



Steel Firms Likey to be Rescued Soon

With all major steel companies in the red and banks accumulating non-performing assets (NPAs) in the sector, a push to impose a minimum price for imports is being spearheaded by banks through the ministry of finance.

Senior government officials said the government is set to issue a minimum import price (MIP) notification soon. According to a CARE Ratings report, 145 steel and iron companies accumulated debt worth Rs 2.98 lakh crore and an unfavourable debt to equity ratio of 1.27. Similar to UDAY, the financial restructuring scheme for power distribution companies, this notification would also be primarily to rescue banks.

The ministry of steel had earlier sent a long list of items for the proposed MIP to the department of commerce. The latter has some reservations and views it as a trade barrier which might not comply with World Trade Organization norms.

"The list is likely to be pruned down to around 34 items, with stainless steel products expected to be kept out," said a person privy to discussions within the government. The issue has been discussed at the prime minister's office, too, said an official.

Both ministries are trying for a consensus

on the rates and products to be covered. A final notification would come from the directorate general of foreign trade, once approval is given by commerce minister Nirmala Seetharaman, away to Nairobi for a scheduled WTO ministerial meeting. The Sponge Iron Manufacturers' Association is opposed to the move. It says the secondary steel industry would then be faced with a shutdown.

It quotes a Bank of America Merrill Lynch report to say that of the Rs 280,000 crore of NPAs in steel for the banking sector, Rs 195,000 crore is with tier-2 mills and the unorganised sector. On December 11, the government imposed an anti-dumping duty of five to 57 per cent on cold-rolled flat products of stainless steel for five years.

This was on such imports from China, South Korea, the European Union, America, South Africa, Thailand and Taiwan. On September 14, the government imposed a 20 per cent provisional safeguard duty for 200 days on the import of hot-rolled flat products in coils of a width of 600 mm or more.

The ministry of steel had proposed 14



categories of products, with different MIPs for base and special grades.

The government is also likely to put in place a mechanism whereby if the FOB price of steel at the point of origin according to major indices is lower than the invoiced price, the listed one would be considered for enforcing MIP.

The department of commerce wishes to exempt exporters of products from the MIP norm if the imports were being used for manufacturing export products.

To prevent misuse of this, it is mulling a mandatory export obligation within six months and refund of actual value and MIP.

Uttam Galva Metallics and POSCO Sign MoU for FINEX Technology



Uttam Galva Metallics and POSCO have signed a Memorandum of Agreement to deploy technologies of the latter at the company's Wardha plant in Maharashtra.

In a release, Uttam Galva Metallics said POSCO's fine ore reduction process an alternative iron making technology using iron ore fines (FINEX) and compact endless casting and rolling mill a process to replace large portion among the cold-rolled products with thin hot rolled products' technologies will be used for its 1.5 million tonne plant in Wardha. The plant is scheduled to be operational by April 2019.

Mr. Ankit Miglani, director at Uttam Galva, said "I am glad to announce that we will be installing two new state-of-the-art technologies and processes from POSCO at

Uttam Galva Metallics' Wardha unit, which will increase efficiencies at the plant. This collaboration with POSCO will help create a new direct to customer interface by replacing several cold rolled products with HR thin gauge products. This also reiterates POSCO's continuing interest in investing in India and its commitment to be a long term partner with the Uttam Group."

POSCO's technologies for the Wardha plant will also form its equity investment in Uttam Galva Metallics.

Apart from the Wardha plant, Shree Uttam Steel and Power, one of the unlisted arms of Miglani family-run Uttam Galva Group is carrying out a feasibility study for its \$3-billion integrated steel plant in Maharashtra, jointly planned with South Korean company Posco, which is expected to be completed by February next year. This plant will be producing hot-rolled coils targeted to cater to the domestic market.