Steel In The News

A compilation of leading news items on Indian steel industry as reported in major national dailies

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A Weekly Report by Joint Plant Committee

December 24, 2015 to January 01, 2016

RAW MATERIALS

Iron ore traffic pulls down overall cargo growth in major ports: Report

While the overall cargo volumes at major Indian ports have registered a modest growth of 3.7 per cent for the first seven months of the current financial year (FY16), iron ore traffic was the most affected, dipping 48 per cent on a year-on-year (y-o-y) basis. During the first seven months of FY16, the cargo throughput at major ports has registered a modest 3.7 per cent growth over the corresponding period of previous year, on account of continuing global and domestic slowdown. All cargo categories reported modest growth except iron ore, affected due to mining restrictions during a large part of the year in major states like Karnataka, Goa and Odisha, and fall in exports because of low prices and high export duty, highlighted a recent report on the ports sector by Icra. Although mining bans have been lifted in these states over the past few months and export duty on low-grade iron ore has been reduced from 30 per cent to 10 per cent in May, mining activities are yet to commence in full flow.

Source: Business Standard, 26th December, 2015

Iron ore rises for second week but caution prevails

Iron ore fell on Friday but managed a second straight weekly gain after funding support from signs of near-term supply tightness in top consumer China, although the long-term fundamentals remain weakened by a global glut and shrinking Chinese demand. The most-active May iron ore contract on the Dalian Commodity Exchange closed down 0.3 per cent at 304.5 yuan ($47.06) a tonne, but was up 2.4 per cent for the week. Iron ore for immediate delivery to China's Tianjin port was at $40.20 a tonne on Thursday, unchanged from the previous two sessions, according to The Steel Index.
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Source: Business Line, 26th December, 2015

PROJECTS

Zinc association seeks to boost galvanised steel use in cars

The International Zinc Association (IZA), in a joint initiative with Vedanta subsidiary Hindustan Zinc Ltd (HZL) and IIT-Bombay, is working at raising awareness on the benefits of using galvanised steel in vehicles. "India loses approximately 5 per cent of GDP every year due to corrosion losses vis-à-vis around 3.2 per cent in the US. Galvanising is not only about the economy but it has a positive impact on the environment as well as for passenger safety," said Vikas Sharma, COO (Smelters), HZL. The company owns a product which is specifically used for galvanised steels and is presently being supplied to select domestic steel manufacturers, he added. IIT-Mumbai, which has done a study on corrosion in cars in Mumbai, has found that galvanised steel not only reduces the weight of car bodies, but also trims emissions and increases the life of the vehicles. A survey of about 500 cars showed four parts are prone to corrosion — bonnet, boot, rocker and door panels. The overall benefit to the automaker to convert the 400 kg car body-in-white from cold rolled steel to galvanneal is estimated to offset the material and processing cost. Galvanization also brings down the cost of maintenance, passing down benefits to the end users," said IZA consultant Kenneth D'Souza. He added that the Bureau of Indian Standards (BIS) is engaging with industry experts on formalising a set of standards in line with the international standards for automobiles.

Source: Business Line, 28th December,

NMDC Chhattisgarh plant schedule

State-owned miner NMDC Ltd said it expects commercial production of its 3-million tonne per annum capacity steel plant in Chhattisgarh to commence by the middle of 2017. The plant construction will be completed by December 2016. "It is not an easy task. It is challenging. People will have to work hard. Trial of machines or trial of the plant will by December 2016. Production will start in the middle of 2017," the PSU's CMD Narendra Mothari, who superannuated on Thursday, said. NMDC is in the process of setting up a steel plant in Nagamar in Chhattisgarh with an investment outlay of over Rs 15,000 crore.

