



# Steel Digest

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Sriprakash Jaiswal, Hon'ble Union Minister of Coal addressing the members. Sitting (L-R). R. N. Sen, Chairman, DVC, Deepak Jalan, President MCCI, Sanjay Agarwal, Sr. Vice President, MCCI & Arun Kumar Jagatramka, CMD, Gujarat NRE Coke Ltd.

SHORTLY before midnight of every new leap year, a secret club of Oxford professors gathers and, as the clock strikes midnight, they all start walking backwards in an effort to stop time! There is, of course, absolutely no reason for time to stop in its tracks, nor do the professors really believe it will. The ceremony is merely an ancient and eccentric tradition. New Consumers, by contrast, are not merely attempting to hold back time, in some cases they are succeeding, using a variety of strategies to warp it for their own convenience. In these sometimes desperate attempts to squeeze an even greater number of activities into the 168 hours available in any one week. New Consumers are driven not by choice but by necessity. Time, attention and trust are the scarcities of the New Economy and exist not in the marketplace itself but within New Consumers themselves.

Although each scarcity is separate and distinct, they are also inextricably linked. Shortages of time inevitably result in reduced spans of attention and this in turn, makes New Consumers less trusting. First, they are either unwilling or unable to invest sufficient time in developing close relationship with suppliers. Second, time pressure make them less tolerant of any delays or errors on the part of their suppliers. Finally, intense competition means they are continually being tempted by better offers from rivals firms. In the words of Dr. Peter Cochrane, 'our society now consists of only two classes of people..... It's a divide by time. There are large numbers of people who spend huge amounts of time to save money and a small group of people who spend huge amounts of money to save time.'

**The Soul of the new Consumer by David Lewis & Darren Bridger**

*Cover* : JSW Steel Plant located at Vijaynagar, Karnataka is the first Greenfield project in the world to use Corex Technology to produce steel

# Steel Promotion in India



**Sushim Banerjee**  
**Director General**  
**Institute of Steel Development & Growth**

## Introduction

Steel is the backbone of all industries and the basic ingredient for growth and development of a country. Traditionally, the fortunes of the steel industry have been linked to the economic growth of the country and per capita consumption of steel speaks about the relative position of the country on the development frontier. In India the per capita consumption of steel as a whole and the consumption of steel in construction segment (reflected in low steel-cement ratio), in particular, is low in comparison to developed (Japan, USA South Korea, Germany) countries and many emerging economies (China, Russia, Brazil). A large potential exists in furthering the usage of steel in our country as it is totally recyclable and environment friendly.

With this view in mind and to improve the image of steel to the users, Ministry of Steel along with the major Steel Producers have promoted the Institute for Steel Development & Growth (INSDAG) at Kolkata. The Institute is a member-based non-profit making organization and is closely linked with organizations (Government and Private), institutions, associations, professionals and students. The Institute primarily works towards the development of application, technology in steel usage and market promotion.

INSDAG followed the Role Model of The Steel Construction Institute (SCI) UK. The Mission Statement of INSDAG is "To work in unison with all the stakeholders in the steel industry so as to evolve ways and means for more efficient usage of steel & provide maximum value to the customer".

## INSDAG contribution for promoting steel in construction

### A. Typical Steel Intensive Designs & Technical Support

- INSDAG has developed several typical steel intensive designs as under :

- a) Multistory steel framed residential buildings

- b) Steel intensive rural housings and schools
- c) CRCP (Continuously Reinforced Concrete Pavements) roads
- d) Pressed steel water tanks
- e) Steel framed puja pandals
- f) Steel intensive bus stands and bus terminus
- g) Rural foot bridges and culverts
- h) Steel intensive multilevel car parks
- i) Steel bullock carts and Storage Bins
- j) Steel intensive shopping malls etc.

Specific mention may be made of the following :

- Handloom House for Ministry of Textiles at Janpath, New Delhi. The Building was designed by INSDAG with Composite methodology.



*Steel Water Storage Tanks*

- Indira Paryavaran for Ministry of Environment and Forests at Jorbagh, New Delhi is nearing completion – The Building was designed by ISNDAG with Composite Construction methodology.



Steel Storage Tanks

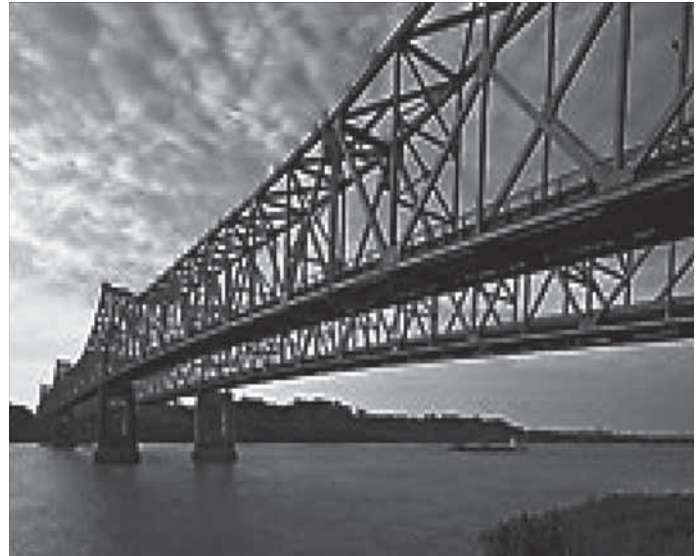
**B. Design Guidance Handbooks and Manuals -** Several handbooks, design guidebooks and manuals for refreshing and updating knowledge of structural engineers opting for steel intensive structures have been prepared by INSDAG. A few most important ones are -

- Handbook on Composite Construction :
  - Part 1 – Bridges and Flyover
  - Part – II – Multilevel Car Park
  - Part – III – Multistorey buildings
- Directory of Steel Supply Chain
- Buyers Manual
- Handbook on Steel Detailing
- Welding Guide
- Guidebook on Mild Steel Doors and Windows
- Guidebook for Crane Girder Design and
- Load Bearing Composite Walls

INSDAG has 80 publications including 40 SCI publications to its credit and also publishes three periodicals (News, Journals & Enews).

## Steel Bridges

**Life Cycle Cost Studies** - INSDAG has completed life cycle cost studies for several structures like flyovers, bridges and buildings, stadiums, RCC roads, multistory residential buildings etc.



**C. Codes & Standards** - INSDAG is instrumental in revision of several steel related Codes to incorporate modern design concepts and to make them more reliable and efficient. Drafts for important Codes like IRC-22; IRC-24; IS:800; IS:12778 have almost been completed. These revised codes are highly contributing to use of good quality steel in efficient manner.

**D. Education & Training** - For upgrading skills and know-how and for creating awareness among potential users, INSDAG has been organizing refresher courses, trainings, workshops, seminars and conferences since its functioning in 1998. Till date, INSDAG has organized more than 300 training programmes for the professional engineers, faculties and students of engineering colleges numbering more than 6000. INSDAG has developed Comprehensive Teaching Package on Steel Design for engineering college students in civil structural engineering. Efforts are on to include it in the syllabus of all engineering colleges, so that faculty and students are conversant with new concept like limit state design, composite construction, earthquake resistant design, etc. Currently, INSDAG has been emphasizing skill development of unskilled people on need based subjects. INSDAG is having good network and understanding with a number of organizations, training institutes and workshops.

The modality of organizing any training or skill development programme is given below :

- Finalization of the title of the training
- Finalization of the schedule of the training
- Fix the venue depending upon the requirement of the training
- Conducting the training with the help of in-house faculties as well as outside experts in the industry
- INSDAG had organized national training programmes with RINL at Vizag and SAIL at Burdwan District, West Bengal.

It may be noted that most of the training programmes are customized to the need of sponsoring organization.

- 10 nos specialized 1-day programme on General Steel Construction conducted for Kolkata Metropolitan Development Authority (KMDA) during month of August to December 2012 covering 230 nos Assistant Engineers, Executive Engineers, Superintending and Chief Engineers.
- Awareness programmes on Steel and Steel Products Quality Control Order by Ministry of Steel were held as under:
  - At Mandigovindgarh and Raipur
  - At Vizag for RINL, Jamshedpur for Tata Steel and Kolkata for SAIL
- The Mason Training programme on Bar Bending and Steel Fixing:
  - For SAIL – at Bhatar, West Bengal
  - For Tata Steel – at Guwahati
  - For JSW Ispat - at Delhi, Dehradun, Haridwar, Haldiwani, Karnal, Abohar
- The Basic Training on Fabrication:
  - For Tata Steel – Haldia, Kolkata, Bhubaneswar and Rourkela
  - For JSW Ispat - Dehradun

#### E. Rural Initiatives through MDP Scheme of MoS -

INSDAG is an empanelled entity under Rajiv Gandhi Udyami Mitra Yojana (RGUMY) by Ministry of MSME,

GoI for imparting basic training on steel fabrication and extension of hand-holding support to the prospective entrepreneurs from concept to the self-sustenance of the unit. The whole scheme would create employment and income generation opportunities for the rural and semi-urban areas in addition to facilitating the augmentation of steel consumption, application and use.

- INSDAG had conducted 2 nos such extensive training programmes in West Bengal (Canning in South 24-Parganas district and Jagatballavpur in Howrah district) in association with MSME Development Institute, Govt of India.
- Ministry of Steel has also approved three nos such modules (one each in West Bengal, Bihar and UP) through their Market Development Project (MDP) funding scheme. INSDAG has recently concluded the hands-on training programme for 3-weeks' in West Bengal project for a batch of 30 participants. The training programme for the state of Uttar Pradesh has been organized at MSME Institute, Kanpur from June 03, 2013 to June 22, 2013. The preparation for Bihar programme is in progress. Tata Steel sponsored one such training programme has been organized at Bhubaneswar with 55 participants at KIST Bhubaneswar during February 11 to March 02, 2013.

The Ministry of Steel has also approved two nos such modules (one each in West Bengal and Bihar) through their Market Development Project (MDP) funding scheme. INSDAG has recently concluded the hand on training programme in West Bengal project for a batch of 25 participants and in Bhubaneswar for batch of 55 participants (sponsored by Tata Steel).



**Steel Fabrication**

Many leading organizations have availed INSDAG training services till date to promote steel consumption through knowledge dissemination. SAIL, Tata Steel, L&T (ECC Division), Mc-Nally Bharat, Kolkata Metropolitan Development Authority (KMDA), F L Smidh formerly Bhagawati Construction are a few of such organizations.



**Pre-fabricate steel houses**

**F. Student Award Scheme**

To recognize students and professionals for their innovations and creativity in steel design / application, INSDAG conducts various competitions on national level for the student of architecture (Architecture Award) and students of civil engineering (Civil / Structural Award) on annual basis. So far 13 nos. architecture award and 12 nos. civil award competitions were held. INSDAG has instituted award scheme for professionals too for the best structure done in India using steel since 2003-04. Almost all the renowned and reputed structural engineers and architects have participated in this award competition.

G. Apart from the above, INSDAG is also actively involved with many promotional activities like presentation to various implementing authorities like EPIL, RDCIS, Metro Railways, CPWD, Defense etc, organizing awareness through seminars and talks on various contemporary topic like “Steel in Green Architecture”.

## World Steel Review in the first half of 2013

**Phil Hunt**  
**International Steel Statistics Bureau, UK**

Production of crude steel for the countries reporting to the World Steel Association in June 2013 was estimated to be almost 132 million tonnes, 1.9% higher than the June 2012 total. This brought the total for the first six months of 2013 to 790 million tonnes, 2% higher than the January to June period in 2012. However, excluding China, which accounted for over 49% of the total in 2013, the year to date total actually fell by 2.7%, while the June total was down by 0.6%. If the percentage increase is maintained in the second half of the year then the 2013 total will be 1580 million tonnes.

Crude steel production in the 27 member countries of the European Union decreased by 3.5% in June compared to June 2012, with the year to date total down by 5.1% to 84 million tonnes compared with the same period last year.

Monthly production in Germany fell by 2.2%, while the six months total was down by just 0.9% to 21.7 million tonnes. Italian production, however, decreased by 10.3% in June, and by 14.7% in the year to date to 12.7 million tonnes. French crude steel production actually rose by 2.8% in June, bringing the year to date total to 8 million tonnes, a drop of 4.3%. Spanish production also increased by 5.9% in the month, and was flat in the six months at 7.5 million tonnes. The UK total rose by 9.8% in June, while the year to date total was 25% up to 5.7 million tonnes. Polish steel production decreased by 12.6% in the six months to 4 million tonnes, while the Austrian year to date total rose by 3.2% to 3.9 million tonnes.

Elsewhere in Europe, Turkey’s steel production increased by 0.5% in the month with the half year total down by 2.9% to



17.4 million tonnes. The Norwegian year to date total fell by 13.7% to 308 thousand tonnes, while Bosnia's six month total rose by 10% to 375 thousand tonnes.

