

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 OF THE WEEK

1. The Ministry of Steel has formed four task forces to boost consumption of the alloy, especially in the railways, urban development, road transport, highways and shipbuilding,
2. Birender Singh inaugurated a new Rs 1200crore Universal Rail Mill at Steel Authority of India's (SAIL) Bhilai Steel Plant on Monday and flagged off the first rake from the new mill.
3. Tata Steel has signed a joint venture agreement with Creative Port Development to develop "Subarnarekha Port" at Chaumukh village of Balasore district in Odisha.
4. Sajjan Jindal-owned JSW Steel is close to finalising a deal with bankers to take over Bhushan Steel's debt of ₹30,000-33,000 crore and acquire majority stake in the company.

COMPANY NEWS

Tata Metaliks Net Profit Drops 26% to Rs.20 crore

Tata Metaliks (TML), a leading manufacturer of ductile iron pipes used in water transportation, saw net profit drop 26 % profit to ₹ 19.52 crore in third quarter (Q3 FY17) ended December 31, 2016 against ₹26.46 crore in quarter three financial year16, driven by a higher coal bill and lower output due to a shutdown of one of the blast furnaces for capital repairs. The company's turnover was flat at ₹318 crore during the period against Rs.317 crore, the previous year. For the nine months ended December, 2016, TML's net profit of ₹75. 68 crore was marginally higher than ₹.74.10 crore a year ago. TML's turnover in the nine month fell to Rs.995 crore from ₹1010 crore in April-December, 2015. TML saw pig iron sales drop 36% in Q3FY17 due to the shutdown of its blast furnaces, though price realisations improved 19% compared to Q2FY17, TML said in a statement. TML is also working on improving its order book position in larger diameter pipes.

Source: Economic Times: January 26, 2017

Jindal Stainless says sector needs help on imports

Jindal Stainless, part of the OP Jindal Group, has had robust quarterly profits during 2016 but says rising import and higher raw material cost, especially of nickel and copper, would put pressure on industry margins. Its crude steel capacity of 1.8 million tonnes per annum (mtpa), with annual turnover of ₹14,500 crore. The Hisar factory is one of the

biggest for stainless steel in the county, with a fourth of the 3.2 mtpa national capacity. The unit is also the world's largest producer of stainless steel strips for razor blades and India's largest producer of coin blanks for mints. Stainless steel has been traditionally used for utensils in India. The firm is now looking at the railway and construction sectors as potential customers. Stainless steel is used in the Shatabdi and Rajdhani trains; the industry has asked for extending the use to other trains. During the quarter ended September 2016, Jindal Stainless had a net profit of ₹53 crore, primarily due to increased operating margins and reduced interest cost and depreciation. It intends to invest another ₹150 crore in capacity expansion. Globally, the stainless steel segment has seen lower growth in developed markets. China has excess capacity and faces antidumping measures. "Once their (China) other markets are closed, they divert their goods that are cheap and are of inferior quality to other markets, including India," complained Ashok Gupta, finance director of Jindal Stainless.

Source: Business Standard 23rd January, 2017

PROJECTS

SAIL Begins Production of World's Longest Single Rail

Birender Singh inaugurated a new Rs 1200crore Universal Rail Mill at Steel Authority of India's (SAIL) Bhilai Steel Plant on Monday and flagged off the first rake from the new mill. With this, SAIL has commenced commercial production of world's longest single rail of 130 meters from the new Universal Rail Mill (URM). The long rails are tipped to enhance safety parameters of railway network since they are slated to have fewer welded joints. The state of the art URM, will take BSP's total capacity to produce rails at two million tonne per annum (mtpa). It will be the largest production capacity for rails in any single location for a plant world over. The URM complex would equip SAIL to meet Indian Railways' specific demand of 260 metre rails as the new mill is capable of producing 260 m long rail with a single weld and also has the provision to supply welded panels up to 520 m length in future. The rails rolled from this new URM will enable SAIL to produce rails with improved surface quality, less residual stress and improved straightness.

Source: The Economic Times 24th January, 2017

Tata Steel inks pact to develop port in Odisha

Tata Steel has signed a joint venture agreement with Creative Port Development to develop "Subarnarekha Port" at Chaumukh village of Balasore district in Odisha. Promoted by technopreneurs Ramani Ramaswamy and Ramaswamy Rangarajan, Creative

Port entered into a Concession Agreement with the Odisha government in January 2008 to develop the Subarnarekha Port as an all-weather deep-draft facility. Detailed engineering study to arrive at the configuration and the project cost will be undertaken soon, said Tata Steel in a statement on Wednesday. Tata Steel will acquire majority equity stake in Creative Port and its wholly-owned subsidiary Subarnarekha Port Pvt Ltd will develop the port. The acquisition and developments are subject to certain conditions precedent, detailed technical assessments and financial closure, it added. Koushik Chatterjee, Group Executive Director, Tata Steel, said the location of the proposed port makes it attractive to structurally enhance the competitive position and the offtake through Dhamra is also slated to increase with the growth in Kalinganagar operations.

