

Steel In The News

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

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HIGHLIGHTS

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RAW MATERIALS

Iron ore import goes up by 190% in first five months of FY19

Iron ore imports into the country zoomed 190 per cent to 6.34 million tonnes (mt) during April-August, the first five months of this financial year. Data from the Pellet Manufacturers Association of India (PMAI) show a projection of over 12 mt for the full year. In 2017-18, ore import was 8.6 mt, itself 48 per cent higher than in 2016-17. Imports are on an upswing since steel plants on the coast have shown an increasing tendency to import the key ingredient. Importing is the cheaper option for such units compared to buying from the domestic market. A senior executive with a steel company said, "Price hikes (of ore) in the domestic market have been exorbitant in the past three to four months. Importing of ore is viable for operations." Between July and September, prices of iron ore fines in Odisha, the largest producing state, rose 80 per cent, while prices of lumps moved up 29 per cent. Government-owned NMDC, the single biggest producer, raised prices twice last month. In the latest instance, it raised the price of lumps by 8.4 per cent to Rs 3,850 a tonne and that of fines by 6.4 per cent to Rs 3,310 a tonne. The company ascribed this to less production due to the rains and robust demand, with firming

up of steel and sponge iron prices. The domestic production of iron ore is also rising. The country produced 210 mt in 2017-18. In FY19, the output is tipped to rise by two per cent to five per cent, helped by stable demand from the automobile and infrastructure industries, according to a report by CARE Ratings.

Source: Business Standard, October 8, 2018

‘Iron ore prices rise on robust demand’

A robust growth in domestic demand and elevated pellet prices have led to a rise in prices of iron ore in India, according to a report by ratings agency Crisil. At September-end, state-owned NMDC raised prices of iron ore lump by Rs 300 per tonne week-on-week, and hiked iron-ore fines prices by Rs 200 per tonne week-on-week. Over the past six months, while global iron ore prices were fairly steady at \$65-70 per tonne, domestic iron ore prices surged 40-45% on a year-on-year basis. As a result, the spread between landed prices and domestic prices of ore has reduced, analysts said. In August, miners raised prices by Rs 600-700 per tonne in two tranches. NMDC, on the other hand, raised prices by mere Rs 150 per tonne, according to analysts at Edelweiss Securities.

Source: Financial Express, October 11, 2018

COMPANY NEWS

SAIL lists Safety as organisational priority

Steel Authority of India Ltd’s (SAIL) newly appointed chairman, Anil Chaudhary has listed safety as an organisational priority, along with an emphasis on maximising profit from capital investment and achieving all production targets with special focus on rail and structurals, as the largest state owned steel company tries to claw back into profitability by taking advantage of a pick- up in domestic steel demand.

Source: Economic Times, October 9, 2018

Bhilai Steel Plant gas pipeline fire kills 9

In the second such accident in four years, nine people lost their lives at Steel Authority of India’s Bhilai Steel Plant when a major fire broke out earlier this morning. The fire, which broke out at a gas pipeline in the Coke Oven Battery

Complex No 11 during a scheduled regular maintenance exercise, also injured 14 people who are being treated for grievous burns at the Bhilai Hospital. The deceased are expected to be a mix of both regular staff as well as contractual workers and plant officials said they were trying to ascertain the identity of those killed. The job was being handled by the energy management department of the plant. This is the second such incident in the last four years at the Bhilai Steel Plant, which is widely rated as one of SAIL's best steel plants. In the earlier accident, six lives were lost when the main header of pump house no 2, which supplies water to the gas cleaning plants (GCP) of Blast Furnaces suddenly ruptured at around 18:10 pm on June 12, 2014.

Source: Economic Times, October 10, 2018

Tata Steel Q2 sales rise 7%

Tata Steel said its Q2FY19 sales increased 7% quarter on quarter (QoQ) to 3.18 million tonne (mt) against 2.97 mt in Q1FY19 on higher automotive sales, while production went up to 3.27 mt during the second quarter from 3.18 mt in Q1FY19 mainly due to better plant availability with higher demand pull from market. In particular, automotive & special products sales grew by 17% year on year in Q2FY19, mainly driven by higher demand from auto sector, an official statement said. Sales of Tata Steel's recently acquired company, Bhushan Steel saw an increase of 34% in Q2FY19 to 1.14 mt on a quarter on quarter (QoQ) basis over 0.85 mt in Q1FY19, led by improved marketing strategy that helped in inventory reduction. However, in Tata Steel Europe Q2FY19 production was at 0.55 mt against 0.52 mt in Q1FY19, impacted by shutdowns for ongoing upgradation program, annual maintenance in seasonally weaker quarter. In addition to this, two unplanned outages also impacted production. Deliveries in Q2FY19 were lower