European car registrations, according to ACEA, fell by 6.3% in June, while the total for the first six months of 2013 was down by 6.7% at 6.4 million cars. German registrations fell by 4.7% in June, but were down by 8.1% in the half year to 1.5 million cars. The French market decreased by 8.4% in June, and was 11.2% down in the six months to 931 thousand cars. UK registrations, however, rose by 13.4% in June, and by 10% in the six months to 1.16 million cars. In Italy the June total fell by 5.5%, and by 10.3% in the year to date to 731 thousand cars. These four countries accounted for 67% of total European registrations. The next largest market was Spain where the six months total was down by 4.9% to 386 thousand cars.

Turning to the CIS, Russian steel production was just 0.8% down in June, while the half year total was down by 2.9% to 34.7 million tonnes. Ukraine's crude steel production, however, rose by 7.8% in June, but fell by just 0.6% in the six months to 17 mt. In Kazakhstan, steel production decreased by 21.6% in the half year to 1.5 million tonnes. The Belarus six months total, however, was up by 0.7% to 1.3 mt.

The North American continent's crude steel production was flat in June with the USA total down by just 0.2%, bringing the six months total down by 6.4% to 43.2 million tonnes. Mexican production, however, rose by 2.6% in June, bringing the year to date total to 8.9 million tonnes, the same as in 2012. Crude steel production in Canada decreased by 1.1% in June, with the half year total down by 9.1% to 6.3 million tonnes.

Imports of steel by the USA rose to almost 2.7 million tonnes in May 2013, the highest monthly total since May 2012. However, according to the American Institute for International Steel (AIIS) the provisional June total fell by 14% compared to May. 23% of the May total was semis, some 4% up on the May 2012 total at 610 thousand tonnes. The next largest product group was welded tubes at 384 thousand tonnes, although this was 18% lower than the same month last year. The semis imported were mostly carbon steel slabs (82%); alloy semis accounted for a further 12.6%. Brazil accounted for 60% of the semis imported in May followed by Russia at almost 18%.

Over half the US imports of welded tubes in May came from Asian countries with South Korea alone accounting for 35% of the total. The largest single category imported in May was OCTG (30% of the total) followed by line pipe at 19%. In fact, according to Metal Bulletin (July 24) the US has launched an

anti dumping enquiry on OCTG from 9 countries.

Crude steel production in South America fell by 1.5% in June although Brazilian production increased by 2.7%, bringing the six months to date to 17 million tonnes, a fall of 2.2%. Elsewhere on the continent, production in Argentina was down by 7.7% in June and by 12.1% in the half year to 2.4 million tonnes. Venezuelan steel production, however, dropped by 12.5% in the month, bringing the year to date total to 1.2 million tonnes, 4.9% down on the 2012 total. The six months total in Chile was 27% down at 633 thousand tonnes and in Colombia it was down by 25% at 527 thousand tonnes. However, in Peru the half year total was up by nearly 18% to 536 thousand tonnes.

In Africa and the Middle East, Egyptian production fell by 2.2% in June while the year to date showed a slight increase to 3.3 million tonnes. South African production was down 7.1% in June and by 10.7% in the six months to 3.3 million tonnes. In Iran steel production rose by 2% in June, but was 0.9% lower in the half year at 7.3 million tonnes. Saudi Arabian production increased by 1% in June, and by 1.7% in the first six months of the year to 2.75 million tonnes. In Qatar steel production increased by 3.3% in the year to date to 1.1 million tonnes. Libyan steel production more than quadrupled in the half year to 388 thousand tonnes.

The five main steel producing countries of the Far East all reported an increase in production except South Korea. China's June steel production was 4.6% higher at nearly 65 million tonnes, 49% of the world's total; this increased the six months total by 7.4% to 390 million tonnes. Crude steel production in Japan rose by 0.9% in June with the year to date total up by 1.2% at 54.7 million tonnes. Indian steel production in June also increased by 0.9%, bringing the year to date total to 39.6 million tonnes, an increase of 2.5%. South Korean steel production, however, fell by 5.4% in June, and by 5.3% in the year to date to 33 million tonnes. Taiwanese production, on the other hand, increased by 14.6% in June, and by 9% in the six months to 11.6 million tonnes.

Over one billion tonnes of iron ore was traded in 2012 with Australia by far the largest supplier at nearly half a million tonnes, some 43% of the total, followed by Brazil at 312 million tonnes, 27% of the total. The next six largest suppliers in 2012 were South Africa (56mt), India (37mt), Canada (36mt), Ukraine (35mt), Russia (25mt) and Iran (17mt).

In terms of the importing countries, China took 745 million tonnes, 65% of the total in 2012 with Japan accounting for a further 131 million tonnes, 11.4% of the total. South Korea was the third largest importer at 66 million tonnes.

# The Coal Conundrum – Between the Devil and the Deep Sea



**Susmita Dasgupta**  
Joint Chief Economist  
Economic Research Unit, JPC  
Ministry of Steel



A Coal Summit was organized by ICC, a Kolkata based chamber of commerce in Delhi on the 3rd of July 2013. The summit intended to address India's failing coal production and its resultant energy insecurity. With the falling value of the rupee the oil import bill of India is expanding and India is resorting to borrowing against its foreign reserves, currencies which will help in such imports. The value of the foreign currency held in dollar is raising vis-à-vis the rupee, something which appears to us as the falling value of the INR. In such a situation, energy insecure countries such as South Korea speed up its manufacturing activities; unfortunately for India, its manufacturing base appears to have shrunk significantly over the past decade and India is a net importer of all those product lines which have superior value addition. Under such circumstances, the only way out for India is to export its natural resources and reduce its economic standing to be among poorest of the poor countries that thrive on their exports of natural resources. The idea of the Government of India to help India produce more of indigenous coal in order to reduce to an extent its dependence on oil imports becomes pertinent. This is typically a 'swadeshi' view of the coal economy.

The recent coal scam reveals that those parties who were allocated coal blocks and were supposed to produce coal for the domestic end users did not meet their targets. In fact

some appeared to have only squatted on the mines without even commencing production. Many of these companies cite reasons such as poor infrastructure, problems in environmental clearances and other issues of social unrest but what gets largely unnoticed is the fact that almost none of the allottees have any kind of technological capabilities to excavate and evacuate coal. The technological incapability as standing between allocation and production of coal was sorely missed out in discussions and conversations. The report of the Comptroller and Auditor General however mentions poor technology as a factor inter alia, among poor infrastructure, delays in government clearances, community resistances and other factors.

However, not to be outdone by constraints in the domestic sector the Indian allottees of coal blocks have made good even of such an adverse situation. They have used the reserves of their present mines to bid for coal resources from mines in countries abroad. In many cases they could raise finances even by pledging the future production of coal. By squatting on their mines they have created an artificial shortage and raised the price of domestic coal which could only help them increase the future value of their production of coal. This explains the plethora of episodes related to investments for the acquisition of overseas mines and the rise in the import of coal. They have also procured money against the coal reserves to invest in ports and other kinds of infrastructure. This also explains the flurry of activities in investments in ports. Tatas are scouting for thermal coal sources in Indonesia and South Africa and for met coke sources in Mozambique and have also been charged by the CAG report for underproduction of coal from its domestic coal block.

Coal India's monopolistic greed and its exploitative Fuel Supply Agreement, henceforth the FSA system of supplies have instigated the situation even more adversely. Under the FSA the user industry is committed to procuring a certain



quantity of coal from Coal India Limited, henceforth the CIL can always suspend supplies to companies that fail to take deliveries of the order. But the CIL would invariably supply less, or create delays in supply and when in distress the user company would resort to imports, CIL would threaten to suspend supplies totally and sell the stocks to power companies outside the scope of the FSA at higher prices. These kinds of unethical business inflated CIL's profits but disturbed our coal industry.

CIL's monopoly, the lack of technology of coal block allottees and the lure of acquiring coal assets abroad at liberal financing options and good contacts together have created the situation of a high cost and low supply coal economy. Using this artificial scarcity the coal block allottees and the coal producing and mining companies blame the railways for not evacuating their respective production and the environmentalists for placing the concerns of the environment ahead of interests of energy. Clearly the anti-environmentalism of the coal companies is not only a way of covering up their own weaknesses but also a way of developing a politics in which the concerns of the environment and the rights of the indigenous people who live in the forests under which lie the mineral reserves are side lined and eventually dismissed from the discourse of development. Unfortunately, one prominent UPA Parliamentarian seems to be leading this campaign to scapegoat the railways and to malign the concerns of the environmentalists. What the coal block allottees refuse to publicize is that for most the coal blocks which are awarded have already been cleared of all kinds of land and environmental hurdles. Besides, since most allottees have very little capacity to excavate coal, they have no production in the first place to find fault with the systems of evacuation. Hence the blame game over the railways makes little sense.

The crux of the matter is then the utter lack of technological capabilities of the indigenous producers of coal. In other industries, we have been able to easily import technologies; but for coal, the mining technologies are almost wholly held by the coal oligopolies like BHP Billiton, Rio Tinto, Anglo American, Fortescue, Vale, Peabody and others. These companies have their own ways of working and unlike firms in the steel industry; they do not lend technological assistance against a fee like Danieli or Outokompu or SMS de Meer. Instead, such firms seek ownership of mines with right to dispense with the evacuated coal in manners they deem fit. Therefore, the firms who have the appropriate technology for mining seek sovereign ownership rights over the produce and its evacuation. While this system suits countries like South Africa, Venezuela, Chile and Mozambique because they are dedicated mineral exporters and having hardly a

domestic manufacturing industry as well as countries like Canada, USA, Brazil and Australia because they own mining companies, for countries like India, the export of mineral ore or coal which have lower value additions than manufactures created out of these resources, become detrimental to its economy.

Technology is very important in mining; technology can create differences in costs and because mining is a low margin and high volume business, technology becomes crucial to its economics of mineral production and distribution. And the Indian companies just do not have the state of art technology. The Indian companies know this very well and also know that foreign companies will invariably seek ownership rights of mines and they do not part with technologies otherwise. Hence, with the mines allocated in their names, the Indian companies use these properties to raise loans to buy mines abroad or to make way for imported coal into the economy and create the the noise about poor rail network and inadequate port capacities only to distract attention. The improvement in such infrastructure helps in import of coal either from mines abroad or from merchant exporters of coal. Such outflow of the Indian currency is a significant factor behind the falling value of the rupee. The situation of non-production of indigenous coal therefore goes beyond mere energy insecurity into currency bust which might lead to an overall crash of the Indian economy.

One has to look at the entire policy design in the context of the above developments. One must have foreign investments in the coal sector and that too without joint ventures. However, given the low value of the Indian rupee, it makes more sense for the foreign companies to export coal out of India than sell domestically. With the falling price of coal and the downward pressure exerted on its demand through the new kid on the block, namely natural gas or shale gas, coal business can only be profitable for a foreign company if it invests in Indian mines and exports out of India. Countries with best mineral assets have never done well economically; indeed the states within India, namely Bihar and now Jharkhand, Odisha and Chhattisgarh are economically the most backward while they are the largest producers of minerals. There is a downward pressure on the economy which resorts to the export of minerals; the mineral exporting economies invariably are marginalized from the main arena of global theatre. The only exception to this is perhaps the oil exporting nations, which through a combination of political tyranny and absolute monarchy have maintained political control over their natural resources. Managing minerals are best done by a total compromise on democracy and bringing in authoritarian regimes, clearly a backward step for humanity.

The organization of coal production and its distribution and the management of its supply and procurement are done globally by companies who have international operations and tie up with ocean liners and contacts in the various ports. Companies that trade in coal also must have excellent financiers who can raise funds through various means. One of the means to raise funds is to lend money on the basis of future value of production. One suspects that the Indian parties have pledged the future value of their productions in lieu of financial support for their present ventures in African and South American countries and even in Australia and Central Asia. It is only logical that there will not be any present production from those mines. Large scale trade in coal must have stakes in transport companies and it is not surprising to see that Tatas and Jindals both own significant fleet and ports. Tata NYK and Jindal Vector are powerful players in the oceans while Dhamra port and Jindal's investments in Bengal's deep sea port are points in the case. If wider margins can be made from the sale of imported coal in India and abroad than from the sale of domestic coal in the domestic markets, firms may expedite the import of coal! If more margins are to be made through export of coal than from domestic sales, it is entirely possible that we will see the liberal participation of foreign companies with superior technology for mining coal.

