



VITAL INDUSTRY UPDATES - 19/08/2015

Posco, Uttam Galva to build \$ 3 bn steel plant in Maharashtra

South Korea's Posco along with the Uttam Galva group propose to build an estimated \$ 3 billion steel plant in Maharashtra, sources said.

The 3-million tonne integrated steel plant at Satarda in Maharashtra would be developed by a joint venture (JV) where Posco will have 20 per cent stake and the remaining 80 per cent with Shree Uttam Steel and Power Ltd.

It will initially construct a 1.5-million tonne per annum (mtpa) plant with new technology from Posco at a cost of about \$ 1.5 billion, it is learnt.

World Shipping Hit by Slump in Global Trade

Dashing hopes of a quick recovery from the global trade recession earlier this year, world shipping has fallen into a deep slump over the late summer, says a report in the Telegraph. Commodity turmoil could blow the shipping industry off course. The global shipping industry has been contending with headwinds from tumbling commodity prices for months. The Baltic Dry Index (BDI) - a gauge of shipping costs - dropped to its lowest point since 1985 during the period, with the market weighed down by "an oversupplied fleet and a slowdown in seaborne demand". Shipping freight rates for transporting containers from ports in Asia to Northern Europe fell by 23.2 percent to \$640 per 20-foot container (TEU) in the week, according to the Shanghai Containerized Freight Index. The drop came after a similar fall of 24.9 percent in the previous week.



Aluminium producers to meet PMO to press for import duty hike

Indian aluminium producers such as Vedanta and HindalcoBSE -0.90 % will meet officials at the Prime Minister's Office and policy think tank NITI Aayog this week to press for higher import duty on aluminium in the face of falling global prices.

The domestic industry leaders will meet the mines secretary on Wednesday and the PMO and NITI Aayog on the following two days, industry insiders said. International aluminium prices had fallen to \$1,523 per tonne on the London Metal Exchange on Tuesday, down from \$2,200 in over a year.

The Aluminium Association of India said increasing imports have led to the share of domestic producers dropping to 45% in 2014-15 from 60% in 2010-11. The association has been lobbying for a doubling of duty from 5% to 10%, and for 10% duty on aluminium scrap.

In a statement in Parliament earlier this month, commerce minister Nirmala Sitharaman indicated that her ministry has already forwarded the industry's request to the finance ministry.

Anil Aggarwal's Vedanta, whose Odisha refinery is still waiting for captive bauxite, is particularly stressed over falling international prices. The company said it is evaluating an option to reduce capacity of its 1mt Lanjigarh refinery, which for the lack of captive bauxite runs on bauxite imports and ore sourced from Gujarat.

Vedanta has also been waiting for Odisha government to allow it to convert the existing independent power plant at its Jharsuguda smelter as captive to avoid



paying a cross subsidy to the state power distributor, which has prevented the company from operationalising its 1.25 smelter unit. Power accounts for 40% of the cost in the production of the end metal aluminium.

SAIL, Prime Gold JV sets up 1 lakh tonne TMT steel unit in Madhya Pradesh

Steel Minister Narendra Singh Tomar today inaugurated a steel processing unit under public private partnership (PPP) between SAILBSE -0.35 % and Prime Gold Pvt Ltd at Gwalior which will produce one lakh tonne of TMT steel annually.

"The unit has been set up in Billowa, Madhya Pradesh under a Joint Venture. Prime Gold has 74 per cent stake and SAIL has 26 per cent stake in this unit, which will produce one lakh tonnes of world class TMT steel and 60,000 tonnes billets will be supplied from SAIL plants to this unit annually," an official statement said here.

Tomar in his inaugural address said, with the unit, many employment opportunities will be generated and a number of development avenues will open up for the local population.

"This unit is a firm step towards achieving the goals of 'Make in India'. The steel sector contributes to more than 2 per cent of the GDP and employs around 6 lakh people and we plan to increase this number manifold," he said.

The Ministry of Steel in association with the Ministry of Skill Development and Entrepreneurship has taken many initiatives for skill development in the steel sector which will open up new opportunities for employment generation, he added.



"The highlight of the unit will be to provide high quality steel at reasonable prices to rural areas around Madhya Pradesh, Uttar Pradesh, Rajasthan, Delhi and Haryana. SAIL will market the steel TMT produced from this unit through its widespread marketing network and shall pay conversion charges on per tonne basis to the JV partner," the statement said.

NTPC close to awarding \$4 billion coal mine contract

NTPC Ltd., India's largest power-generation company, is close to awarding a contract worth \$4 billion for starting its first coal mine in the country, according to three people with knowledge of the decision.

An auction to choose an operator for the Pakri Barwadih mine in the eastern state of Jharkhand has concluded and a decision will be taken at a board meeting this week, said the people. A venture of Thriveni Earthmovers Pvt. and Sainik Mining won the auction, quoting Rs.26,000 crore (\$4 billion) for developing and running the mine over 25 years, they said.

Having its own supply will help the state-run utility save on more expensive imports of coal, the fuel that fires 75% of its 45 gigawatt capacity. Since NTPC has to pass on the benefits of lower fuel costs to customers, the move may boost sales to state electricity retailers that have been cutting back on purchases because of a lack of funds.

Salem, India-based Thriveni and New Delhi-based consortium partner Sainik Mining bid the lowest in the electronic auction, Thriveni Executive Director B. Karthikeyan said, without giving further details. Sainik Mining Director R.S.



Sindhu didn't provide a comment after three requests by phone to his office. NTPC declined to comment.

Production from Pakri Barwadih should begin early in the year starting 1 April, two of the people said. The Pakri Barwadih mine is expected to yield NTPC about 310 million metric tonnes of coal over 25 years. Each tonne of coal from the mine would cost the company about Rs.839, based on the winning bid.