Source: Business Line,. 1st January, 2015

POLICY

All producers' interests will be kept in mind, says Tomar

Even as a minimum import price (MIP) for the alloy is likely soon, steel minister Narendra Singh Tomar on Monday said that any move to rein in the rising imports would be taken keeping in mind the interest of all kinds of producers — large, medium and small. "The Indian government is considering the MIP issue given the current state of affairs of the domestic steel industry. The commerce ministry is vetting the proposal now," Tomar told. The proposed move, which is an attempt to put a brake on burgeoning and cheaper steel imports from China, Japan and Korea, would fix a minimum import price on a host of products below which no imports would be allowed and thereby, prohibit large-scale cheaper imports. While the proposed move is likely to benefit large players such as JSW Steel, Tata Steel and SAIL among others, it would certainly not help the secondary steelmakers, which produce more than half of India's annual output, since these firms largely depend upon the imports of semis, slabs and billets for production, industry watchers say. Secondary steel producers have already registered strong protest for any kind of move that would make their imports costlier saying there was no need to protect a few at the cost of the many. Any price hike as a result of the imposition of MIP

would take the sheen further away from them and make many of them unviable. Again, being the only country with positive steel consumption growth. India remains the only silver lining for the global steelmakers. Steel imports to India have being galloping for quite some time now. After growth by over 70% last fiscal, in the first seven months to October, it has moderates a little, but has gone up by 42% to 6.68 MT.

Source: The Financial Express, 29th December, 2015

Steel-user units worried over imposition of MIP

Steel-user industries are worried over the impending imposition of the minimum import price (MIP) aimed at protecting primary steel producers from surging imports. They reckon that the floor price would result in a spurt in the prices by Rs 2,000-Rs 2,500 a tonne. These units, which produce more than half of India's total output of 91 million tonne mainly from imported semis, slabs and billets, contend that the proposed move to cover their raw material under the proposed MIP would take the wind out of their sails. "This may also lead to heavy defaults on loans apart from the massive job loss, estimated at over 50 lakh in direct and indirect employment, and also could become a social issue," said Prakash Tatia, chairman, Sponge Iron Manufacturers' Association.

Source: The Financial, Express, 28th December, 2015

Odisha CM approves steel directorate

With the steel sector gradually growing in the eastern region, the Odisha government today decided to set up a separate Directorate of Steel to look into the problems faced by investors and frame policy initiatives for utilisation of the untapped potential in the state. A proposal in this regard was approved at the Cabinet meeting chaired by Chief Minister Naveen Patnaik here. "Though we have a directorate of mines and directorate of geology, Odisha does not have a separate directorate of steel. The Cabinet today approved a proposal for creating a separate directorate of steel," Chief Secretary A P Padhi told reporters here. Stating the new directorate of steel will be operational from April 1, Padhi said a good number of sponge iron, pellet, iron ore benefaction and steel plants have been operational. "The state does not have a mechanism to regularly interact with the promoters or maintain an updated data base on production or to assess the problems faced by the steel industry," he said. The government has so far executed 49 MoUs in steel sector -- including 10 mega projects -- of which 33 projects have already started production. This apart, 30 iron ore based industries have been set up through non-MoU route. However, there is no separate authority to deal with the investors in the steel sector, he said.

Source: Business Line, 1st January, 2015

COMPANY NEWS

Lenders prepare Monnet Ispat for recovery

A hostile business climate leaves debt-laden Monnet Ispat & Energy no choice but to look for a strategic buyer. Last month, lenders took control of the company and decided to convert their loans into equity under the Reserve Bank's strategic debt restructuring guidelines announced in June. The lenders plan to sell their holdings to a buyer within 18 months. Till then, the existing management will continue to run Monnet Ispat. The flagship company of Monnet Group mines coal and manufactures sponge iron and other steel products at Raipur and Raigarh in Chhattisgarh. The company's consolidated net debt stood at over Rs 12,000 crore on March 31, 2015, with 21 per cent of the loans taken for the power business and the rest for steel. The company's debt-equity ratio has zoomed to 4.71 in 2014-15 from a healthy 1.25 in 2010-11. Monnet Ispat through its subsidiary Monnet Power is an independent power producer with a 1050 MW thermal power plant in Angul, Odisha, among the cheapest electricity generating units in the world. Sajjan Jindal's JSW Energy is in talks to buy a controlling stake in Monnet Ispat's power business, which carries a loan of about Rs 4,000 crore. Not many Indian companies have the brawn to take on Monnet Ispat's debt. Nearly three-quarters of the Indian steel industry is heavily indebted. With steel demand low, few companies can afford the further risk. The company is optimistic about response from private equity firms. Analysts are not so sure though.

Source: Business Standard, 1st January, 2015