The suspension of production of coal in the present also helps raise prices of coal in the domestic market giving windfall gains to the producers. The strategy of Coal India through its Fuel Supply Agreement has precisely been aimed at creating supply shortages to raise prices of coal and the private players too who follow the price of Coal India have also earned huge economic rents whenever they have sold in the local markets. Coal producers have had it good both ways; they have gained enormously when they have sold in the domestic markets because of the clear monopoly of Coal India and when they have not sold in the domestic market, they have also been able to acquire foreign assets against future production or by offering their allocations as security.



Two major downsides in the coal story come in the wake of Australia imposing a steep environment tax on the coal producers to reign in over exploitation of resources. The Indonesian government also withdrew its export subsidy in the form of discounts to coal prices purchased from the country. While both these developments should have ideally raised the prices of coal, in effect it led to an abdication of prime Australian and Indonesian properties by the large mining companies such as BH Billiton, Rio Tinto, Vale and Anglo American, leaving lesser capitalists like China's Minmetals, India's Gujarat NRE and Jindals, Tatas, Monnet, Jayaswal Neco and others to buy up such collieries. These companies are willing to work at lower margins than the global majors. The discovery of shale gas in North America and in Iran has caused coal prices to plummet and at best to remain steady at a low level of equilibrium. What used to be sold at USD 140 per tonne at the turn of 2012 now goes for a mere USD 80 per tonne. The coal economy is all set to lose its glamour. But with the value of rupee so low vis-à-vis the dollar, it is unfortunate that India cannot make hay while the sun of recession shines. The onset of recession in the USA and Western Europe, the major consumers of coal has led to a softening of the market and its abandonment by the large players.

What is the way out for India? Indian policy makers seem to be in a bind. Coal mining is profitable only when it is mined out of the right technology; the rules of the coal market are that the miner takes away a substantial part of the coal. This means that import of foreign technology is intrinsically linked with the export of coal. Given the squeezed margins of coal, the low value of rupee makes India into a preferred source for exports of coal. The foreign companies such as the Chinese public sector or the Japanese steel magnates are eager to invest in India, to buy out a flailing government or bankrupt companies only to be able to access their coal mining assets. Technology and exports are crucially linked; India needs technology to produce coal and once it invites foreign technology it is bound to export more coal than it would get to consume domestically. This makes the Indian coal scenario very seriously jammed, literally caught between the devil and the deep sea.



*[The views of the author are strictly personal and do not reflect the position of the organization]*

## Stainless Steel Industry in dire straits

**Cheap imports, rising raw material cost make output unviable; industry cuts capacity for survival**



Squeezed between high costs of raw materials and low prices for finished products, Indian stainless steel producers have cut operating capacity by 20 percentage points so far this year. From 55-60 per cent until last year, they are currently operating with 45-50 per cent of installed capacity.

The industry, with large players such as Salem Steel Plant, Jindal Stainless and DRG has created around five million tonnes (mt) of production capacity. But due to poor demand from domestic infrastructure and the kitchenware segment, total output of both the 400 series (for industrial applications) and 200-300 series (utensil making) is set to be at 2.5 mt. Last year, total production in India was around two mt.

“This means 45 per cent of installed capacity remained idle. In contrast, cheap dumping of various stainless steel products from China, Taiwan and Korea continued, which has made production from domestic sources economically unviable,” said N C Mathur, President, the Indian Stainless Steel Development Association (ISSDA).

The price of ferro chrome, the only raw material for producing stainless steel, has risen at an average by 15 per cent so far this year. Another ingredient, electricity, has become equally costlier. Rising imports at cheaper rates than the cost of domestic production have made business tough for producers. According to a leading player, Indian producers have been incurring a loss of around 10 per cent of the stainless steel price.

“The whole industry is under severe stress. The industry has borrowed around Rs 20,000 crore from banks and financial institutions. Servicing of this debt has become difficult now,” said Mathur.

The scenario is equally critical for ferro chrome producers, said Subhrakant Panda, Managing Director, Indian Metals and Ferro Alloys Ltd, and President of the International Chromium Development Association (ICDA).

China has snapped the leading position from South Africa in terms of ferro chrome production, resulting in higher stainless steel output. High carbon ferro chrome output during 2012 reached 8.95 mt with China securing the prime position by producing 3.1 mt. While overall production has remained stagnant since 2010, there have been interchanges with China making up for lower production in South Africa. Indian output, meanwhile, has flirted with the one mt mark. Demand for ferro chrome is expected to be marginally higher this year, in line with stainless steel production. Demand has, meanwhile, plunged due to lower fresh investment on infrastructure. Around 70 per cent of stainless steel output goes for industrial use, while the remaining 30 per cent is the kitchenware segment. Going ahead, any sign of the US economy reviving is important. An economy of that size growing at even two-three per cent will have a significant positive impact on white goods consumption, construction, etc, which bodes well for the ferro chrome industry, Panda added.

India exports around half of its chrome ore (mineral used for ferro chrome production). Making this worse, the government levied 2.5 per cent import duty on stainless steel scrap, which the industry urged the Finance Minister P Chidambaram to roll back.



Chrome ore mining is monopolised by the public sector Orissa Mining Corp, which sells the mineral through auctions at the price decided by market forces.

## Stainless steel, the most recyclable & environment-friendly of metals

The effect that will be caused to the environment through sourcing a particular material often is an extremely important factor and influences our material selection.

If the sourcing of a material proves to be damaging to the environment then a number of issues are raised. One major issue which affects material selection is whether or not the material is recyclable. However, the stainless steel industry has proven to be extremely environmentally friendly. This is because it uses primary energy sparingly, saves non-renewable sources and limits the waste stream.

Stainless steel is essentially a low carbon steel which contains chromium at 10% or more by weight. It is this addition of chromium that gives the steel its unique stainless, corrosion resisting properties.

Recycling is deemed viable when applied to stainless steel because within the stainless steel is iron, nickel, chromium all of which are raw materials and so the process of recycling stainless steel is carried out globally. Stainless steel is theoretically 100% recyclable and its long term life makes it an ideal environmental performer much better than many other materials. Stainless steel products are designed to have a long life; often spanning over several decades. This long term life generally is the reason for choosing stainless steel in the first place.

Today many products are made with stainless steel and for good reason. It ages gracefully, has hygienic qualities and it is a green building material. Stainless steel requires little maintenance and harsh cleaners do not need to be used to clean its surface, meaning fewer chemical being dumped down the drain, making this an eco-friendly product.

Even though the end of life is reached, this does not mean that the stainless steel is not useful as a recyclable product. The main alloying elements of stainless steel (chromium, nickel and molybdenum) are all highly valuable and can easily be recovered and separated from other materials. The amount of recycled stainless steel in any stainless object is approximately 60%, this will increase however as the use of stainless steel expands as stainless steel produced today will

not necessarily be recycled for 20-30 years.

Thus, where environmental issues are so important in saving and preserving our world, stainless steel can emerge as an excellent recyclable material.

### Stainless steel is made up of:

- 25% old scrap such as end of life products
- 35% new scrap which is returning from production
- 40% new raw materials added Despite the very high

recyclability properties of stainless steel, in some circumstances stainless steel will still find its way into disposal sites etc. Unlike many other metals, in this situation stainless steel will have no damaging effects on the soil and water.

Stainless steel has many environmental and social benefits. Stainless steel products enable us to lead a healthier life and are cleaner for the environment as well. Even though it is impossible to demonstrate all areas where it is beneficial, below are some of the main examples where stainless steel is used.

### Improvements to air quality

Air emissions are always a problem in today's fast moving world, where pollution is of such high importance. The greater influx of cars on the road, planes in the air and production factories all add to the problem. The effect of increased levels of 'greenhouse gases' on climate change is may be the most debated example although pollutants which cause 'acid rain' are also worth noting. Ways in which stainless can help reduce this problem can be:

New catalytic converters use stainless steel for the holding and transportation of catalytic substances. The newest versions are much lighter and stronger than traditional ceramic versions as well as being much more energy efficient. Catalytic substances are usually highly corrosive and are active within a high temperature environment, thus being the reason for stainless steel being the chosen material. These stainless steel converters help to decrease pollution on motor vehicles, generator sets, forklifts, mining equipment, trucks, buses and trains etc.

Diesel filters are designed to remove smoke and soot particles from the exhaust gas of a diesel engine. Newer versions can consist of up to 90% stainless steel. Diesel filters can filter out 95% of black smoke and 85% of soot particles from the gas produced. Stainless steel's excellent temperature resistance, manufacturability and economic properties make it the best option for the filter.

**Reduction in the use of fossil fuels**

We all know that it is important to save the world’s supply of fossil fuels. News headlines are always pushing the need for us all to do our part to save non-renewable energy forms. Stainless steel is now being used in many applications which can help to reduce the use of fossil fuels, these can include:

- We all know that it is important to save the world’s supply of fossil fuels. News headlines are always pushing the need for us all to do our part to save non-renewable energy forms. Stainless steel is now being used in many applications which can help to reduce the use of fossil fuels, these can include:
- Rooftop solar panels do not just reduce the use of fossil fuels they mean that renewable sources can be used instead. Stainless steel versions can account for a considerable part of the energy needed for the preparation of hot water and room heating. Solar panels can also be integrated into the buildings roofing or cladding possibly adding to its aesthetic appeal.
- Fuel cells are a source of energy for the future. Much like a battery the fuel cell converts chemical energy into electrical energy. Working from either natural gas or hydrogen, they generate heat and electricity with only one emission; water. Stainless steel is used for supporting the electrodes which are stronger, easier to manufacture and cheaper than ceramic versions. Fuel cells can be used in a variety of places including in cars and in domestic heating systems alike.

**Keeps water clean**

It is so important that water is kept clean, not just for our health but for the environment as well. Stainless steel can be used to improve the cleanliness of water. The list below shows how stainless steel can help keep water cleaner:

- Stainless steel pipes for drinking systems helps to keep water clean and quality standards high. Stainless steel

guarantees lasting hygiene and prevents the formation of any medium on which bacteria can grow. Correct grade selection will minimise the risk of any localised corrosion, meaning there is practically no contamination of water in contact with the stainless steel.

- Waste water plants are using stainless steel in the transportation of waste water products, due to the possible corrosive nature of the water. Stainless steels durability and low maintenance also make it the best material to use. Therefore, the reason for stainless steel is to maximise service life and to minimise malfunctioning.
- Stainless steels are also being used for piping which is needed to decontaminate waste water before it is filtered back into the rivers and soil. Due to the unpredictable nature of the contaminated water, stainless steel is needed to ensure sufficient corrosion properties are in place.

**Reduces waste**

Stainless steel can be used to prevent the amount of waste gases and materials given off, as well as the disposal of waste products. The list below demonstrates some areas where waste reduction occurs:

- Because the composting process releases many corrosive gases, stainless steel is best used for this process. Other reasons for its use include its ability to last over a long time period, therefore making it more economically attractive.
- Stainless steel is being used for the recycling of cardboard and paper, meaning it makes a major contribution to the reduction of the waste steam as well as the protection to trees.

Stainless steel is also being used in cities all around the world for recycling collectors. They are corrosion resistant and not only look more attractive than a conventional bin, but they help to keep the environment cleaner as well.as competitive.



## Indian Iron Ore -

### Great future with many criticalities Duty, freight hike impacted iron ore exports : Sharma

The Commerce Ministry informed Parliament that hike in export duty on iron ore to 30 per cent and higher railway freight for overseas-bound raw material have affected India's competitiveness in overseas markets, today. The increase in export duty of iron ore to 30 per cent with effect from December 30, 2011 and higher railway freight for export of iron ore compared to the freight for domestic movement of iron ore have affected competitiveness of Indian ore exports, thereby reducing overall exports of iron ore, India's exports of iron ore, a crucial raw material for iron-making, have been shrinking gradually from 117.37 million tonnes (MT) in 2009-10 to 18.37 MT last fiscal. The country had exported 97.66 MT iron ore in 2010-11 and 61.74 MT in 2011-12. Share of the western state in overall exports have gone down to 57.93 per cent in 2012-13 from 70.10 per cent a year ago due to ban on mining or movement of the raw material. The percentage share of iron ore exports from Goa declined during 2012-13 compared to previous years' trend mainly on account of ban on mining/movement of iron ore from April, 2012 imposed by the state government of Goa.

The Supreme Court had on October 5, 2012 also ordered suspension of all mining operations including transportation in Goa. Iron ore from Karnataka state also stopped arriving at Goa due to restrictions in mining operations and transportation imposed by the Supreme Court.

