

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
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HIGHLIGHTS OF THE WEEK

1. Keen on making domestic steel industry globally more competitive and actualising the ambitious target of nearly trebling capacity to 300 million tonne, Hon'ble steel minister Birender Singh will appoint an expert with the mandate to lay the road map for the sector's development.
2. SAIL Focuses on Brand Image, Sets Sights on a Bigger Slice of Steel Pie
3. SAIL's production up 15% in April-December
4. Keeping with the pick-up in demand, domestic steel makers are increasing production in the current financial year (FY17).
5. The glut in the global steel market, which led to an influx of cheap imports into India and a series of steps by the government to protect the domestic steel industry, might not end anytime soon.

RAW MATERIALS

NMDC hikes iron ore prices

The country's largest iron ore miner NMDC has raised the prices of higher grade iron (lumps) by ₹ 2,225 per tonne for the current month. It also raised prices for iron ore fines, which are inferior grade ore, by ₹ 1,985 per tonne for January.

Source: Business Line 4th January, 2017

Time to upgrade Vizag port ore handling complex'

The iron ore handling complex at the Visakhapatnam port should be upgraded to make it more efficient and to address the concerns of the Japanese and others who import ore, according to Ved Prakash, Chairman and Managing Director of MMTC. He visited the port on Monday to inspect facilities. Port chairman MT Krishna Babu assured him that the OHC was the lifeline of the Visakhapatnam port and that it was handed over to the Essar group for upgradation. He said the OHC was handed over the Essar group in 2015 and the first phase of the project is likely to be completed in a few months' time. Rajiv of the Essar group made a

presentation on the progress of the project and said the state-of-art facilities were being set up to make the OHC very efficient and improve loading rate. All pollution control measures were also being taken, he added. The Essar Vizag Terminal Ltd has taken up work on three berths — two in the outer harbour and one in the inner harbour — besides upgrading the ore handling complex to improve its efficiency.

Source: Business Line 3rd January, 2017

COMPANY NEWS

SAIL Focuses on Brand Image, Sets Sights on a Bigger Slice of Steel Pie

Steel Authority of India Ltd (SAIL), the country's largest state owned steel company said it managed to improve market share by 12.7% in 2016 even as the company is geared up to ramp up production capacity to 15 million tonne in 201617 and 17 million tonne in 201718, following its Rs 70,000crore modernization. The company is focusing on restructuring its business model and reorienting its marketing strategy to make Brand SAIL BSE 1.59 % the number one stop for customers' steel needs, chairman P K Singh said in his New Year address to its 85,000 employee. This is an improvement over last year when SAIL's inventory levels were high, production was suboptimal and modernized units were not producing to the required levels, he said. The company reduced unit cost of production, became EBIDTA positive for two consecutive quarters from April to September 2016, increased production from new and modernized units SAIL also achieved consistent sales of more than 1 million tonne (mt) and cash collection of more than Rs 5,000 crore, he said. The SAIL chief said while the company celebrates these achievements, many more challenges were still persisting. SAIL needs to embrace New Age Marketing as it will soon be in a position to produce and supply 20 mt saleable steel in market. “

Source: Economic Times 3rd January, 2017

SAIL's production up 15% in Apr-Dec

The country's largest steel maker SAIL said it has produced 10.18 million tonnes of saleable steel in April to December period of the current fiscal, registering a 15 per cent growth over the year-ago period. SAIL posted a sales growth of 16 per cent during the April-December FY'16 period over the corresponding period last year.

Source: Business Line 5th January, 2017

Tata Steel hopes to get back normalcy soon

Private steel major Tata Steel today expressed confidence that the situation would be back to normal in the next quarter after the company's performance was impacted temporarily in November last owing to demonetisation. December was much better month for Tata Steel than November the company's Managing Director (India and South East Asia) T V Narendran said. The steel industry in the country had gone through a difficult time during the last two years, when the sector faced many challenges from the international market, he said claiming that the situation had also affected steel sector in China in 2015. The Centre had intervened and supported the domestic steel sector when a lot of steel was coming into the country including the dumping of steel from China in 2015, he said. Appreciating the initiatives of the government, Narendran said the steel sector had played an important role in the development of the country and it had invested ₹3 lakh crore in the country during the last ten years.

