

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

August 15- 21, 2015

RAW MATERIALS

MOIL gets environmental nod for new mine

State-run MOIL Ltd said it has got green clearance for opening a new mine in Nagpur, Maharashtra. “The company had applied for mining lease over 53.75 hectares of land in Parsoda village, tehsil Ramtek, district Nagpur for opening a new mine,” MOIL said in a regulatory filing. “In this regard, it is inform that... ministry of environment, forests and climate change vide their letter dated July 31, 2015 have granted environmental clearance for the above area,” the company said. The said area is about 45 km from Nagpur and is very near to existing Munsar mine of the company, it said.

Source: The Financial Express, 15th August, 2015

Goa miners seek export duty cut on low-grade iron ore

Amid a sharp fall in global prices of iron ore, miners from Goa have sought a further reduction in the 10% export duty on low-grade ore produced in the coastal state as well as removal of what they call duplication of certain (welfare) levies. Finance ministry sources said any decision on lowering export duty will have to be taken in a holistic way keeping in mind the need for supporting domestic consumption of the raw material. Vedanta Resources has resumed mining at its Codli and Bicholim mines in Goa this week, while Salgaocar, Fomento Resources, Chowguel Mines and Bandekar Brothers are in the process. Industry majors want removal of both central and state-level levies impacting their competitiveness at a time global price of the ore, especially of the low-grade, have crashed by more than 60% in last six months to about \$32 per tonne. The price fall was in line with the diminished appetite for the resource from China, a major purchaser. According to sources, export realisation at present after all the central and state levies and other costs is a profit after tax of R24 tonne. Miners are also hit by the dual levies of 10% towards Goa Permanent Fund (GPF) mandated by the Supreme Court while lifting the mining moratorium in the state. The levy was introduced as a means of ensuring inter-generational equity, with the state being allowed to access only the interest from this fund to be used for sustainable development of the state.

Source: The Financial Express, 15th August, 2015

Mining revival in Goa may spur resumption of more Odisha mines

The resumption of mining operations in Goa after a gap of three years has ignited hope amongst miners and end use industries in Odisha. Industry observers feel this would spur the Odisha government to speed up opening of more mines now under shutdown in the _____ largest iron ore producing state. “Resumption of mining in Goa would have positive _____

repercussions on states like Odisha and Karnataka. The domestic steel industry is steeped in crisis due to spate of cheaper steel imports from China, Korea and other countries. Reopening of more mines would ensure availability of iron ore at affordable prices thereby allowing domestic manufacturers to operate at full capacity," said D S Rawat, secretary general at Associated Chamber of Commerce & Industry (Assocham). Mining excavation resumed in Goa after three years with the operationalisation of Vedanta's Codli mine. A ban on mining by the Supreme Court had thrown mining out of gear in that state. The Goa government had imposed a blanket ban on all mining activities in the state, the third largest iron ore producer, in September 2012 on allegation of illegalities. The Supreme Court had partially lifted the ban in April 2014 with a cap of 20 million tonne on output. The Goa government subsequently lifted the ban in January this year. Commenting on revival of mining in Goa, Abhiit Pati, chief executive officer (aluminium) of Vedanta Ltd said, "I welcome this move. I firmly believe that the mining sector especially bauxite, with Odisha having 56 per cent of India's largest and best quality reserve will lead to a complete transformation of socio-economic landscape of the state and aluminium as the metal holds that key.

Source: Business Standard, 15th August, 2015

Iron ore seen falling 30% as supplies go up

Iron ore may tumble about 30 per cent over the next 18 months as supply expands while steel demand falters in China, according to Goldman Sachs Group Inc., which said the impact on the market from China's devaluation was a sideshow. Iron ore rebounded over the past five weeks from the lowest level since at least 2009 as steel prices advanced in China and shipments from the top exporters missed expectations. While the price hit \$57.02 on Thursday, the highest since July 1, after blasts in the Chinese port of Tianjin, they're 20 per cent lower this year. Iron ore was seen by Goldman averaging \$49 a tonne this quarter, \$48 in the final three months of 2015, \$46 in the first quarter of next year and \$44 the following quarter, according to the report. That is unchanged from a July 20 note from the bank.