### Steel makers demand change in OMC iron ore auction model

Frustrated with higher mineral rates amid weak demand for finished steel products, semi-finished steel companies and sponge makers have demanded that the state-run Odisha Mining Corporation must change its auction model to bring prices down to realistic level. Even as iron ore rates have declined in local markets by as high as 21% since April, the adoption of new model must bring down the cost further, they argued. As per the current practices, OMC decides iron ore rates by auctioning a fraction of the total saleable quantity every quarter and declares the benchmark rate for the period after arriving at average price. Steel makers complained that due to low quantity put up for auction, bidders quote higher rates and the same rate is fixed for entire quarter. Mr MC Aggarwal CMD of SMC Power Generation in a letter

addressed to the Chief Secretary said that "Once the price is fixed for the quarter, private miners enjoy by selling their material at INR 200 to INR 300 less per tonne than OMC rates. This results in poor or marginal dispatches for OMC minerals." The letter said that "If the tendering system is corrected, then OMC might have been able to sell the entire quantity and could have earned an additional profit of INR 240 crore. We are confident, by adopting this procedure, the iron ore prices will come down to the realistic level as compared to the prices of finished product."

### Low-grade iron ore may help tackle steel headache

Indian steelmakers are making a big push to use locally mined low-grade iron ore fines that are usually exported, a move that could help the world's No. 4 steel producing nation boost near-stagnant domestic output and cut imports of the alloy.

India's steel imports rose 15 percent to an all-time high of 7.87 million tonnes, worth \$6 billion, in the fiscal year to March 2013, as output of steelmaking raw material iron ore was slashed by production bans in key states.

The surge in India's imports helped steelmakers from other parts of Asia cope with softer demand at home but that might prove to be brief if Indian mills are able to source more iron ore locally and thus raise production.

The moves by the mills may also aid India's steps to rein in imports to address a persistent current account deficit that helped push its rupee currency to a record low last week.

Steelmakers, including JSW Steel Ltd (JSTL.NS), Essar Steel, Prakash Industries (PRKI.NS), Monnet Ispat & Energy (MNET.NS), Adhunik Metaliks (ADME.NS) and Steel Authority of India (SAIL.NS), are investing in plants that can process low-grade iron ore dug from the ground and usually exported to China.

About 100 million tonnes of low-grade fines available in top producing state Odisha alone could be used to produce 45-50 million tonnes of steel, said Essar Steel Chief Commercial Officer Shivaramkrishnan.

"Obviously that will have its own pressure on steel prices and make them more competitive vis-à-vis products from countries such as Korea, Japan and others, and lower imports," he said.

India's consumption of low-grade fines is expected to rise to about 120 million tonnes by 2020 from about 80 million tonnes



in the past fiscal year, said N.K. Nanda, technical director at NMDC (NMDC.NS), India's largest iron ore producer.

Higher use of low-grade, dust-like fines also means smaller iron ore imports for India where a drop in output tripled its imports of the raw material to 3 million tonnes in the fiscal year ended March 31. But for Indian steel plants, most of which are located away from the coasts, imports are not cost-effective. Steel production in India, which consumes only 59 kilograms of steel per person compared with a world average of 200 kilograms, rose just 2.5 percent to 78 million tonnes in the last fiscal year.

### Increased Pelletizing Capacity

India used to be the world's third-largest shipper of iron ore, but exports slumped to 18 million tonnes in 2012-13 from a high of 117.4 million tonnes in 2009-10 due to a court clampdown on illegal mining. Most of the exports were fines, which are extracted along with higher grades.

Industry body ASSOCHAM, which represents steelmakers, last month urged the government to discourage exports of iron ore that can be used at home, saying that the country should export steel to bring in dollars instead of sending out iron ore.

"It's always better to export value-added products like steel, but realistically it is not always possible," said Bhavesh Chauhan, a senior analyst with Angel Broking, adding many firms were not yet able to use very low-grade ores.

Mineral Enterprises, owner of four iron ore mines, has in the past year and a half sold 6.6 million tonnes of fines stockpiled over two decades to companies such as JSW Steel.

"Indian companies have been forced to take whatever is available and cook, there's no option but to use low grades, very low grades," said Basant Poddar, owner of Mineral Enterprises and Senior Vice President of the Federation of Indian Mineral Industries.

Because Indian firms did not have plants able to process low-grade iron ore fines, most generally use ore with iron content of more than 60 percent, although more than half of the country's iron ore output is fines with grades of as low as 45 percent.

But that is changing.

JSW Steel, India's third-largest steelmaker, commissioned a 20 million tonne-a-year fines processing plant last fiscal year

and is looking to invest more to substitute high-grade ores with inferior grades, Chairman Sajjan Jindal said.

The processed fines are then generally converted into pellets, which can then be used to make steel. Higher pellet-making capacity means the fines can be used to make steel and both Essar and JSW plan to raise their pelletizing capacity.

Pellet-making capacity in India has jumped to about 60 million tonnes from nearly nothing a few years ago, according to Essar's Shivaramkrishnan.

### India keen to acquire coal, iron ore mines in Canada

Steel Minister Beni Prasad Verma, who led a high-level delegation to Canada.

The delegation concluded a MoU between RINL and McMaster University, Hamilton, Canada, to collaborate and strengthen research cooperation, in the areas of steel making, beneficiation and pellet making from low grade magnetite and also towards training, exchange of research. The pact was signed by CMD, Rashtriya Ispat Nigam (RINL), A P Choudhary with Dr Peter Mascher, McMaster University. Verma mentioned that such cooperation with leading University will strengthen R&D activities in steel sector which is a must to achieve Government's planned level of over 200 million tonnes (MT) of capacity during next few years. On a query by a Canadian organisation about export of iron ore from India, Verma mentioned that Government has already taken action which has resulted in sharp decline of exports by 75 percent. Steel Secretary DRS Chaudhary and Joint Secretary (Steel) Lokesh Chandra accompanied the Minister as part of the delegation.

### Indian iron ore exports fall over 40% in April-June

Exports of iron ore from India, once the world's third-biggest supplier, fell more than 40% in the April-June quarter, mainly because of a slowing China as well falling global prices. A 30% export duty imposed by the government led to a further drop in overseas sales, making Indian ores less attractive compared with Brazil or Australia. Iron ore exports fell to 12.11 million tonnes or worth Rs. 52.36 billion in the first quarter of the fiscal year, a statement from ministry of mines said quoting data from the Finance Ministry. India exported 57.35 million tonnes of iron ore in the last fiscal to March 2012, down 42% from

the year ago period, the statement said. Indian miners have been selling iron ore at low profits or even loss as global iron ore prices declined 36% since early July. India's Supreme Court allowed 18 mines in the southern state of Karnataka to resume production, that could free about 5 million tonnes of output mainly for steel makers along with 1 million tonnes a month from NMDC, the country's biggest iron ore miner.

### Majority of Indian provinces agree on iron-ore royalty hike

The majority of India's mineral-rich provinces have agreed to increase iron-ore royalty rates to 15% from the current 10%. According to an official in the Mines Ministry, a working group set up to revise royalty rates in the mineral extraction industry had finalised the increase in the case of iron-ore, with the working note expected to be sent to the federal government's Cabinet of Ministers for approval. However, the sole dissent to increase the royalty rate was put on record by the government of eastern Indian province of Orissa, which demanded increase of royalty on iron-ore to 20%, the official said.

The Federation of Indian Mineral Industries (FIMI) had also submitted its opposition to the proposed hike in royalty rates, claiming it would impact margins of miners. However, all other provinces recorded their acceptance to the 5% increase. The royalty is charged to the mine owner and paid to the provincial government, in whose territory the mining extraction is operated. The rate was also based on quantity of mineral extracted and not on the profit margins of the miner or the lease holder. Apart from iron-ore, the working group has also hiked royalty rates applicable for other minerals like zinc, copper, lead and aluminium, but the official declined to divulge the new rates proposed on the grounds that a consultation process with the provincial governments was not yet complete. India last revised royalty rates on mineral extraction in 2009, following which total revenues accruing to all the mineral-rich provinces increased from \$415-million in 2008, to \$800-million in 2010. India's major iron-ore bearing provinces were Orissa, Jharkhand, Chattisgarh, Karnataka and Goa accounting for 33.9%, 26.3%, 18.8%, 12.3% and 5.3% respectively of the country's total iron-ore reserves of 28.52-billion tonnes as per the National Mineral Inventory 2010.

### JSW hopes for better utilisation on mines resumption in Karnataka

JSW Steel said it expects to clock better capacity utilisation in the coming days with the gradual resumption of iron ore mines

in Karnataka. "With the gradual resumption of iron ore mining in Karnataka and the sale of sub-grade ore, we are hopeful of the iron ore quality improving in the coming months, which will help us in improving our productivity and utilisation," JSW Steel CMD Sajjan Jindal said at the company's Annual General Meeting.

In September 2012, the Supreme Court allowed resumption of mining operations in 18 Category "A" mining leases. In April 2013, it allowed resumption of all mining operations in the remaining Category 'A' mines and Category 'B' mines with certain riders. Additionally, sale of sub-grade iron ore was also allowed by the apex court. However, due to the mining ban in Karnataka, JSW Steel had to cut its production and with that capacity utilization at its Vijaynagar plant had to reduce significantly.

### NMDC slashes iron ore lump price by ` 200/T

State-owned miner National Mineral Development Corporation (NMDC) on Wednesday reduced the price of iron ore lumps by Rs. 200 per tonne for August and kept the price of fines unchanged amid subdued demand during the monsoon season. Iron ore lumps will now be available at Rs. 4,300 a tonne and fines at Rs. 2,510 per tonne. NMDC's director (Technical)

### China's July iron ore imports hit record high

China's July iron ore imports surged to a record high in July as domestic buyers replenished their inventories to meet surprisingly resilient steel demand during the summer. Imports of iron ore jumped to 73.14 million tonnes, up 17 percent from a four-month low of 62.3 million tonnes in June. Analysts were surprised by the extent of the climb, especially after export figures from Australia's Port Hedland showed a slight decline over the month. But the data also reflected healthy underlying demand in the Chinese steel sector, by far the world's biggest, despite persistent complaints about oversupply and weak prices.

Total iron ore imports stood at 457.2 million tonnes for the first seven months of this year, up 8 percent from a year ago, data from the General Administration of Customs showed. Chinese steel exports eased back to 5.15 million tonnes last month from 5.29 million tonnes in June, and the total exports stood at 35.8 million tonnes, up 14 percent from the same period of last year. Imports of steel products to China rose to



1.18 million tonnes from 1.08 million tonnes in June, bringing the total shipments to 8.01 million tonnes for January-July, almost steady from a year ago.

### **POSCO may soon get iron ore licence for Odisha plant**

POSCO is expected to get the grant of an iron ore exploration licence for its planned \$12 billion steel plant in the country which would speed up the project stuck for eight years. The Supreme Court in May handed a decision on a licence to the government, raising the South Korean firm's chances of getting access to iron ore for the project billed as India's largest foreign direct investment. Prospecting licences are

generally valid for three years, after which a prospector has to apply for a mining lease. Access to iron ore, the main raw material in making steel, is the most important factor in POSCO deciding to set up the plant in India, experts have said. POSCO first signed an agreement with Odisha in June 2005 to set up the steel plant on 4,004 acres of land. It is seeking 2,700 acres to begin the project's first stage, which involves setting up two 4-million-tonne plants in two phases. The company is expected to get the land for the first project later this month as per some official sources. POSCO has said that if it gets the required land this year, the first-phase of the plant may be commissioned sometime in 2018. At full production of 12 million tonnes, the project would have accounted for 16 percent of India's total current annual steel output of 76.7 million tonnes.



