



## Steel industry sees surge in both steel and iron ore prices

India's banking system fortunes are closely tied to steel and the domestic steel industry's fortunes are tied to the global growth cycle. Since December, there has been a huge upsurge in the prices of both steel and its raw materials. Chinese steel prices have shot up by 48 percent since December lows, and European prices by 23 percent; raw material iron ore has shot up by 45 percent since December.

At home, steel prices have surged by a more modest 15 percent in the last couple of months while the Indian government has sought to protect domestic steel by imposing a minimum import price of USD 440 per tonne since February, landed prices are ruling higher currently.

Simultaneously, pressured by the Reserve Bank of India (RBI), banks have been arm-twisting steel companies to shape up or ship



out, which itself is driving cost efficiencies.

"The cost curve is viscosously moving up and the supply chain in steel cannot respond fast enough. Hence, in 1.5 billion tonne demand, if demand goes up by 2 percent, you are talking about 30 million tonne additional demand, which means 50 million tonne of additional iron ore. That is a lot of material," says Neelkanth Mishra of Credit Suisse.

"The steep rise in prices which has happened over USD 200 per tonne, in the last few weeks, is quite steeper but the demand-supply dynamics will not justify the kind of pricing which we have seen.

There will be lower steel demand that is the projection for FY2016 by 12 million tonne over 2015," says SeshagiriRao, Group CFO of JSW Steel.

## Mahindra Intertrade expands Electrical Steel processing operations



In a move that will redefine the manufacture of steel cores for the power distribution segment in India, Mahindra Intertrade has set up a new state of the art, fully automated, high speed lamination line with dual stacking and a Built-up cores facility at its Electrical Steel Service Centre in Vadodara.

Steel cores, play a crucial role in the power distribution process. This segment is pre-dominantly catered to by unorganized players. Most of these use manual cutting machines, which has an adverse impact on the quality of transformer cores produced. Combining modern technologies with Mahindra Intertrades existing manufacturing expertise, this new line will not only automate the process, but will also ensure

higher precision, quality and speed of operation.

Sumit Issar, MD of Mahindra Intertrade Ltd said, "The expansion of our operations at Vadodara is in line with our on-going efforts to play our part in the Government Mission of Power for all.

At Mahindra, we are always looking at options to provide the best service to our customers. This expansion will substantially

boost the manufacturing capacity at our Vadodara plant and will enable us to meet the demand for built-up cores from the rapidly growing Distribution Transformer market in India.

Mahindra Intertrade is among the global

leaders in electrical steel processing for the higher-end Power transformer segment, and this expansion will establish it as a prominent player in the Distribution Transformer segment in India. Mahindra Intertrade plans to open localised core- building facilities in key markets across India, to further enhance its service to its customers.

Mahindra Intertrade is a wholly owned subsidiary of Mahindra and Mahindra Ltd. Intertrade owns and operates the country's largest network of independent steel service centres in Automotive, Power and Home Appliance verticals. Intertrade is a leading player in the processing of automotive steel in Western India, and in electrical steel for power and home appliance applications. Mahindra Intertrade operates steel service centres at Pune, Nashik, Vadodara, Bhopal and Chakan in India, and at Sharjah in the Middle East

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