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 News Report by Joint Plant Committee

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HIGHLIGHTS OF THE WEEK

1. India's debt-laden steel industry should not take the government's protectionist measures for granted, and need to raise their efficiency to compete with foreign companies, Hon'ble Steel Minister, Chaudhary Birender Singh told.
2. Tata Sons interim chairman, Ratan Tata has been hailed as the savior of the UK steel industry after the TataGroup announced a 10year commitment ofo ne billion pounds investment to save thousands of jobs for its embattled steelworks in the country.
3. JSW Steel, is expecting more stability in its performance with increase in volume of value added products once its proposed investment of Rs 7,000 crore is completed by next year, said Seshagiri Rao MVS, joint managing director and Group Chief Financial Officer.
4. China's steel mills boosted their monthly output at the fastest pace in more than two years in November, data showed, as robust infrastructure demand spurred producers to expand production for a ninth straight month even as coking coal prices bite.
5. In a marketing initiative, the Visakhapatnam-Nizamuddin Samta Express train has been named as Vizag Steel Samta Express and promoted visuals of Vizag Steel

RAW MATERIAL

NMDC's Q2 net declines 6 per cent to ₹ 771 crore

Iron ore miner NMDCreported 6 per cent drop instandalone net profit to Rs 770.76 crore f orthe September quarter of the current fiscal. The staterun firm had posted net profit ofRs 816.65 crore in the JulySeptemberperiod of last fiscal. In a BSE filing, the company said i ts totalstandalone income rose by 9 per cent to Rs1,739.15 crore in the quarter under revie w,as against Rs 1,603.06 crore in the sameperiod of 201516. Its total expenses rose to Rs 967.74 crore inthe second quarter of 201617, from Rs751.88 crore a year ago.

Source: The Financial Express 10th December, 2016

Iron ore stocks up on less offtake, export duty

Iron Ore stocks are growing at mine heads, with lower offtake while output has been rising. Data from the Indian Bureau of Mines shows the total stock of ore at end-July was 144.5 million tonnes (mt). Of this, 85 per cent had built up in Odisha, the largest producer, and Jharkhand. Around 70 per cent of the stockpile comprises ore with content below 62 per cent, both lumps and fines, the latter being 93 per cent of this. The 30 per cent export duty was removed in the 2016-17 Union Budget for lower grade ore (iron content less than 58 per cent). This has boosted its export from Goa where is hardly any value addition. Odisha and Jharkhand, with comparatively richer ore, continue to suffer. Almost all the iron ore mines in the two states are in the hinterland, away from the ports. Non-lifting of ore had resulted in piling up of almost 84 mt at mine heads in Odisha and 38.85 mt in Jharkhand by end-July. In 2015-16, the country produced 156 mt of iron ore; net domestic demand was 112.4 mt. Exports were lacklustre at 4.5 mt; leading steel companies, mainly JSW Steel, imported 7.1 mt of ore in 2015-16.Odisha's chief secretary has already written to the Union mines ministry, pleading for lifting the 30 per cent export duty, to stop the growing stockpile. Fimi has been lobbying similarly.

Source: Business Standard 14th December, 2016

COMPANY NEWS

Tata hailed as saviour of UK steel industry

Tata Sons interim chairman,Ratan Tata was today hailed as the saviourof the UK steel ind ustry after the TataGroup announced a 10year commitment ofone billion pounds investme nt to savethousands of jobs for its embattledsteelworks in the country last week. In a speci al feature titled 'Man of Steel', theSunday Times attributes the thousands ofjobs saved in t he industry largely to thesacking of Cyrus Mistry and Ratan Tata stepping in as interim chairman.Describing Ratan Tata as the "architect" of the 6.1billion-pound acquisition of Corus in 2007, it quotes insiders as saying that the 78year-old tycoon was never comfortable with the idea of abandoning Tata Steel BSE -0.80%'s Welsh plant at Port Talbot the UK'slargest steelworks.
Tata is said to have been painfully aware that the closure of Port Talbot would devastate the town already marred by poverty.

Source: The Economic Times 12th December, 2016

JSW Steel expects stability in performance

JSW Steel, is expecting more stability in its performance with increase in volume of value added products once its proposed investment of Rs 7,000 crore is completed by next year, said Seshagiri Rao MVS, joint managing director and Group Chief Financial Officer. The company is looking at bidding for more iron ore mines as and when they come up for auction, and would go for 100% supply of iron ore from captive mines, he said. Speaking on the sidelines of Cost Congress, organised by CII in Chennai, the company is investing close to Rs 4,300 crore on various items in the current year and are expected to invest around Rs 2,700 crore.

