



HR prices surge by 15 percent between Dec'15 and May'16



Indian prices of hot-rolled steel used to make pipes, rods, cars, ships and industrial machinery rose by more than 15 percent to 37,000 rupees a tonne between December and early May, according to the latest data available.

Chinese prices moved from \$270 a tonne in December to \$420 a tonne in April, before softening again.

Trade body EEPC India said, engineering goods exports would drop 10 percent this year if MIP is extended. The group has gone before the trade ministry several times to ask that the import policy be allowed to lapse, and members have also met with the steel ministry on the issue.

India's indebted steel sector, though, struggling with low profit amid a global supply glut, has lobbied hard for it to be kept in place.

By making foreign steel too expensive, domestic steelmakers such as Steel Authority of India, Tata Steel and JSW Steel have been able to raise prices.

But higher prices, besides hampering exporters, have pushed steel processing firms such as Adhunik Metaliks, Jayaswal Neco and Sujana Metal Products into losses.

About 20 of 60 mills on his membership list have shut, said S.C. Mathur, executive director of Cold Rolled Steel Manufacturers Association of India.

"Others are operating at 40-50 percent of capacity and incurring losses", he added.

Government may modify MIP list for steel sector

Government may alter the list of steel items that attract a minimum import price (MIP) if the country decides to continue with the protectionist measure beyond August, former Steel Secretary Aruna Sundararajan said.

Government imposed the MIP on 173 steel products in February, helping cut inbound shipments to their lowest level in at least 14 months. The MIP expires in August.

The country is the world's third-largest steel producer, with a total installed capacity of 110 million tonnes. But the domestic industry says its margins have been squeezed due to cheap imports from China, Russia,



Japan and South Korea.

India is currently carrying out an anti-dumping probe against imports of certain steel products from some countries.

Those items would be removed from the list on which anti-dumping duty is imposed while new products will be added, she said.

Essar Steel India posts 12% rise in gross revenue in Q1



Essar Steel India posted a 12% rise in gross revenue to Rs 4,482 crore in the first quarter of FY17 compared to gross revenue of Rs 4,006 crore in the previous corresponding quarter.

Flat steel production in the first quarter was 1.22 million tonne, a growth of 48% against 0.824 million tonne produced in the same period last year. Pellet production grew by 58% to 2.02 million tonne, as against 1.28 million tonne in the same quarter last year. In the quarter ended 30 June 2016, it developed three new grades one each in the automobiles, yellow goods and defence segments.

Commenting on the company's performance, Dilip Oommen, MD & CEO, Essar Steel said, "Over the last few months, we have taken several steps to strengthen our operations. We have also been able to maintain higher operating margins." Essar Steel India said it hopes produce 80% of its

rated capacity by the end of FY 2016-17. With the natural gas price down to US \$6/mmbtu (million metric British thermal units), from a high of US \$20/mmbtu, Essar Steel has been able to contain cost, improve margins and ramp up production. The company is looking at restarting all its gas-based DRI units in the current fiscal.

Increased preparedness in managing its input costs has been driving Essar Steel's operational and financial performance. The Company recently won an iron ore mine in Odisha through the auction route. With an estimated reserve of 99 million tonnes, the mine will meet 50% of the annual iron ore requirement of the company's Paradip pellet facility.

Both the pellet plants at Paradip and Vizag are now operational and ensure consistent supply of pellets to the Essar Steel plant in Hazira.