Source: Business Line, 18th August, 2015

Mines auction likely from Oct-Nov; Centre clears 58 blocks

The much-awaited auction of mineral-bearing mines, including with iron ore and bauxite, is expected to start from October-November with the Centre handing over a list of 58 explored blocks to 12 producing states. "Mines auction is expected to begin from October-November. MECL (mineral exploration corporation) has handed over reports of 58 blocks, which can be auctioned immediately, to states," said steel and mines minister Narendra Singh Tomar. Auction of minerals comes under the domain of states.

Source: The Financial Express, 19th August, 2015

Sesa Goa announces resumption of mining operations

Sesa Goa, a subsidiary of Vedanta today announced resumption of its mining operations in Goa after a gap of three years. Chief Minister Laxmikant Parsekar formally launched the mining operations at Sesa Goa's Codli mines, 100 km from Panaji. The extraction of ore will start after the monsoon season gets over.

Source: The Financial Express, 19th August, 2015

Phase-I of NMDC's 400 km slurry pipeline to be completed by 2018

NMDC has said the first phase of the 400-km slurry pipeline to carry iron ore from its Bailadila mine in Chhattisgarh to Vizag in Andhra Pradesh will be completed by 2018. The Rs 9,000-crore slurry pipeline will transport iron ore fines. The second phase will be completed by 2020, NMDC CMD Narendra Kothari said.

Source: The Financial Express, 19th August, 2015

Iron ore e-auction in Goa

Goa government has earned Rs. 7 crore through e-auctioning of 55,000 tonnes of iron ore, a senior official said on Wednesday. "The seventh e-auctioning of ore was held this week. A total of 55,000 tons of iron ore were sold, bringing in revenue of Rs. 7.07 crore," Mines and Geology department Director Prasanna Acharya told *PTI*. The Supreme Court, in its verdict that had lifted the stay on the iron ore extraction activity, has allowed the state government to e-auction the ore which was lying at various places including mining leases, jetties among others.

Source: Business Line, 20th August, 2015

COMPANY NEWS**SAIL reports Rs 322-crore loss, in red after 12 years**

Steel Authority of India (SAIL) on Friday reported losses after a gap of over 12 years. The company on Friday reported a standalone net loss of Rs 321.64 crore for the June quarter against a net profit of Rs 530 crore in the year-ago period, owing to subdued sales and prices of alloy and higher costs. Given the persisting threat of cheap imports from China, Russia, Korea and Japan, it would be imperative for SAIL to improve its product-mix and prune costs to return to profitability, analysts said. In the previous quarter, SAIL

reported a net profit of Rs 334.22 crore. SAIL last reported losses (of Rs 78.75 crore) in the third quarter of 2002-03. After touching 52-week low of Rs 53.95 in morning trade, the SAIL stocks closed 0.53% higher at Rs 56.40 on BSE. Steel secretary Rakesh Singh, who is also holding the additional charge as SAIL chairman, said the company's thrust would be on maximising production of value-added products to get the benefit of increased infrastructure spending in the near future. SAIL's total income fell 16% to Rs 9,502.80 crore in the April-June quarter from Rs 11,341.20 crore in the same quarter a year ago. While the sales fell 2.28% to 2.691 MT in the quarter, net sales realisation fell 15.3%, largely due to the subdued price of the alloy. Though raw material consumption, power and fuel costs, depreciation charges and employee benefit expenses were higher in the quarter year-on-year, total expenses were lower at Rs 10,010.55 crore against Rs 10,619.32 crore in the year-ago period. Higher finance costs, which rose to Rs 443 crore against Rs 305 crore a year ago, added to the losses.