Source: Business Standard 10th December, 2016

FINANCIAL

Steel Authority of India Posts Sixth Straight Quarterly Loss

Steel Authority of India Ltd., the country's top producer, booked a loss for the sixth straight quarter, almost in line with analyst estimates. The company lost ₹ 730 crore in the three months through September compared with a shortfall of ₹1,110 crore a year ago, the company said. It compares with ₹ 760 crore estimated by 14 analysts in a Bloomberg survey. Sales climbed about 20 percent to ₹ 12.430 crore. "The company is certain that it will be able to improve its physical and financial performance in future," because of government measures to boost demand, efforts to reduce costs and improvements in productivity, SAIL said.

Source: Business Standard 10th December, 2016

POLICY

Steel minister says not in favour of protectionist moves

India's debt-laden steel industry should not take the government's protectionist measures for granted and need to raise their efficiency to compete with foreign companies, steel minister Chaudhary Birender Singh told.The government has imposed various duties and quality controls on imports over the past two years to stop the inflow of cheap steel from countries such as China, the world's biggest producer burdened with a massive oversupply. Goutam Chakraborty, analyst at Emkay Global Financial Services in Mumbai, said Indian companies typically produce commodity-grade steel with lower returns and are less efficient than foreign companies producing high-end steel. India's steel sector still accounts for 28 percent of banks' stressed loans, Singh said, but the government measures have helped local companies including JSW Steel, Jindal Steel and Power, Tata Steel and state-run SAIL to raise prices and improve margins. Lenders now want the government to help the steel sector with more steps to expedite the recovery of their loans, including by asking state companies such as SAIL to buy some sick private steel assets or manage their operations.

The government expects India's steel-making capacity to rise over a third to around 160 million tonnes by mid-2018, for which SAIL will need to speed up its capacity increase that Singh said had not been satisfactory.
The company recently signed a technical agreement with South Korean steel maker POSCO, which Singh hopes will help raise output.
The minister also said Japan and South Korea were keen to invest in India's steel sector and their officials have already met with him.

Source: The Financial Express 10th December, 2016

GLOBAL STEEL

China's steel output grows at fastest in 2 years

China's steel mills boosted their monthly output at the fastest pace in more than two years in November, data showed, as robust infrastructure demand spurred producers to expand production for a ninth straight month even as coking coal prices bite. Output rose 5 per cent to 66.29 million tonnes year-on-year, the fastest growth since June 2014, according to data from the National Bureau of Statistics on Tuesday. Although soaring costs of key raw materials, like coking coal and iron ore, have eroded margins, steel mills were still making a profit of between 200-600 yuan ($28.98-86.95) per tonne, said Wang Yilin, senior steel analyst at Sinosteel Futures. "Steel mills want to increase production because of the big profit margins," she said.

Source: The Financial Express 14th December, 2016

UK's new steel procurement rules get thumbs up from unions, industry

British steel unions and industry have welcomed the UK government's plans to change its procurement rules governing the use of steel in major public sector projects, in a boost for the sector including Tata Steel's UK operations. The government will extend procurement guidance to projects below £10 million, and those from local and health authorities, Business Secretary Greg Clark announced on Tuesday. This will require projects below this threshold to consider the social and economic impact of the steel used. The move would "ensure that more UK produced steel will be used in a greater range of government funded projects," Gareth Steel, Director of UK Steel, said in a statement.

The projects likely to be included are rail and road infrastructure, the construction of public buildings such as prisons, hospitals, and schools, flood defenses, and energy related projects.

Source: Business Line 14th December, 2016

MISCELLANEOUS

Samta Express becomes Vizag Steel Samta express

In a marketing initiative, the Visakhapatnam-Nizamuddin Samta Express train named as Vizag Steel Samta Express was today donned with vinyl wrapping promoting visuals of Vizag Steel as part of the non-tariff revenue generating exercise of the railways Vizag Steel, brand name of Rashtriya Ispat Nigam, a PSU under Steel Ministry was flagged off here by Railway Minister Suresh Prabhu along with Steel Minister Chaudhary Birender Singh. Donning vinyl wrapping with promotional visuals of Vizag Steel, the train is expected to fetch ₹ 4 crore a year for railways.

Source: The Financial Express 13th December, 2016