Source: The Financial Express 2nd January, 2017

Essar Steel output up 61%

Essar Steel recorded highest ever quarterly production 1.48 million tonnes in the December quarter against 9.2 lakh tonnes recorded in the same period last year, an increase of 61 per cent. Pellet production grew by 99 per cent to 2.59 mt against 1.30 mt in the same quarter last year. The integrated steel producer has annual production capacity of 10 mtpa and 20 mtpa pellet facility. It has steel-processing facility, an extra wide plate mill and three pipe mills with coating facilities. It produces over 300 grades of steel which are mostly import substitute products, cater to the requirements of a wide cross section of industries.

Source: Business Line 6th January, 2017

STEEL PERFORMANCE

The glut in the global steel markets not likely to get over anytime soon

The glut in the global steel market, which led to an influx of cheap imports into India and a series of steps by the government to protect the domestic steel industry, might not end anytime soon. In what indicates that threat of low-priced imports are here to stay, the world capacity utilisation ratio of the alloy climbed upwards in the current year: from 66% in January 2016 to 69.6% in November 2016. Since the import barriers set up by India are transient in nature and already under attack by exporters — Japan recently dragged India to the WTO citing latter's minimum import (MIP) prices have flouted global trade rules — these can't be sustained for long either. So only structural reforms that will help cut costs and improve productivity could enable the domestic steelmakers to acquire competitiveness in the domestic and global markets, analysts feel. Reference price, a close proxy of cost, of HR coil produced locally, for instance, was \$356.56 per tonne in January 2016, while the corresponding Chinese figure was \$308.98 per tonne. That means the price of domestic HR coil was 15.4% higher than imported from China in January 2016. Cumulative global crude steel production during January-November period in 2016 stood at 1,468 million tonne (MT), 0.4% higher than that in the same period in 2015.

Source: The Financial Express 3rd January, 2017

Domestic steel production rises as sales pick up

Keeping with the pick-up in demand, domestic steel makers are increasing production in the current financial year (FY17). State-owned Steel Authority of India (SAIL) has produced 10.18 million tonnes of saleable steel during April-December, up 15 per cent from same period last year. Meanwhile, Essar Steel saw highest quarterly production in the quarter ended December with the production of flat steel products rising 61 per cent on year-on-year basis to 1.48 million tonne. Output of pellets also grew 99 per cent in the

period under review to 2.59 million tonnes. SAIL posted sales growth of 16 per cent during April-December over the corresponding period last year, the company said in its recent release.

Source: Business Standard 6th January, 2017

Steel makers to hike prices in new year

With demand for steel not so strong in the domestic market, primary producers of the alloy are planning to pass on only a part of the Rs 6,000-per-tonne hike planned in early December. The rise in international coking coal prices, a key raw material used in the making of steel, had prompted steel producers to mull over a steep hike for January. "A combination of market appetite to absorb the hike and cost push will decide product price increase for January and this is not going to be anywhere close to Rs 6,000 per tonne," Jayant Acharya, director (commercial & marketing) at JSW Steel, told Business Standard. "Margins of steel companies will be hit but that can't be helped." The Sajjan Jindal-led company will be raising prices in a range for various long and flat products and also for those products in contract. The company is still deciding the quantum of the hike. Meanwhile, Essar Steel is also looking to raise prices but declined from mentioning the exact quantum. "Our price revisions will be in line with the market for January," said Vikram Amin, executive director (strategy & business development). According to Joint Plant Committee data, India's finished steel consumption grew three per cent during April-November to 54.24 million tonne (mt) over the corresponding period of last year. Consumption in November stood at 6.12 mt, up 3.8 per cent from the corresponding period last year but down 14.3 per cent sequentially.

Source: Business Standard 3rd January, 2017

MISCELLANEOUS

Steel Ministry to hire expert to give sector a boost

Keen on making domestic steel industry globally more competitive and actualising the ambitious target of nearly trebling capacity to 300 million tonne, steel minister Birender Singh will appoint an expert with the mandate to lay the road map for the sector's development. The expert will possess exceptional domain knowledge and will be inducted either on full-time or part-time-basis, Singh told FE. Highlighting the need for such a person who can deliver in the present scenario and speed up things for the ministry, the minister said he was in talks with a potential candidate for over two months now, but that person backed out citing "overseas assignment". However, he added that he still has a list of half a dozen names to consider and choose one from them.

Source: The Financial Express 3rd January, 2017