Source: The Financial Express, 15th August, 2015

Electrosteel Steels yet to report 'sick' status to BIFR

Electrosteel Steels Ltd has said it has become 'potential sick company' at the end of 2014-15 and needed to inform the development to the Board for Industrial and Financial Reconstruction (BIFR). It will hold an EGM on September 11 at Ranchi to consider the issue. It said that its accumulated losses at the end of 2014-15 stood at Rs 1,356.33 crore against its peak net worth of Rs 2,226.67 crore in the immediately preceding four financial years. Since the erosion is more than 50 per cent of the peak net worth as defined by the Sick Industrial Companies (Special Provisions) Act, it is required to discuss the issue with the shareholders and report to the BIFR. Delays owing to extraneous reasons, such as changes in visa policy for deployment of Chinese contractors or delay in obtaining working capital funds from the banks caused extraordinary cost escalation for the company's steel making project at Bokaro in Jharkhand, the company pointed out. The company has a debt burden of over Rs 9,600 crore.

Source: Business Line, 19th August, 2015

Tata Steel plans to raise Rs 1,500cr

Tata Steel is planning to raise Rs 1,500 crore through issuance of commercial paper, a short-term debt instrument. The commercial paper programme has been assigned strong safety high grading by India Ratings and Research (Ind-Ra). "Ind-Ra has assigned Tata Steel's Rs 15 billion commercial paper programme an 'IND A1+' rating," it said, adding that "This programme is over and above the Rs 25 billion commercial paper already rated by the agency.

Source: Business Standard, 21st August, 2015

PROJECTS

Salboni drill to start with cement

Sajjan Jindal's JSW Group is going to make a fresh attempt to kick off the stalled projects at Salboni in Bengal with the proposal of a cement plant. The \$11-billion group has suggested building a 2.5-million-tonne slag-based unit at an investment of Rs 500 crore after it failed to build a steel and power plant over the last decade. If everything goes according to the plan, the Mumbai-based conglomerate may start the project next year. The Salboni project was officially put on hold in December 2014. However, the new proposal would be a pale shadow of the original plan hatched by JSW in 2006 when it signed an agreement with the Buddhadeb Bhattacharjee-government to invest Rs 35,000 crore in a 10-million-tonne steel and a 1,680MW power plant. The plan then had also included a cement unit to utilise the slag generated from the blast furnace of the steel plant. But now the cart will be put up before the horse as the cement plant will come up ahead of steel and power. "We want the ball rolling at Salboni. The cement project will create an atmosphere of excitement in that area," Biswadip Gupta, a senior executive at JSW who is looking after the company's interest in Bengal for years, said. Jindal had put the steel project on hold after a series of clampdown on iron ore mining by the Supreme Court queered the availability of the raw material in Bengal, which has no deposit of the metal. The power projects then fell through when the apex court scrapped allocations of three Bengal coal mines last year along with 200 more in the country. JSW, the largest private producer of steel in India, says there will be no problem sourcing key raw materials, slag and clinker (a derivative of limestone), for the cement unit.

Source: The Telegraph, 17th August, 2015

SAIL, Prime Gold JV sets up 1 L tonne TMT steel unit

Steel minister Narendra Singh Tomar inaugurated a steel processing unit under public private partnership between SAIL and Prime Gold at Gwalior, which will produce 1 lakh tonne of TMT steel a year. "The unit has been set up in Madhya Pradesh under a Joint Venture, Prime Gold has 74% stake and SAIL has 26% stake in this unit," said a statement.

Source: The Financial Express, 18th August, 2015

SAIL sets up converter unit in MP

SAIL has set up its first joint venture conversion unit at Billowa in Madhya Pradesh at a combined investment of Rs 60 crore. In a joint venture, the majority partner Prime Gold holds 74 per cent and SAIL has 26 per cent. The unit will convert 60,000 tonnes of billets

supplied by SAIL into one lakh tonnes TMT bar and rods. SAIL would also lift the products at a fixed rate of conversion charge for domestic marketing. Inaugurating the plant, Steel Minister Narendra Singh Tomar said that it would create job opportunities for the locals.

