



## MIP impacts competitiveness of engineering sector : FIEO

**I**mposition of minimum import price (MIP) on steel has impacted the competitiveness of Indian engineering exporters, Federation of Indian Export Organisations (FIEO) said, "Exporters are already working on low margins and facing cut-throat competition besides huge volatility in currency.

The imposition of MIP resulting in increase in steel prices by 15 per cent has further blunted the competitive edge of Indian engineering sector," exporters body FIEO said in a statement.

While engineering exports have declined by about 16 per cent in first 11-months of the current fiscal, it said adding "Auto and auto components, cycle and cycle parts, hand tools, industrial and electrical machineries are the worst sufferer".



The MIP imposed on 173 steel products covers roughly 80 per cent of steel imports and thus impact engineering sector hugely, it said.

Government needs to strike a balance between the interest of few large steel companies at the cost of thousands of micro, small and medium units which together

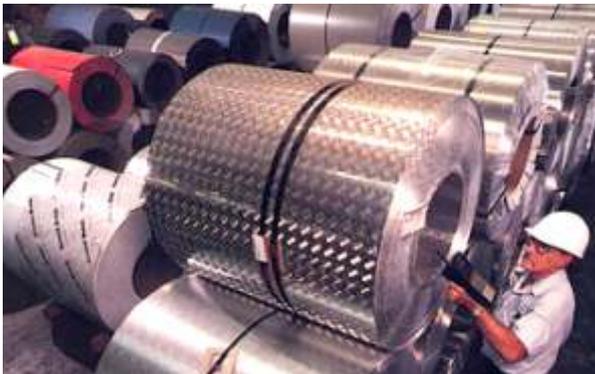
provides more than 100 times of the jobs provided by large steel companies, it added.

It said that government should provide steel to all export companies particularly in MSME sector at international prices without compelling them to go through advance authorisation route which requires a minimum quantity of imports for economic viability and thus not suitable to their requirement.

Meanwhile, engineering exporters body EEPC said, "The sector will showcase its products in prestigious four-day Russian industrial trade show at Yekaterinburga, starting from July 11."

The sector will project how the country is seeking global technology and investment with a view to becoming the manufacturing hub for the global supply chain, EEPC said in a statement.

## Reliance Steel shares shoot up sharply



Steel, Inc. Reliance Steel also believes that metal pricing for most of its products have stabilized at the present level and anticipates average selling price in the first quarter to be flat upto 1.5% sequentially.

Reliance Steel's broad and diversified product base along with a wide geographic footprint position it well in the industry. The company continues its aggressive

acquisition strategy to drive growth. The acquisition of steel and aluminum components maker Metals USA is a strategic fit for the company's portfolio and complements its existing customer base, product mix and geographic footprint.

Moreover, the acquisition of Aluminium Services UK Limited has allowed Reliance Steel to expand its presence in the aerospace market. The purchase of Fox Metals and Alloys has also strengthened the company's foothold in the oil and gas space. The buyout of Tubular Steel also boosts the company's long-term growth strategy and strength by expanding its product portfolio and end market diversification.

Reliance Steel is also seeing strong demand for its products across aerospace and automotive markets. Demand in the aerospace market is backed by higher

**R**eliance Steel, which has a market cap of around \$5 billion, has seen its shares shoot up roughly 22% so far this year and around 25% over a year. Average volume of shares traded over the last three months is around 623.6K. The company's long-term projected EPS growth is 9%.

Reliance Steel's adjusted earnings for fourth-quarter 2015 topped the Zacks Consensus Estimate. The company gained from improved operational performance and strong customer demand across most of its end markets. But lower sales volumes and reduced metal prices weighed on its sales in the quarter, which fell short of expectations.

Management expects overall sales volumes to increase by around 6-8% sequentially in the first quarter of 2016 owing to normal seasonal increase in shipping volumes and additional volume from Tubular

commercial aerospace build rates. Strong demand is also witnessed in the automotive market, supported by the company's toll processing businesses in the U.S. and Mexico as well as increased use of aluminum in the industry. Reliance Steel expects sustained momentum across these markets in 2016.

Reliance Steel also remains committed to offer incremental returns to its shareholders. It paid dividend worth \$120.1 million in 2015 and bought back 6.2 million shares for \$355.5 million during the year.

That said, Reliance Steel remains challenged by weak steel industry fundamentals and soft steel and metals pricing. Prices for carbon steel products are expected remain soft in the near term. High levels of imports are keeping prices for flat roll and plate under pressure.

This section is a compilation from various company press releases, business dailies & trade publications.