# World Steel Statistics

## Crude Steel Production by countries (January- June, 2013)

Country/Region	Jan	Feb	Mar	Apr	May	Jun	Total
France	1,351	1,290	1,337	1,245	1,424	1,378	8,025
Germany	3,585	3,415	3,814	3,568	3,654	3,684	21,720
Italy	1,756	2,121	2,189	2,119	2,310	2,188	12,683
Spain	1,094	1,157	1,291	1,359	1,347	1,300	7,547
Sweden	371	339	391	400	405	370	2,275
United Kingdom	824	878	1,018	960	988	1,055	5,723
<b>European Union (27)</b>	<b>13,542</b>	<b>13,341</b>	<b>14,476</b>	<b>14,137</b>	<b>14,631</b>	<b>14,170</b>	<b>84,297</b>
Turkey	2,859	2,655	2,980	2,891	3,067	2,957	17,408
<b>Other Europe</b>	<b>2,980</b>	<b>2,769</b>	<b>3,117</b>	<b>3,053</b>	<b>3,270</b>	<b>3,135</b>	<b>18,322</b>
Russia	5,704	5,510	5,973	5,784	6,035	5,698	34,704
Ukraine	2,878	2,630	2,905	2,782	2,788	3,060	17,043
<b>C.I.S. (6)</b>	<b>9,065</b>	<b>8,624</b>	<b>9,465</b>	<b>9,138</b>	<b>9,398</b>	<b>9,318</b>	<b>55,008</b>
Canada	1,096	1,048	1,131	996	1,030	1,000	6,300
Mexico	1,552	1,422	1,597	1,418	1,492	1,450	8,931
United States	7,362	6,805	7,339	7,142	7,364	7,221	43,232
<b>North America</b>	<b>10,122</b>	<b>9,385</b>	<b>10,160</b>	<b>9,667</b>	<b>9,991</b>	<b>9,790</b>	<b>59,115</b>
Brazil	2,776	2,588	2,848	2,918	3,013	2,831	16,974
<b>South America</b>	<b>3,622</b>	<b>3,467</b>	<b>3,837</b>	<b>3,857</b>	<b>3,991</b>	<b>3,761</b>	<b>22,535</b>
<b>Africa</b>	<b>1,321</b>	<b>1,188</b>	<b>1,298</b>	<b>1,253</b>	<b>1,317</b>	<b>1,252</b>	<b>7,629</b>
Iran	1,111	1,199	1,215	1,264	1,287	1,250	7,327
<b>Middle East</b>	<b>1,771</b>	<b>1,814</b>	<b>1,885</b>	<b>1,909</b>	<b>1,958</b>	<b>1,894</b>	<b>11,230</b>
China	63,622	61,830	66,293	65,650	67,034	64,660	389,870
India	6,766	6,414	6,836	6,512	6,659	6,450	39,637
Japan	8,863	8,321	9,453	9,169	9,625	9,281	54,711
South Korea	5,928	4,979	5,667	5,498	5,529	5,458	33,059
Taiwan, China	1,776	1,551	2,057	2,037	2,110	2,040	11,571
<b>Asia</b>	<b>86,955</b>	<b>83,095</b>	<b>90,306</b>	<b>88,866</b>	<b>90,957</b>	<b>87,889</b>	<b>528,849</b>
<b>Oceania</b>	<b>491</b>	<b>458</b>	<b>465</b>	<b>467</b>	<b>485</b>	<b>445</b>	<b>2,812</b>
<b>Total 64 countries</b>	<b>129,870</b>	<b>124,140</b>	<b>135,009</b>	<b>132,347</b>	<b>135,997</b>	<b>131,652</b>	<b>789,796</b>

The 64 countries included in this table accounted for approximately 98% of total world crude steel production in 2012.

## Direct Reduced Iron/ Sponge Iron Production

Country	Jan	Feb	Mar	Apr	May	Jun	Total
Canada	84	73	87	87	71	101	504
Mexico	554	472	553	455	486	470	2,991
Trinidad and Tobago	155	125	116	172	117	115	801
Argentina	159	137	158	157	139	88	837
Peru	8	8	9	9	10	10	53
Venezuela	262	281	240	224	235	230	1,472
Egypt	283	241	274	268	271	265	1,602
Libya	52	106	140	125	108	64	595
South Africa	150	135	150	145	150	145	875
Iran	868	992	1,137	1,122	1,162	1,125	6,407
Qatar	211	195	228	220	224	145	1,223
Saudi Arabia	424	436	400	437	440	379	2,515
India	1,645	1,609	1,619	1,514	1,521	1,500	9,408
<b>Total D. R. I.</b>	<b>4,856</b>	<b>4,811</b>	<b>5,110</b>	<b>4,936</b>	<b>4,934</b>	<b>4,637</b>	<b>29,284</b>

12 countries included in this table accounted for approximately 82% of total world direct reduced iron production in 2012.

Source : World Steel

## Steelmaking input costs - historic price trends

Coking coal export prices	
Year/ Month	Coking Coal \$/ton
2012 Q1	\$169.0
2012 Q2	\$157.2
2012 Q3	\$148.0
2012 Q4	\$131.1
2013 Q1	\$119.4

Table last updated: 8th August 2013 shipped from the USA expressed in USD per short ton on an f.a.s. basis [free alongside ship].

## Steelmaking Raw Material and Input Costs

Year/ Month	Therm Coal (\$/tonne)	Coking Coal (\$/ton)	Iron Ore (C/dmtu)	Natural Gas (\$/000m)	Steel Scrap (\$/tonne)	Electricity (C/Kwh)
2012 M1	124.2	189.5	140.4	443.9	397	6.5
2012 M2	123.4	189.5	140.4	439.9	423	6.52
2012 M3	112.6	189.5	144.7	450.4	417	6.52
2012 M4	108.9	191.5	147.7	452.5	419	6.44
2012 M5	101.2	191.5	136.3	452.5	409	6.57
2012 M6	91.7	191.5	134.6	452.2	393	6.95
2012 M7	94.5	191.2	127.9	409.7	364	7.15
2012 M8	97.5	191.2	107.8	410.4	371	7.11
2012 M9	95.3	191.2	99.5	409.7	376	7.01
2012 M10	87.7	190.1	114.0	416.5	374	6.65
2012 M11	92.0	190.1	120.4	419.0	363	6.53
2012 M12	99.5	190.1	128.9	419.0	381	6.54
2013 M1	99.4	N.A	150.5	410.0	402	6.45
2013 M2	101.7	N.A	154.6	409.0	404	6.59
2013 M3	97.5	N.A	139.9	409.0	373	6.59
2013 M4	94.0	N.A	137.4	419.1	366	6.51
2013 M5	94.0	N.A	124.0	410.8	375e	6.5e
2013 M6	88.7	N.A	114.8	407.6	375e	6.5e

Acknowledgement : steelonthenet.com

## Pig Iron Prices - dollars per tonne

### Brazilian pig iron export prices

Year/ Month	Pig iron \$/tonne	Year/ Month	Pig iron \$/tonne
2012 M1	\$442	2012 M10	\$420
2012 M2	\$449	2012 M11	\$402
2012 M3	\$474	2012 M12	\$385
2012 M4	\$469	2013 M1	\$387
2012 M5	\$484	2013 M2	\$389
2012 M6	\$474	2013 M3	\$401
2012 M7	\$481	2013 M4	\$412
2012 M8	\$446	2013 M5	\$414
2012 M9	\$427	2013 M6	\$413

Table last updated: 8th August 2013

# Indian Steel

## Analysis of Performance Trends: April to June 2013

### Financial Performance – Early Bird Results:

An analysis of the financial results of 10 leading Indian steel companies are presented below. The overall performance as reflected in the net sales which has gone down by Rs.1871.7 crores – (less by -2.87 p.c) .compared to the net sales achieved during the first quarter of last financial year. Profit After Tax(PAT) has been down by 21 p.c. Company-wise analysis reveals that except for JSW Steel, Kalyani Steel and Usha Martin, all others have suffered a setback in terms of sales including SAIL and Tata Steel. Highest decline in net sales was observed in case of Maharashtra Seamless followed by Bhushan Steel.

### Financial performance Summary of ten leading Companies in Q1

Company	Jun 2012		Jun 2013		YoY %-Change	
	Net Sales (₹ m)	PAT (₹ m)	Net Sales (₹ m)	PAT (₹ m)	Net Sales %	PAT %
BHUSHAN STEEL	28,413	2,060	24,909	763	-12.3%	-63.0%
JAI CORP LTD	1,649	237	1,504	197	-8.8%	-16.9%
JINDAL SAW LTD	12,904	919	12,070	674	-6.5%	-26.7%
JINDAL STEEL	47,015	9,594	45,403	4,943	-3.4%	-48.5%
JSW STEEL	99,099	6,445	102,707	4,800	3.6%	-25.5%
KALYANI STEELS	2,307	30	2,447	101	6.1%	236.7%
MAH. SEAMLESS	5,210	654	3,274	276	-37.2%	-57.8%
SAIL	107,775	9,533	102,679	5,388	-4.7%	-43.5%
TATA STEEL	338,212	5,980	328,048	11,213	-3.0%	87.5%
USHA MARTIN	8,461	34	9,287	41	9.8%	20.6%
Sector Aggregate	651045	35486	632328	28396	-2.87	-21.00

### Production:

- Crude Steel production under main, major, others and Overall in June 2013 were 2.059, 1.430, 2.950 and 6.439 (in Mt) respectively. And percentage increase compared to June 2012 is 4, -4.5, 1.2 and 0.8 respectively. Crude Steel production under main, major, others and Overall

in Apr-June 2013 were 6.315, 4.445, 8.849 and 19.609 (in Mt) respectively and percentage increase compared to Apr-June 2012 is 6.7, -5.9, 0.8 and 1.0 respectively

- Finished Steel (Alloy+Non-Alloy) production for sale in Apr-June 2013 under main, 'major+others' and Overall is 4.962 Mt (11.6% growth), 16.838 Mt (-0.5% growth) and 19.574 Mt (after IPT/Own Consumption) (3.1% growth) respectively.(Growth compared to last year).
- Non-Alloy steel segment in production for sale was 18.523 (after IPT/Own Consumption) Mt in Apr-June 2013.
- Alloy steel production was 1.051 Mt.

**Stock:**

- Variation in stock of total finished steel (alloy + non-alloy) in Apr-June 2013 was -0.198 Mt, comprising primarily of a stock of 1.584 Mt of non-alloy steel.

**Consumption:**

- Real consumption (i.e. after adjustment of double counting in flat products) in Apr-June 2013 was 17.804 Mt, an increase of 0.3% compared to last year.

**Exports:**

- In Apr-June 2013, total Export was 1.133 Mt, in which non-alloy steel segment was 1.001 Mt and the rest was Alloy steel segment (including stainless steel).
- Export grew by 14% growth during the first three month of the current fiscal.

**Imports:**

- In Apr- June 2013, total import was 1.330Mt (-33.3% growth), in which contribution of the non-alloy steel segment was 1.052 Mt while the rest was the share of the alloy steel segment (including stainless steel).

**Finished Steel (Non-Alloy)**

- Production of 1636 thousand tonnes by main producers during June '13 and is 17% more than the production of 1398 thousand tonnes during the corresponding month last year.
- Cumulative production of 4870 thousand tonnes by main producers during Apr-June '13 is 11.1% more than the production of 4384 thousand tonnes during June '12 (last year).

- Stock held by all producers as on 30-06-2013 is 1584 thousand tonnes.
- Taking into account the finished steel production of main producers (4870 thousand tonnes), estimated production of other producers (15830 thousand tonnes), imports (1052 thousand tonnes), estimated exports (1001 thousand tonnes), own consumption (2177 thousand tonnes), stock (1584 thousand tonnes) and double counting (1845 thousand tonnes), the apparent consumption of finished steel during Apr-June '13 is worked out as 16914 thousand tonnes and is 2% more than the consumption during the corresponding period last year.
- Apparent consumption for non-flat and flat products during Apr - June '13 is -1% and 5.6% than the consumption respectively during the corresponding period last year.

**Production, Imports, Exports & Consumption during April-June 2013 – A Summary**

Item	April-June, 2012-13	April-June, 2013-14	Growth(%)
Production for sale	18.984	19.574	3.1
Import	2.003	1.330	-33.3
Export	0.994	1.133	14.0
Real Consumption	17.757	17.804	0.3

**Product-wise performance during the First Quarter:**

**Pig Iron**

- Cumulative production of 152 thousand tonnes by main producers during Apr-June '13 is 20.8% less than the production of 192 thousand tonnes during Apr-June '12 (last year).
- Apparent consumption during Apr-June '13 is 1341 thousand tonnes which is 12.2% less than the consumption during the corresponding period last year.
- Export of Pig Iron during Apr-June '13 is 150 thousand tonnes only.
- Stock held by main & secondary producers as on 30-06-2013 is 184 thousand tonnes.

**Semis**

- Cumulative production of 1118 thousand tonnes by



main producers during Apr-June '13, and is 13.6% more than the production of 984 thousand tonnes during Apr-June '12 (last year).

- Export of Semis by main producers during Apr-June '13 is 33 thousand tonnes.
- Main & secondary producers are carrying a stock of 320 thousand tonnes.

### Bars & Rods

- Cumulative production of 1446 thousand tonnes by main producers during Apr-June '13 is 7.3% more than the production of 1347 thousand tonnes during Apr-June '12 (last year).
- Apparent consumption during Apr-June '13 is 7103 thousand tonnes which is 2% less than the consumption during the corresponding period last year.
- Export of Bars & Rods by Main & Other Producers is 154 thousand tonnes during Apr-June '13.
- The producers are carrying a stock of 414 thousand tonnes.

### Structurals

- Cumulative production of 190 thousand tonnes by main producers during Apr-June '13 is 5.6% more than the production during Apr-June '12 (last year).
- Apparent consumption during Apr-June '13 is 1196 thousand tonnes which is 2.3% less than the consumption during the corresponding period last year.
- Export of Structurals by main producers is 12 thousand tonnes during Apr-June '13.
- The producers are carrying a stock of 39 thousand tonnes.

