Is there a need to separate the ownership from management? Should we borrow ideas form Singapore or China and set up a holding company to regulate the Maharatnas and Navratnas? Can SOEs be free to define their relationships with their stakeholders? Is there any doubt that effective governance encourages better decision–making and improves management? The time has come to reconsider the notion that the private sector is innately efficient and the public sector is inherently inefficient. Give SOEs the tools and framework for achieving greater growth, for their own sake and in the economy's interest, to maximise wealth creation.

Source: The Economics Times

India larger than Japan in PPP Terms

NEW ECONOMIC ORDER 2011

	Rank	Currency value against a dollar (On PPP basis)	GDP in ($ bn)	GDP per capita ($)
US	1	1	15,533.8	**49,782**
China	2	3.51	13,495.9	**10,057**
India	3	15.11	5,757.5	**4,735**
Japan	4	107.45	4,379.8	**34,262**

PPP: Purchasing Power Parity Source: World Bank

India replaced Japan as the world's third largest economy as far back as 2011. "India was now (2011) the world's third largest economy, moving ahead of Japan," said the World Bank in a report issued on Tuesday. The ranking is based on purchasing power parity (PPP) in dollar terms. PPP is adjustment of exchange rates to find the purchasing power of one unit of a currency in a foreign economy. For example, if the price of a hamburger in France is €4.80 and in the US is $4.00, the PPP for hamburgers between the two economies is $0.83 to the euro from the French perspective (4.00/4.80) and €1.20 to the dollar from the US perspective (4.80/4.00). To compare the cost of hamburgers purchased in the two economies, the expenditure on it in France can be expressed in dollars by dividing it by 1.20 or the expenditure on hamburgers in the US can be expressed in euros by dividing by 0.83.

While India's gross domestic product (GDP) on this basis was $5.75 trillion in 2011, Japan's was $4.37 trillion. In contrast, this country was only the world's 10th biggest economy in 2005, when the World Bank had issued an earlier report under its International Comparison Programme. At the time, India's economic size was $2.34 trillion; Japan was at third rank, at $3.87 trillion. America and China came first and second, respectively.

India went ahead of Japan because its currency was valued at 15.11 a dollar on a PPP basis in 2011, while the East Asian nation's currency was pegged at 107.45 to a dollar. In 2005, Japan's currency was 129 to a dollar, while the rupee was 14.67 a dollar. Two years earlier, the International Monetary Fund came out with a similar prognosis. It had put India slightly ahead of Japan in PPP terms, valuing India's GDP at $4.46 trillion in 2011, marginally higher than Japan's $4.44 trillion. In contrast, the World Bank report says on per capita GDP, India is 129th among 177 nations in PPP terms. Our per capita GDP was $4,735 in 2011. National Statistical Commission Chairman Pronab Sen said the latter measure was the important one. "PPP is a cost of living index. What matters more is the per capita GDP, on which the real conditions depend." In terms of per capita GDP, Japan was at 33rd position. China was at the 99th rank. Even America did not have the highest per capita income; it was 12th in the ranking. Qatar had the highest per capita income, at $146,521 in 2011, around 31 times that of India.

Source: Business Standard

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