Source: Business Line, 18th August, 2015

Posco, Uttam Galva to set up \$3-bn steel plant in Maharashtra

POSCO has joined the Uttam Galva group to set up a \$3-billion steel plant in Maharashtra – the first Indian facility for the South Korean giant whose \$12-billion proposed project in Odisha has been stuck in regulatory tangles for a decade. The 3-million-tonne-per-annum integrated steel plant at Satarda would be set up by a joint venture (JV) in which Posco will hold 20% and Shree Uttam Steel & Power, 80%. Uttam Galva Steels is jointly owned by ArcelorMittal.

Source: The Financial Express, 19th August, 2015

POLICY

SC seeks responses from Centre, Goa on Vedanta plea

The Supreme Court on Friday sought responses from the Centre and the Goa government on a plea by Vedanta (formerly Sesa Goa and Sesa Sterlite) seeking exemption from contributing twice towards social impact funds, set up in Goa for the restoration of the environment damaged in the course of mining operations. A bench headed by justice F M I Kalifulla directed while issuing notice to the MoEF and the state government also asked them and the court-appointed central empowered committee (CEC) to furnish compliance reports of its directions in the Goa mining judgment last year. The SC had in April last year directed that appropriate action be taken against illegal mining activities in Goa. It had directed that all mining lessees of iron ore will have to pay 10% of the sale price of the iron ore sold by them to the Goan Permanent Iron Ore Fund.

Source: The Financial Express, 15th August, 2015

Portal soon to sell steel at competitive prices : Gadkari

The government will soon launch a portal for sale of steel at competitive prices to boost construction activity, after 95 lakh tonnes of cement was booked online, Road Transport and Highways Minister Nitin Gadkari on Wednesday said. The development assumes significance as domestic producers face an onslaught of cheaper steel imports from

China, Japan and Korea. “We will soon launch a web portal through which steel will be available for the government sector at competitive prices by steelmakers as we did in cement. “Three lakh tonnes of cement have been sold while 95 lakh tonnes have been booked by various government departments through the portal where 37 cement makers have got 117 factories registered,” Gadkari said. The portal will ensure that various steel makers register themselves there and any state or central government department can book the steel through it, he said on the sidelines of an event here. *Source: Business Line, 20th August, 2015*

RESEARCH & DEVELOPMENT

Rs 200-cr corpus for steel tech mission to make India a metallurgical hub

A corpus of over Rs 200 crore has been created for setting up of the Steel Research and Technology Mission of India (SRTMI), with the objective of making India self-reliant in special steels and making the country a metallurgical hub. Sashi Shekhar Mohanty, Director Technical of SAIL, said, “While the government of India, through Steel Development Fund of the Steel Ministry has contributed Rs 100 crore to this corpus, the rest of the funds have come through contributions from various steel companies in the country. SRTMI is aimed at making India a metallurgical hub and self-reliant in various special steels that the country requires, be it in defence and space, or civilian applications. Indian steel industry played a critical role in supply of special steel required to indigenously develop the aircraft carrier INS Vikrant, to be rolled out in 2016-17 from Cochin Shipyard. Indian steel makers, including SAIL, could meet the requirement of about 40,000 tonnes of special grade steels required to build the aircraft carrier, now at an advanced stage of completion. The Ministry of Steel, and major steel companies, including Tata Steel, JSW Steel, RINL, JSPL, NMDC and Mecon, had entered into an agreement in April to take forward this initiative, conceptualized by a task force under the Steel Ministry. Its focus would be on addressing priority areas of national importance.

Source: Business Line, 21st August, 2015

FINANCIALS

JSW Steel to invest Rs 5k cr on capex

JSW Steel expects to invest Rs 5,000 crore on various capital expenditure projects in this fiscal ending March, 2016, its Chairman and Managing Director Sajjan Jindal has said. Besides, the company is closing down non operational subsidiaries in the UK and Kenya JSW Steel said in a regulatory filing.

Source: Business Standard, 20th August, 2014