### Rails & Rly. Materials

- Cumulative production of 204 thousand tonnes by main producers during Apr-June '13 and is 8.1% less than the production of 222 thousand tonnes during June '12 (last year).
- Apparent consumption during Apr-June '13 is 238 thousand tonnes.
- The producers are carrying a stock of 7 thousand tonnes.

### Plates

- Cumulative production of 584 thousand tonnes by main producers during Apr-June '13 is 4.7% less than the production during June '12 (last year).
- Apparent consumption during Apr-June '13 is 1067 thousand tonnes which is 9.5% less than the consumption during the corresponding period last year.
- Export of plates is 30 thousand tonnes during Apr-June '13.
- The producers are carrying a stock of 167 thousand tonnes.

### HR Coils/Skelp/Tata Strips

- Production during June '13 by main producers is 599 thousand tonnes and is 21.5% more than the production during the corresponding month last year.
- Cumulative production of 1769 thousand tonnes by main producers during Apr-June '13 and is 29.1% more than the production of 877 thousand tonnes during June '12 (last year).
- Apparent consumption during Apr-June '13 is 4369 thousand tonnes which is 12.3% more than the consumption during the corresponding period last year.
- Export of HR Coils/Sheets by Main & Secondary producers is 269 thousand tonnes during Apr-June '13
- All producers are carrying a stock of 483 thousand tonnes.

### HR Sheets

- Cumulative production of 41 thousand tonnes by main producers during Apr-June '13 and it is 12.8% less than the production during June '12 (last year).
- Apparent consumption during Apr-June '13 is 132 thousand tonnes which is 18.9% more than the consumption during the corresponding period last year.
- All producers are carrying a stock of 35 thousand tonnes.

### CR Coils/Sheets

- Production during June '13 by Main Producers is 130 thousand tonnes is 23.8% more than the production during the corresponding month last year.

- Cumulative production of 416 thousand tonnes during Apr-June '13 by main producers is 6.4% more than the production during June '12 (last year).
- Apparent consumption during Apr-June '13 is 2514 thousand tonnes which is 2.8% more than the consumption during the corresponding period last year.
- Export of CR. Coils/Sheets is 99 thousand tonnes during Apr-June '13.
- All producers are carrying a stock of 224 thousand tonnes.

#### GP/GC Sheets

- Cumulative production of main producers is 185 thousand tonnes during Apr-June '13 and is 8.2% more than the production during June '12 (last year).
- Apparent consumption during Apr-June '13 is 1422 thousand tonnes which is 3% more than the consumption during the corresponding period last year.

- Export of GP/GC Sheets by Main & Secondary Producers during Apr-June '13 is 374 thousand tonnes.
- All producers are carrying a stock of 203 thousand tonnes.

Item-wise Import of Steel in India during the first quarter of 2013-14 :

	Item	Quantity ('000 ton)		Item	Quantity ('000 ton)
1	Bars & Rods	128	9	Elec.Sheets	83
2	Structurals	6	10	Tin Plates	37
3	Rly. Materials	2	11	T M B P	0
4	Plates	105	12	Pipes (Large dia)	28
5	HR Coils/Skelp	219	13	Tin Free Steel	17
6	HR Sheets	11	14	Fin. Steel (Non-Alloy)	916
7	CR Sheets/Coils	314	15	Semis	83
8	GP/GC Sheets	102	16	Pig Iron	17



**PRODUCTION, AVAILABILITY, STOCK & APPARENT CONSUMPTION OF IRON & STEEL**  
**APRIL - JUNE 2013 (2013 - 14) (Provisional)**

( ` 000 tonnes)

CATEGORY	Total Production for Sale	Imports	Exports	Availabi lity	Stock as on		Variation In Stock	Consumption		Consump tion Over Last year(%)
					01.04.'12	31.12.'12		Current Year	Last Year	
A. PIG IRON	1500	17	150	1367	158	184	26	1341	1527	-12.2
B. SPONGE IRON (DRI)	4551	1	27	4525	15	19	4	4521	5184	-12.8
C. SEMIS (for Sale)	7655	83	33	7705	302	320	18	7687	7575	1.5
<b>D. FINISHED STEEL</b>	<b>NON - ALLOY</b>									
1. Bars & Rods	7173	128	154	7147	370	414	44	7103	7248	-2.0
2. Structurals	1192	6	12	1186	49	39	-10	1196	1224	-2.3
3. Rly. Materials	217	2	0	219	26	7	-19	238	149	59.7
Total ( 1 - 3)	8582	136	166	8552	445	460	15	8537	8621	-1.0
4. Plates	951	105	30	1026	208	167	-41	1067	1179	-9.5
5. H.R.Coils \ Skelp	4256	219	269	4206	646	483	-163	4369	3889	12.3
6. H.R.Sheets	135	11	22	124	43	35	-8	132	111	18.9
7. C.R.Sheets \ Coils	2286	314	99	2501	237	224	-13	2514	2445	2.8
8. GP \ GC Sheets	1720	102	374	1448	177	203	26	1422	1380	3.0
9. Elec. Sheets	44	83	1	126	3	1	-2	128	124	3.2
10. Tinsplate (incl. ww)	59	37	17	79	0	0	0	79	93	-15.1
11. TMBP	0	0	0	0	0	0	0	0	0	
12. Pipes (Large Dia.)	490	28	23	495	10	11	1	494	443	11.5
13. Tin free steel	0	17	0	17	0	0	0	17	15	13.3
Total (4 - 13)	9941	916	835	10022	1324	1124	-200	10222	9679	5.6
Less : Double Counting (Non-alloy)								1845	1718	
<b>TOTAL (Non - Alloy)</b>	<b>18523</b>	<b>1052</b>	<b>1001</b>	<b>18574</b>	<b>1769</b>	<b>1584</b>	<b>-185</b>	<b>16914</b>	<b>16582</b>	<b>2.0</b>
				<b>ALLOY</b>						
14. Non-Flat	677	77	66	688	0	0	0	688	760	-9.5
15. Flat	374	201	66	509	55	42	-13	522	741	-29.6
Less : Double Counting (Alloy)								320	326	
<b>Total (Alloy)</b>	<b>1051</b>	<b>278</b>	<b>132</b>	<b>1197</b>	<b>55</b>	<b>42</b>	<b>-13</b>	<b>890</b>	<b>1175</b>	<b>-24.3</b>
<b>GRAND TOTAL</b>	<b>19574</b>	<b>1330</b>	<b>1133</b>	<b>19771</b>	<b>1824</b>	<b>1626</b>	<b>-198</b>	<b>17804</b>	<b>17757</b>	<b>0.3</b>

**PRODUCER-WISE & CATEGORY-WISE PRODUCTION**  
**APRIL - JUNE 2013 (2013 - 14) (PROVISIONAL)**

( ' 000 tonnes)

CATEGORY	Main Producers				Other Producers					Total (Other Producers)	Less: IPT /Own Con sumption	Total Production For Sale
					Major Producers							
	SAIL	TSL	VSP	TOTAL	ESSAR	JSW ISPAT	JSWL	JSPL	OTHER			
A. PIG IRON	33	0	119	152	0	2	43	11	1335	1391	43	1500
B. SPONGE IRON (DRI)	0	0	0	0	528	288	0	317	4225	5358	807	4551
C. SEMIS (for Sale)	750	336	32	1118	1081	675	1982	707	8850	13295	6758	7655
<b>D. FINISHED STEEL</b>												
<b>NON - ALLOY</b>												
1. Bars & Rods	383	436	627	1446	0	0	358	141	5228	5727	0	7173
2. Structurals	112	0	78	190	0	0	0	79	923	1002	0	1192
3. Rly. Materials	204	0	0	204	0	0	0	13	0	13	0	217
Total ( 1 - 3 )	699	436	705	1840	0	0	358	233	6151	6742	0	8582
4. Plates	570	14	0	584	248	0	4	35	80	367	0	951
5. H.R.Coils \ Skelp	848	921	0	1769	943	656	1403	86	790	3878	1391	4256
6. H.R.Sheets	20	21	0	41	37	0	44	0	13	94	0	135
7. C.R.Sheets \ Coils	128	288	0	416	261	98	555	0	1742	2656	786	2286
8. GP \ GC Sheets	56	129	0	185	119	139	301	0	976	1535	0	1720
9. Elec. Sheets	17	0	0	17	0	0	0	0	27	27	0	44
10. Tinplate (incl. ww)	2	0	0	2	0	0	0	0	57	57	0	59
11. TMBP	0	0	0	0	0	0	0	0	0	0	0	0
12. Pipes (Large Dia.)	16	0	0	16	25	0	0	0	449	474	0	490
13. Tin free steel	0	0	0	17	0	0	0	0	0	0	0	0
<b>Total (4 to 13)</b>	1657	1373	0	3030	1633	893	2307	121	4134	9088	2177	9941
<b>TOTAL (Non - Alloy)</b>	<b>2356</b>	<b>1809</b>	<b>705</b>	<b>4870</b>	<b>1633</b>	<b>893</b>	<b>2665</b>	<b>354</b>	<b>10285</b>	<b>15830</b>	<b>2177</b>	<b>18523</b>
<b>ALLOY</b>												
14. Non-Flat	27	0	0	27	0	0	46	0	604	650	0	677
15. Flat	65	0	0	65	0	0	19	0	339	358	49	374
Total (Alloy) (14 to 15)	92	0	0	92	0	0	65	0	943	1008	49	1051
<b>GRAND TOTAL</b>	<b>2448</b>	<b>1809</b>	<b>705</b>	<b>4962</b>	<b>1633</b>	<b>893</b>	<b>2730</b>	<b>354</b>	<b>11228</b>	<b>16838</b>	<b>2226</b>	<b>19574</b>





PRICES OF SELECTED STEEL PRODUCTS AS ON 15TH OF THE MONTH MARKET PRICES

(Rs / tonne)

ITEM	MONTH	Kolkata	Delhi	Mumba	Chennai
1. Pig Iron (L.M. Gr.IV)	April'13	31380	30000	30300	36230
	May'13	31130	30800	30300	35700
	June'13	30050	30700	29400	35700
2. Billets 100 mm	April'13	39910	40500	42040	41140
	May'13	39980	40100	42060	40820
	June'13	40010	40100	42040	40820
3. Blooms 150x150 mm	April'13	38770	39440	40700	39440
	May'13	38770	38840	40720	39230
	June'13	38850	38840	40680	39230
4. Pencil Ingots	April'13	33850	34500	35350	37280
	May'13	33800	31600	35200	36230
	June'13	33450	32100	35200	35700
5. Wire Rods 6 mm	April'13	45620	46390	47210	47380
	May'13	45530	46390	47210	47380
	June'13	45500	46570	47060	47380
6. Wire Rods 8 mm	April'13	45160	45940	46500	46920
	May'13	45160	45940	46500	46920
	June'13	44900	46110	46250	46920
7. Rounds 12 mm	April'13	44970	45330	45540	46610
	May'13	44990	45680	45600	46390
	June'13	44790	45860	45360	46290
8. Rounds 16 mm	April'13	44970	45260	45630	46610
	May'13	44990	45610	45650	46390
	June'13	44820	45790	45360	46290
9. Rounds 25 mm	April'13	44710	45200	45430	46440
	May'13	44730	45550	45430	46220
	June'13	44660	45690	45310	46130
10. Tor/TMT/CTD 10 mm	April'13	46630	47010	47940	48320
	May'13	46620	47360	47760	47950
	June'13	46460	47540	47640	47860
11. Tor/TMT/CTD 12 mm	April'13	47170	46830	48300	49180
	May'13	47130	47360	48120	48810
	June'13	46930	47530	48180	48720
12. Tor/TMT/CTD 25 mm	April'13	47110	47010	48050	48620
	May'13	47080	47180	47990	48280
	June'13	46870	47530	47990	48160
13. Angles 50x50x6 mm	April'13	46630	46110	47990	48370
	May'13	46810	46110	47990	48090
	June'13	46470	46110	47930	47730
14. Joists 125x70 mm	April'13	46370	46460	48230	48190
	May'13	46130	46460	47910	
	June'13	46120	46460	47810	47820