Source: Business Line: January 26, 2017

POLICY

Steel Ministry Forms Four Task Forces to Boost Local Consumption

The Ministry of Steel has formed four task forces to boost consumption of the alloy, especially in the railways, urban development, road transport, highways and shipbuilding, steel minister Chaudhary Birender Singh said. The government has simultaneously tasked the Steel Authority of India, consultant MECON and the Institute for Steel Development & Growth – all state run entities – with standardising the design of building and bridges to help promote adoption of steel-intensive structures in infrastructure and construction. The mandate of the four committees – with representatives from INSDAG, steel producers, consultants, architects and users – is aimed at enhancing steel usage by creating codes and standards, assessing lifecycle costs and sustainability, developing designs of various utility structures and developing skills. State-owned steel producers such as SAIL and Vizag Steel have, in a coordinated approach, also initiated promotional campaigns. India is promoting the consumption of steel as it sets out to achieve an annual production target of 300 million tonnes by 2030-31. The steel minister, who chaired a meeting of ministry's parliamentary consultative committee last week, said the target means increasing per capita steel consumption in India to 160kg from 61 kg currently. The committee discussed initiatives by the steel ministry to enhance demand and production in the country and the status of completion of projects by public sector units.

Source: The Economic Times 24th January, 2017

FINANCIAL

JSW Steel in talks with bankers to take control of Bhushan Steel

Sajjan Jindal-owned JSW Steel is close to finalising a deal with bankers to take over Bhushan Steel's debt of ₹30,000-33,000 crore and acquire majority stake in the company. JSW Steel will get to own 55 per cent stake pledged by the company's promoters to avail bank loans, said sources close to the development. A senior public sector bank official said lenders would be more than happy to have on board a company in the same line of business. However, the company in a statement to the BSE said it continues to evaluate various opportunities, both organic and inorganic, to achieve its long-term vision of becoming a 40-million-tonne steel company. Banks have been struggling with Bhushan Steel debt ever since the company defaulted on its interest payment in August 2014.

Source: Business Line 25th January, 2017

GLOBAL STEEL

WTO: Taiwan wants to join Japan in talks with India on steel import restrictions

Taiwan has requested the World Trade Organization (WTO) for permission to join Japan's consultations with India on a complaint against alleged import restrictions on certain steel products. Taiwan, in its submission to the WTO said, it was dissatisfied with India's response to its queries on the minimum import price (MIP) on steel. Meanwhile, an official here said: "We had responded to Taiwan's queries on the MIP on steel items some time back explaining that it was a temporary measure. However, it says that it is not satisfied and wants to participate in the consultations between Japan and India. We are going to make all efforts to explain our position well at the consultations." Taiwan pointed out that it had requested details about the MIP on iron and steel products, and explanations on how it was in compliance with WTO agreements from India, at the meetings of the WTO Council on Trade in Goods. However, there is no satisfactory response from New Delhi.

Source: Business Line 23rd January, 2017

MISCELLANEOUS**Steel demand revival hinges on govt spending**

A revival in India's steel consumption from the weakest estimated growth in at least four years hinges on the government boosting spending on infrastructure, housing and road projects to absorb record output. Finance minister Arun Jaitley will announce 1 February higher outlays for national highways, rural roads, railways and low-cost housing, Goldman Sachs Group Inc. predicted in a 19 January report. Any major budget initiatives in infrastructure and construction would stimulate domestic steel demand, according to Seshagiri Rao, joint managing director at India's second-biggest mill, JSW Steel Ltd. Mills in India such as JSW, Steel Authority of India Ltd. and Tata Steel Ltd. are projected to produce a record amount of the metal this year in anticipation of Prime Minister Narendra Modi's infrastructure push. Their plans were disrupted in November when a move to ban some high-denomination currency notes tightened spending and prompted Morgan Stanley to predict flat sales in the 12 months through on 31 March. The bank expects usage to grow at 5% next year. Steel demand could expand by around 10% if all the projects promised by the government are implemented, JSW's Rao said. The government will increase spending on railways, roads and urban development by ₹160 billion rupees (\$2.3 billion) in the budget for the next fiscal year, according to CARE Ratings Ltd. Steel consumption in India grew 3.3% to 61.5 million tons from a year earlier in the April-December period, while output jumped 10.5% to 73.8 million tons, according to steel ministry data.

Source: Business Standard 25th January, 2017