Source: Economic Times, October 9, 2018

JSW Steel output grows 6% in Jul-Sep quarter

JSW said that its crude steel output grew 6% to 4.18 million tonnes (MT) during the quarter ended September 30, 2018. The Sajjan Jindal led company had produced 3.94 MT crude steel in July-August 2017, it said in a statement.

Source: Financial Express, October 12, 2018

SAIL appoints new CEO at accident-hit Bhilai Plant

Steel Authority of India Ltd appointed A K Rath as the CEO of the Bhilai Plant, where a fatal accident on October 9 has so far claimed 13 lives. He succeeds M Ravi who was removed from the post on October 10 after the accident. Rath was earlier the CEO of Durgapur Steel Plant. Anirban Dasgupta, CEO of SAIL's IISCO Steel Plant at Burnpur, takes additional charge of Durgapur Plant. In a message to the employees on October 10, SAIL Chairman Anil Kumar Chaudhary indicated that the company's managers were lax at the safety concerns, despite his repeated reminders. "The undersigned has been raising the issue of giving utmost priority to safety in various forums. During the month of May, there has been a spate of accidents in Bhilai...The undersigned communicated to CEO (Bhilai) to take corrective actions," Sinha said.

Source: Business Plant, October 12, 2018

JSW to seek legal view if it can bid solo for Essar

JSW Steel is seeking a legal opinion if it can bid solo for stressed assets of Essar Steel, a top company official said. When asked if JSW Steel is mulling going solo for acquiring stressed assets of Essar Steel if fresh bids were allowed, JSW Steel joint managing director Seshagiri Rao said that it would depend on legal opinion and the view of the Committee of Creditors. "It depends upon the legal opinion and the view of the CoC (Committee of Creditors) and the Resolution Professional (RP). If they take a positive view ... then we are open to look at it," he said.

Source: Business Standard, October 10, 2018

Uttam Galva Steels net loss widens to Rs.5.80 bn in Jul- Sep

Uttam Galva Steels' net loss widened to Rs.5.80 billion in the quarter ended on September 30, mainly due to high finance cost and a sharp decline in revenue. The company had posted a net loss of Rs.2.13 billion during July-September period in 2017, Uttam Galva Steel said. Total income plunged to Rs1.11 billion in July-September, 2018 from Rs.9 billion in the year-ago quarter, according to the filing. Its finance cost too zoomed to Rs.3.39 billion in the quarter

Source: Business Standard, October 11, 2018

VTB Capital committed to acquiring Essar Steel

Russian investment bank VTB Capital is consulting with lawyers and has not made a final decision on whether it will bid alone for Essar Steel or through its existing Numetal consortium, the Moscow-headquartered financial services giant's vice-chairman Makram Abboud told ET. "We remain committed to acquiring Essar Steel. Our lawyers are figuring out various options," Abboud said, addressing questions on media reports that said VTB Capital may bid solo for Essar Steel. The Russian investment bank has exposures in billions of dollars to India and is bullish on the Indian market, according to Abboud, who stated that VTB would look to scale up its investment activities here.

Source: Economic Times, October 9, 2018

FINANCIAL

ArcelorMittal may have to shell out up to Rs.17,000 cr to be eligible to bid for Essar Steel

A day after the Supreme Court directed ArcelorMittal and Russian VTB Bank-promoted Numetal Mauritius to clear all the dues to become eligible for Essar Steel bidding, the Committee of Creditors is calculating the overall defaulted amount the bidders have to settle. In the case of Lakshmi Mittal-owned ArcelorMittal, banking sources said the payment could range between ₹ 13,000 crore and ₹ 17,000 crore, much higher than the original dues of ₹ 7,000 crore. The two companies – Uttam Galva and KSS Petron — alone owe close to ₹ 7,000 crore and interest payments of ₹ 6,000 crore, sources said. If one has to include the default of Lakshmi Mittal's brother Pramod Mittal companies — Gonterman Pipes and Ispat Profile — the entire payout will increase by another ₹ 4,000 crore to about ₹ 17,000 crore, he added. The Supreme Court in its judgment said "since this aspect of the case (to include Pramod Mittal companies' default) has not been argued before the authorities below, though raised in an IA (Interlocutory Application) by Numetal before the Appellate Authority, we will not countenance such an argument for the first time before this Court".