ITEM	MONTH	Kolkata	Delhi	Mumba	Chennai
15. Channels 75x40 mm	April'13	46620	47360	47450	48040
	May'13	46500	47360	47630	47860
	June'13	46330	47360	47760	47670
16. Plates 6 mm	April'13	47650	49420	49320	50210
	May'13	47670	49420	49320	50210
	June'13	47600	49420	49270	50150
17. Plates 12 mm	April'13	48230	49950	49790	50840
	May'13	48250	49950	49790	50840
	June'13	48170	49950	49740	50790
18. HR Coils 2.0 mm	April'13	46760	48770	49590	49400
	May'13	46800	48770	49590	49460
	June'13	46690	48710	49510	49350
19. HR Coils 3.15 mm	April'13	45570	47660	48480	48290
	May'13	45620	47660	48480	48390
	June'13	45520	47610	48420	48290
20. CR Coils 0.63 mm	April'13	51480	52980	52860	53630
	May'13	51730	52780	52860	53460
	June'13	51230	52580	52760	53000
21. CR Coils 1.0 mm	April'13	50580	52280	52160	52920
	May'13	50630	52480	52160	52710
	June'13	50400	52160	52020	52290
22. GP Sheets 0.40 mm	April'13	55430	58030	56790	60730
	May'13	55730	58030	56790	60730
	June'13	55110	58030	57310	60730
23. GP Sheets 0.63 mm	April'13	52870	54280	54280	60140
	May'13	53540	54280	54280	60140
	June'13	52870	53680	55220	60140
24. G C Sheets 0.40 mm	April'13	54430	57500	55340	60660
	May'13	54730	57500	55340	60660
	June'13	53730	57500	55820	60660
25. G C Sheets 0.63 mm	April'13	53190	54980	55000	60230
	May'13	53710	54980	55000	60550
	June'13	52910	54980	55400	60550
26. Sponge Iron (Coal Based)	April'13	25000	25800	28900	20480
	May'13	26250	25800	28900	19950
	June'13	23750	26000	28200	19430

Note : Prices are as on 15th of the month & inclusive of Excise Duty & Sales/ VAT Tax

## Delegation led by Steel Minister scouts for resources in Canada

Beni Prasad Verma, Hon'ble Steel Minister, was accorded a warm reception at British Columbia by the Premier, Ms. Christy Clark, during his visit to Vancouver. The Premier, Ms. Christy Clark, thanked the Hon'ble Steel Minister for his visit to British Columbia along with the delegation comprising of Secretary, Ministry of Steel; AP Choudhary, Chairman-cum-Managing Director, Rashtriya Ispat Nigam Ltd.; and Lokesh Chandra, Joint Secretary, Ministry of Steel. The Minister for International Trade, Ms. Teresa Wat, was also present and indicated that in recent years, the Indo-Canadian relationship is witnessing a new momentum in line with India's economic growth.

The delegation had a series of meetings with the Govt. of British Columbia, wherein both the Ministers identified a number of opportunities for mutual cooperation. It was acknowledged that the Indian steel industry is growing at a fast pace, requiring additional quantities of coking coal, which can be sourced from British Columbia. The various possibilities of sourcing coal from British Columbia, equity participation in coal assets, coal asset acquisition & other areas of interest were discussed during the meeting. The delegation also had series of discussions with the coal asset owners and various avenues for sourcing coking coal to India to meet its ever growing requirement. A "Cooperation Agreement" was signed between Ms. Teresa Wat, Minister for International Trade, British Columbia and AP Choudhary, Chairman-cum-Managing Director, Rashtriya Ispat Nigam Ltd. in the presence of Hon'ble Minister of Steel, Govt. of India and the Premier of British Columbia, Ms. Christy Clark.

## RINL signs pact with Canadian varsity

A high-level delegation led by Union Steel Minister Beni Prasad Verma is on a week-long tour to Canada from July 15 with the objective of sourcing and acquisition of minerals, viz. coking coal and iron ore, for the Indian Steel industry, according to a press release issued here on Wednesday by Rashtriya Ispat Nigam Limited (Visakhapatnam Steel Plant). Acquisition of intellectual property and cooperation in R&D activities are also on the agenda. The delegation concluded a MoU between the RINL and McMaster University, Hamilton, Canada, to collaborate and strengthen research in steel-making, beneficiation and pellet-making from low-grade magnetite and also towards training of personnel and exchange of research papers. The MoU was signed by A.P Choudhary, CMD of the RINL, and Peter Mascher, of McMaster University. Beni Prasad Verma said the pact with the university will strengthen R&D activities in steel sector essential to achieving the target of over 200 million tonnes

of capacity during the next few years. About export of iron ore from India, he said the Government had taken action resulting in sharp decline of iron ore exports. Although India had rich reserves of iron ore, it is the opportune time for the Indian steel industry to acquire more iron ore mines, he added. D.R.S Chaudhary, Secretary (steel), and Lokesh Chandra, Joint Secretary (steel), accompanied the Minister.

## Vizag Steel recruitment evokes huge response

A record number of candidates took the Management Trainee test held on 18th August '13. The test conducted on All-India basis across the country, including Visakhapatnam, drew an overwhelming response with around 40,000 candidates taking the test, indicating the growing interest of the job seekers in this giant steel manufacturing company. RINL has been constantly strengthening its position in the Indian Steel industry through capacity enhancement to 7.3 mtpa with directional plan to grow to 20 mtpa. The company has also taken a number of value addition projects in various parts of the country like the largest Forged Wheel Plant, Axle Manufacturing Unit, largest Seamless Tube Mill, etc. In line with its growth, the company is also rightly strengthening its skill capabilities with infusion of fresh talent from reputed institutes.

## Sri Umesh Chandra, Director (Operations) Taken Over as MD of EIL, BSLC & OMDC



Consequent upon the acceptance of resignation of Dr Satish Chandra, by Ministry of Steel, Sri Umesh Chandra, Director (Operations)/RINL has taken over the additional charge of Managing Director of Eastern Investments Limited (EIL), The Bisra Stone Lime Company Limited (BSLC) and The Orissa Minerals Development Company Limited (OMDC) on 15.07.2013 as an interim arrangement.

BSLC is on the path of revival and all efforts are being put for stepping up its performance. Clearances for operations of OMDC is expected any time from the Government and focused efforts are being taken in this direction for expediting the clearance for resumption of operations. Sri Umesh Chandra who has spearheaded the mining operations at RINL/ VSP has the requisite experience to lead EIL, BSLC and OMDC during this important phase.

## RINL Employee Wins Prime Minister's Shram Vir Award

Rashtriya Ispat Nigam Limited has once again proved its



efficiency by winning the most prestigious PM's Shram Award. RINL-VSP has got one Prime Minister's Shram Award "SHRAM VIR" out of 33 awards announced by Ministry of Labour, Govt. of India. Shri Gokada Udaya Bhaskar, Foreman, Central Mechanical Maintenance (CMM) department has won the "Shram Vir" award for the year 2012. Shri AP Choudhary, CMD while congratulating the award winner Sri Udaya Bhaskar said that, Human resources have always remained the most important factor at RINL in all its endeavours. It is indeed heartening that VSP has achieved this distinction of bagging the PM's Shram Awards consecutively for the third year. This has added another feather to the cap of VSP. It is indeed a significant achievement and enhances the image of the company on the national map, he added. Ministry of Labour, Govt. of India has been implementing the PM's Shram Award.

### Impressive Performance by RINL in the First Quarter of 2013-14

Shri Beni Prasad Verma, Hon'ble Minister of Steel appreciated the sharp growth in production of RINL in Q-1. RINL recorded a growth of 14% in finished steel production in Q-1 and stepped up its captive power generation by 7% which helped the company to record significant growth in many fronts despite power restriction. The Value Added Steel production is best for any first quarter with a growth of 17%, accounting to nearly 80% of total saleable steel production. In spite of recessionary trends in the market, RINL registered a growth of 13% in sales and the special drive taken by the company helped to end Q-1 with a sales of 5.5 lakh tons matching the sales of corresponding period last year. The proportion of Special Steel sales in the total Saleable Steel stood at 82% during the quarter, compared to 77% of the corresponding period last year. The focus on the rural marketing network has helped in enhancing the number of rural dealers to over 600 currently.

RINL registered impressive growth in June in many areas, significant among them being, Iron & Steel production 29%; Captive Power generation 16%, Value Added Steel sales 21%, despite sluggish market conditions. The Hot Metal production is the best for any June since inception with production from the new Blast Furnace touching 1.4 Mt. The new Sinter Plant was commissioned in June which would further help in stepping up the production from the new Blast Furnace. In its effort to enhance the Captive Power generation, Boiler-6 was commissioned in the month. The company is expected to close its bottom line on an even note, despite its margins being severely impacted due to poor market conditions. Concerted efforts towards cost control measures and focus on improvement of techno-economic parameters has helped to neutralize the effort of squeezed margins.

### SAIL to Raise Capacity to 50 Million Tonne

Steel Authority of India, now ramping up capacity to 24 million tonnes per annum, plans to embark on next phase of expansion to raise it further to 50 million tonnes per annum by 2022 with INR 120,000 crore investment. The state owned steel maker, which currently has 14 million tonnes per annum capacity, said most of the planned expansion would be carried out through Brownfield expansions in existing five steel mills, barring one proposed at Sindri in Jharkhand. Mr CS Verma told in an interview that "Today we have 14 million tonnes per annum capacity. By the end of this year, our capacity will be 19 million tonnes per annum. By next year, our capacity will be 24 million tonnes per annum. Then, we are having our vision 2022, when 13th Five Year Plan ends, we will be having our capacity escalated to 50 million tonnes per annum." He added that "All these expansion would be at our existing facilities, barring Sindri where we plan to set up a 5.6 million tonnes per annum Greenfield steel plant." Asked about the investments that would be required for the proposed expansion, he said it roughly takes USD 1 billion investment for one million tonne steel capacity addition. Mr Verma said, "However, since most of the expansions would be carried out in existing plants, expenditure would be little less than what is considered as the thumb rule. It would be around USD 20 billion.

### SAIL steel production up by 6% in Q1 '14

Steel Authority of India Limited (SAIL) has achieved the highest ever Q1 production of saleable steel at 3.2 million tonnes (MT), up by 6% over corresponding period last year (CPLY). In the first quarter of FY '14, SAIL has registered impressive growth in various production and techno-economic parameters. Production of value added steel touched the best ever Q1 mark, at 1.28 MT, a y-o-y growth of 4%. Efficiency of production also got a boost with specific energy consumption at 6.57 gcal/tcs, lower by 1% than CPLY, and BF productivity of 1.57 t/Cum/day, better by 2%. As for the month of June '13, saleable steel production of 1.08 MT was higher by 7% compared to same month last year.

The Modernisation & Expansion programme (MEP) received new fillip during the quarter with the commissioning of new Coke Oven Battery No. 6 at SAIL Rourkela Steel Plant (RSP) on June 1, 2013. The new Battery complex, built at a cost of Rs. 1400 crore, has an annual capacity of 0.768 MT. Other projects under MEP which started production include new Sinter Plant and Coke Oven at RSP, Air Separation Unit of Oxygen Plant at Bhilai Steel Plant, Raw materials Handling Plant, Coke Oven, Sinter Plant and Wire Rod Mill & RHF at IISCO Steel Plant.

During April-June 2013, new projects worth around Rs 2700



crore have commenced production, significant among them are the new 7 meter tall battery complex along with coke dry cooling plant and the 2500-mm wide slab caster, both at RSP. The new 4,060 cubic meter blast furnace at RSP will also commence production in the current month. This furnace is the largest blast furnace in the country. With several other projects on the anvil, the annual production capacity of hot metal is expected to grow to 19 MT by next fiscal from the current level of 14 MT.

## TATA Steel India - Profit up by INR 1 crore YoY

The Indian operations recorded robust performance despite softer markets, weakening economic conditions and a seasonally weak quarter.

1. Best ever production was achieved for hot metal and from the Thin Slab Casting and Rolling Plant while several facilities such as LD#3, the Cold Rolling Mill, the New Bar Mill and the Merchant Mill achieved best ever quarterly production.
2. Deliveries totalled 2 million tonnes in Q1 FY 2013-14 (Q1 FY'14) compared to 1.59 million tonnes in Q1 FY 2012-13 (Q1 FY'13), an increase of 25.8% primarily due to the ramp up of capacity at Jamshedpur. Deliveries in Q4 FY'13 were 2.28 million tonnes. Q1 FY'14 volumes were lower on QoQ basis due to seasonal effects.
3. Turnover in Q1 FY'14 was INR 9,455 crores, an increase of 6.1% over Q1 FY'13 turnover of INR 8,908 crores. Turnover in Q4 FY'13 was `10,771 crores. Net realization increased in Q1 FY'14 compared to Q4 FY'13 across both flat and long products.
4. The company's focus on customers and strong relationships helped to increase sale across sectors, including automotive, general engineering and the SME segment. Flat product sales volume increased by 44% y/y with value added products sales increasing by 15%. The long products segment continued to expand its retail reach and provide higher value-added products to its customers.
5. On the back of strong operating performance, the Indian operations generated EBITDA of `2,897 crores for Q1 FY'14 compared to INR 2,791 crores in Q1 FY'13. EBITDA was INR 3,714 crores in Q4 FY'13. The underlying EBITDA margin in Q1 FY'14 was 30.6%; an improvement from the underlying EBITDA margin of 29.3% in Q4 FY'13.
6. Profit after tax in Q1 FY'14 was INR 1,356 crores. Profit after tax was INR 1,357 crores in Q1 FY'13 and INR 1,309 crores in Q4 FY'13.