Source: Business Line, October 6, 2018

Vedanta gets shot in the arm in Essar Steel pursuit

The Supreme Court order on the ArcelorMittal-Numetal dispute has given fillip to the bid made by Anil Agarwal's Vedanta Group, which is the third bidder in the race to acquire Essar Steel. This is because the acquisition cost for ArcelorMittal has gone up by at least Rs.70 billion and Numetal, a VTB Bank of Russia-backed company, is now almost out of the competition say lenders. Vedanta had offered Rs.350 billion for Essar Steel in the second round of bidding, while Numetal and ArcelorMittal had raised their offers to Rs.420 billion to the lenders before the Supreme Court.

Source: Business Standard, October 6, 2018

STEEL PERFORMANCE

Steel futures volume surges on ICEX

Within a month of its launch, daily average turnover (DAT) in steel futures contract has witnessed a sharp increase following the merger of Ahmedabad-based National Multi Commodity Exchange (NMCE) with Reliance ADAG anchored Indian Commodity Exchange (ICEX). ICEX launched steel futures, nearly a month ago, which received participation from producers and consumers alike. The DAT in steel futures has surpassed the benchmark Rs.300 million in the first month of the launch against nearly Rs.360 million of the average turnover generated in the stabilized diamond contracts.

Source: Business Standard, October 8, 2018

Steelmakers bet on demand for tinsplate from packaging cos

With the use of plastic likely declining following a ban on the material domestic steelmakers appear rather optimistic about an increase in tinsplate demand from the packaging industry, and are adding capacities to raise tin output. Tinsplate, a thin steel sheet coated with tin, is used for making containers such as beverage cans, food containers and packages. Even though India's per capita consumption of tin plate has been low in comparison with countries such as China, stringent norms such as the recent curbs on plastic use are helping boost tinsplate demand. Improving rural demand could also enhance tinsplate consumption. To be sure, increasing imports of tinsplate from Free Trade Agreement (FTA) partners, such as

the US, the European zone and Japan pose threat.

Source: Economic Times, October 9, 2018

MISCELLANEOUS

Usha Martin workers accuse MD of diverting funds

Hind Mazdoor Sabha-led Engineering Labour Union at the Usha Martin wire rope factory in Ranchi has alleged that Rajeev Jhawar, managing director of the company, has been draining out funds from the business and transferring them to Singapore for the last three-four years, depriving workers of their due salaries. The trade union has written to Jharkhand chief minister Raghubar Das expressing apprehension that Jhawar might flee the country leaving workers in a hopeless state.

Source: Financial Express, October 9, 2018

Bhilai Steel Plant CEO removed after blast

The Chief Executive Officer (CEO) of the Bilai Steel Plant was removed and two other senior officials were suspended on Wednesday, a day after a blast at the plant which claimed the lives of 11 employees. This was announced by steel minister, Chaudhary Birender Singh after visiting the injured employees of the plant at the Jawahar Lal Nehru Hospital in Bhilai town. On Tuesday, nine people had died and 14 others were injured in the gas pipeline blast at the plant of SAIL in Durg district. Of the 14 injured people admitted to the burns unit of the Jawahar Lal Nehru Hospital in Bhilai, two succumbed Tuesday late night, a public relations officer of the Bhilai Steel Plant said. CEO M Ravi has been removed with immediate effect while General Manager (safety department) T Pandya Raja and Deputy General Manager (energy department) Naveen Kumar have been suspended, Birender Singh told reporters. Earlier, Inspector General of Police (Durg Range) G P Singh had said that after receiving the postmortem report of the deceased, a case under the Indian Penal Code Section 304 (A) (causing death by negligence) will be registered, followed by an inquiry into the incident. Minister of State for Steel Vishnudeo Sai had said Tuesday that a four-member high-level committee was constituted by SAIL to probe the incident.

Source: Financial Express, October 11, 2018