Source - Strategic Research Institute

## E-commerce might be the last straw for China Steel Industry

As per statistics from China Iron and Steel Association, China steel industry has suffered a loss of at least more than CNY 10 billion in 2012 deducting income from investment and depreciation despite of a profit of CNY 1.6 billion in 2012. Many large and medium-sized steelmakers including Ansteel and Valin Steel had a loss of more than CNY 3 billion last year. The profit rate was merely 0.9% in the first quarter of this year although the whole industry enjoyed a profit of about CNY 2.5 billion which could be ignored compared to asset of CNY 4.3 trillion. The rise in steel and raw materials price during dull consumption season gives a glimmer of hope to China steel market that depressed for half a year. However, the rebound seems to be fragile for steel traders from Southeast China's Fujian province, who have experienced drastic fluctuations as overcapacity continues. In fact, the problem is worsening in view that daily production of China's large and medium-sized steel mills hit a new high in late June. Reshuffle in China steel industry is far from over, therefore, many steel mills turn to build storage & logistics companies across the country and set up e-commerce platform.

## Environment issues holding investment of INR 50000 crore only in port development – ASSOCHAM

Investment worth over INR 45,000 to INR 50,000 crore is awaiting environmental clearances only in the port sector with bulk of the plans stuck in Tamil Nadu, an ASSOCHAM study has shown. Several PSUs and private sector firms have lined up fresh investment in multi-purpose and specialised ports. However, the maximum of environment clearances are pending in regard to Tamil Nadu and Gujarat, the study which analysed the official data, suggested. The data up to March, 2013 showed that a host of projects were pending green clearances for ports such as Kancheepuram, Udangudi, Vanagiri, Mannad and Chetnad. Projects were also pending in Gujarat, Maharashtra. Ban on export of iron ore seems to have taken a toll on cargo performance at Goa ports where cargo traffic plummeted to 21 million tonnes in 2012-13 from 60 million tonnes in 2011-12.

Source - Strategic Research Institute

## Report on Coal India restructuring likely by December

The government, keen to increase coal production in the country, is in the process of selecting a consultant for a study



on restructuring state-run Coal India (CIL) and expects to receive its report by December. The Coal Ministry had in June invited proposals from nine shortlisted firms, including ICICI Securities, KPMG, Ernst & Young, McKinsey, Deloitte and Crisil, for the study on restructuring Coal India. The Planning Commission and many high-level panels, including the Expert Committee on Road Map for Coal Sector Reforms, known as the TL Shankar Committee, recommended that CIL be restructured in view of growing demand for the fuel and the need to enhance output and make the sector competitive. CIL has seven subsidiaries including Bharat Coking Coal Ltd, Central Coalfields Ltd and Eastern Coalfields Ltd. The coal producer has more than 3.5 lakh employees. The Coal Ministry had recently said the gap between demand and supply of coal, which touched 135 million tonnes last fiscal, may reach 140 million tonnes in 2013-14. The government plans to sell a 5 per cent stake in CIL. It has invited bids from merchant bankers by August 26 and will select as many as seven to manage the share sale.

### **Indian steel makers oppose relaxing of quality norms on imports of steel**

Some Indian steel makers have strongly protested at the government's decision to relax quality norms for imports of steel for certain critical applications. Domestic producers say this comes at a time when demand in the country has weakened due to depleting investments in infrastructure and manufacturing. Mr H Shivaramkrishnan, chief commercial officer of Essar Steel India said that "The decision of the ministry of commerce to allow import of steel without quality certification is surprising and a retrograde step. The views of the domestic steel industry which has put up capacity of over 85 million tonnes till date, with expansion also underway, should have been mandatory taken. Quality certification is a prerequisite for areas such as nuclear, defense, a high-end manufacturing, as it will have a bearing on the end product.

Mr Seshagiri Rao, Joint Managing Director of JSW Steel said that "The long-term implication is dangerous, as the domestic industry is facing surplus output. The industry needs a curb on imports to prosper. The government's latest move will further boost imports of steel, resulting in idling of local production capacity. When we request the government to set up a quality norm for use of steel in India, at least with the Bureau of Indian Standards, the government says no. In fact, the quality of Indian steel is at par with global major players. Hence, there is no need for encouraging imports. We will soon take a representation to the government with a request to revisit its decision." Data compiled by the Ministry of Steel showed India's total import at 7.9 million tonnes in 2012-13, a rise of 14.6% from the 6.9 million tonne of the previous year.

### **POSCO drops \$5.3 billion Indian steel mill, keeps main project alive**

South Korea's POSCO said that it will pull out of a \$5.3 billion steel mill development in India's Karnataka state, but will proceed with another \$12 billion project billed as the country's largest foreign direct investment. POSCO said in a regulatory filing that it had agreed to cancel the project with the government of southern Karnataka state because of delays in receiving iron ore mining rights and opposition from residents which had held back land acquisition. The move could provide fresh impetus to POSCO's main steel project in the eastern state of Odisha. Already eight years in the making, it has recently gained momentum with the clearing of legal obstacles to the granting of an iron ore exploration licence.

In 2010, POSCO signed a preliminary agreement with the Karnataka state government to construct a mill capable of producing 6 million tonnes of steel a year. A year earlier it signed a separate steel mill deal with state-run Steel Authority of India Ltd.

### **India's largest blast furnace becomes operational at RSP**

India's largest blast furnace 'Durga' became operational at the Rourkela Steel Plant (RSP) of Steel Authority of India Ltd (SAIL). Built at an expenditure of nearly Rs 1,600 crore, the furnace has a useful volume of 4,060 cubic metres. It will increase SAIL's hot metal production capacity by 2.5 million tonnes per annum, Chairman C S Verma said during his visit to RSP, SAIL. Chairman also inaugurated the new slab caster at the Steel Melting Shop - II of RSP. This facility can cast slabs of up to 2,500 mm width. The furnace has a capacity of hot metal production of 8,000 tonnes per day and an enhanced campaign life of 20 years. It is equipped with systems such as pulverized coal injection, cast house fume extraction, cast house slag granulation, high top pressure operation coupled with top gas recovery turbine, twin material bin bell-less top, waste heat recovery and conveyor belt charging.

It also incorporates Level-II automation and has twin flat-cast house with four tap holes. The environment-friendly furnace ensures minimum emissions and recovers waste energy to the fullest. It also has a closed-loop cooling system resulting in almost zero water discharge. The new slab caster set up at a cost of nearly Rs 500 crore incorporates the latest technologies and can cast slabs of up to 2,500 mm width with thickness of 220 mm, 250 mm and 300 mm. The slab caster will supply slabs to the new 4.3 metre wide plate mill being installed as part of RSP's modernization and expansion.

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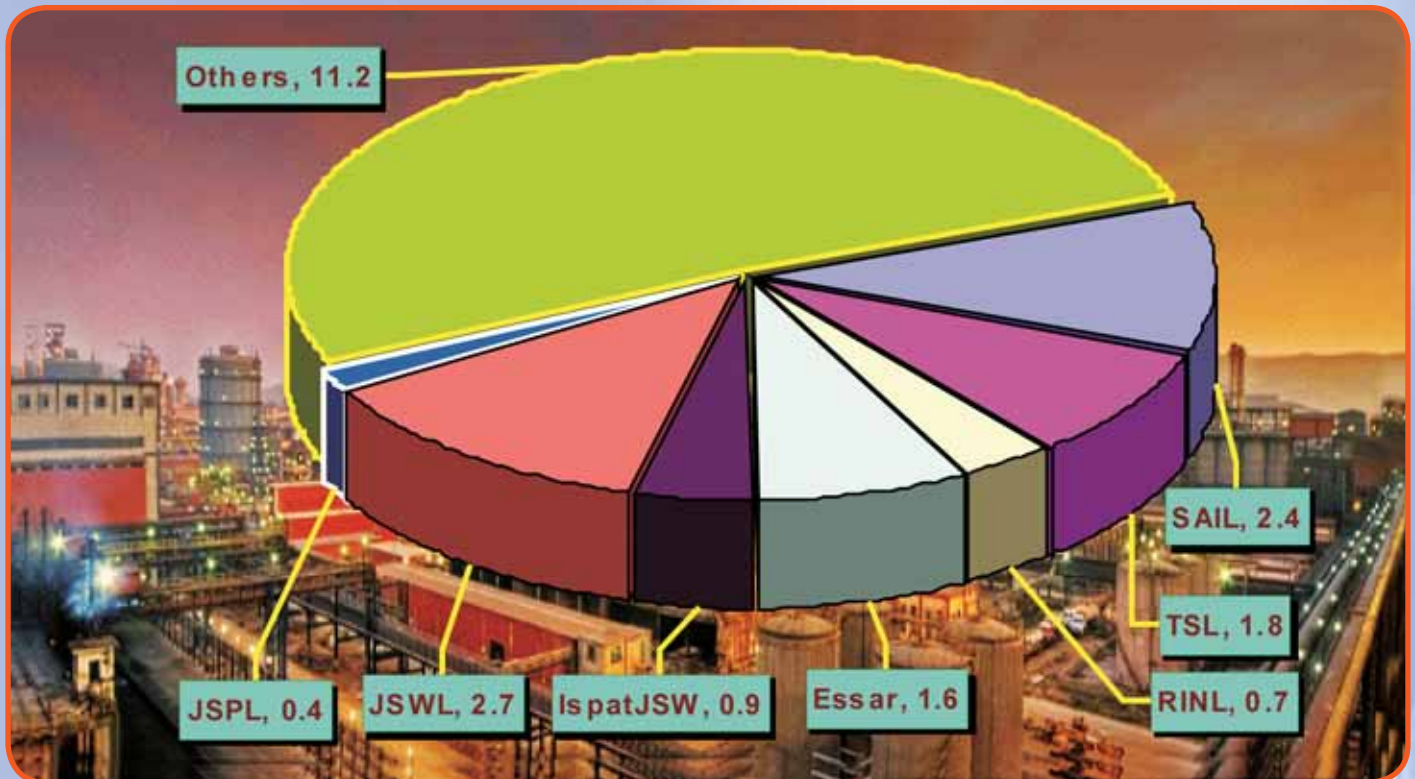
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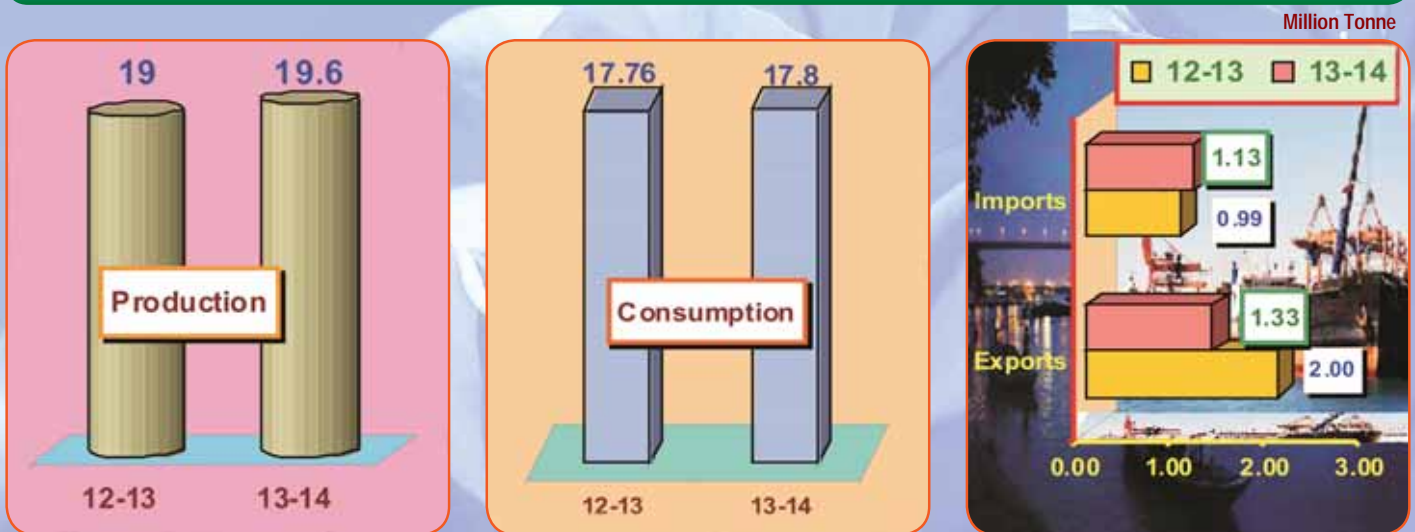
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## Share in production (%) of Finished Steel during April-June , 2013



## Production, Consumption and Exports during April-June, 2013



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