

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. The government has welcomed foreign investors with modern technology to set up steel plants in India as the country aims to increase the output to 300 million tonnes by 2030.
2. The government of Odisha said on Friday it had approved a plan by JSW Steel to set up a 10 million tonne a year steel plant costing about ₹50,000 crore. JSW, which is the country's biggest steelmaker by capacity and produces 1.8 million tonne a year.
3. India's crude steel output rises 4.5% in April-May.
4. JSW Group, the conglomerate led by steel tycoon Sajjan Jindal, is exploring a foray into non-banking financial services after previously announcing plans to produce electric vehicles and enter regional aviation.
5. SAIL, RINL at loggerheads over supply of forged wheels.

RAW MATERIAL

OMC's iron ore actions see low buying interest

The latest round of iron ore e-auctions by Odisha Mining Corporation (OMC) saw subdued buying interest. OMC offered 508,000 tonne of iron ore of which barely 200,000 tonne was booked, meaning an unsold inventory of 308,000 tonne. Both iron ore lumps and fines were on offer from OMC's key operating mines of Gandhmardhan, Daitari and Koira. The response to the auctions was weak as OMC continued its stand to hike base prices of lumps and fines. The floor price of lumpy ore was in the range of Rs 2200-2600 per tonne. Similarly, fines' reserve price was fixed in the band of Rs 900-1300 a tonne. OMC has refused to budge from its pricing stand, ignoring concerns flagged off by steel makers. R Vineel Krishna, managing director, OMC could not be immediately contacted for his comments.

Source: Business Standard, June 7, 2017

COMPANY NEWS

SAIL, RINL at loggerheads over supply of forged wheels

A feud is simmering between public sector steel units SAIL and RINL as the former is unwilling to let go of its status as the sole supplier of forged wheels to the Indian Railways. SAIL's objection to Vizag-based RINL becoming a co-supplier to the railways is notwithstanding the fact that the latter is already setting up a Rs 1,600-crore forged wheel unit at Rae Bareli in Uttar Pradesh, backed by an assured off-take deal signed with the national transporter in 2014. SAIL has a forged wheel plant at Durgapur in West Bengal with an annual capacity of 72,000 units, which is expandable to 1,00,000 units with a minor investment. This, it believes, would meet the entire projected needs of the railways by 2020-21. The 1,00,000-units RINL plant is being set up on land given by the railways and it is likely to be operational by September 2018. The plant's capacity could potentially be doubled to 2,00,000 units in the future. The Indian Railways has a projected requirement of 72,200 wheels in 2017-18, which can go up to 1,04,500 units by 2020-21 and further to 1,56,000 wheels by 2026-27. Currently, the railways buys 48,000 wheels from SAIL, and imports the remaining. SAIL is not operating its Durgapur facility for forged wheel at full capacity. The railways' demand for forged wheels for LHB coaches is gradually shifting to cast wheels and thus, demand for such wheels may not go up much in the future. The prevailing and projected demand-supply scenario has prompted the steel ministry to intervene in the matter. Sources said SAIL chairman PK Singh, in the meeting, said that following expansion, SAIL will be capable of supplying the railways' entire future requirement, including those which are being imported. RINL chairman and managing director P Madhusudan, however, said that RINL started working on the project only after signing the assured off-take and land lease agreement with the the railways in October 2013. RINL has also placed order for the main technical packages in total turnkey basis.

Source: Financial Express, June 08, 2017

PROJECTS

JSW Steel's ₹50k-cr plant gets Odisha nod

The government of Odisha said on Friday it had approved a plan by JSW Steel to set up a 10 million tonne a year steel plant costing about ₹50,000 crore. JSW, which is the country's biggest steelmaker by capacity and produces 1.8 million tonne a year, has sought 4,500 acre which were earlier allotted to South Korea's Posco, Odisha's Chief Secretary Aditya Prasad Padhy said. The Odisha government has also approved JSW's plan to lay a slurry pipeline linked to the plant. JSW would submit expressions of interest for two iron ore mines in Odisha, its joint managing director Sheshagiri Rao had said in April.

Source: Financial Express, June 3, 2017

STEEL PERFORMANCE

India's crude steel output rises 4.5% in April-May

India produced 16.391 million tonne (MT) of crude steel in the first two months of the current fiscal, up 4.5 per cent year-on-year. It had produced 15.683 MT in the same period of last fiscal. Output in May was 8.163 MT, up 2.2 per cent, from 7.989 MT a year ago, as per the latest Joint Plant Committee (JPC) report. However, on month-on-month basis, it was down 0.8 per cent over April, when the country had produced 8.228 MT. "SAIL, RINL, TSL, Essar, JSWL and JSPL together produced 9.292 MT during April-May 2017, which was a growth of 8 per cent over same period of last year," it said, adding "the rest 7.099 MT came from the other producers". Production for sale of total finished steel during the two-month rose 6.7 per cent to 17.546 MT from 16.248 MT in same period of last year. In May, the country registered 4.4 per cent rise in production for sale of total finished steel to 9.066 MT, from 8.681 MT last. India has been doing good in terms of exports and maintained the momentum during the second consecutive month of

the ongoing fiscal. The export of total finished steel was 69 per cent up at 0.641 MT in May, as against 0.379 MT in same month last year. However when compared to April 2017, it is a contraction of 14%. The imports stood at 0.558 MT against 0.545 MT, up 2.4 per cent over May 2016. On month-on-month basis, it grew 10 per cent. During the April-May period, exports grew 102 per cent to 1.387 MT and imports fell 11.4 per cent to 1.062 MT. The country remained a net exporter of total finished steel in May as well as the first two month period of 2017-18. India's consumption of total finished steel saw a growth of 4.2 per cent in April-May 2017 (13.785 mt) over same period of last year, under the influence of a rising production for sale.

Source: Financial Express, June 7, 2017

FINANCIAL

JSW Group mulls foray into non-banking finance sector

JSW Group, the conglomerate led by steel tycoon Sajjan Jindal, is exploring a foray into non-banking financial services after previously announcing plans to produce electric vehicles and enter regional aviation. The Mumbai based group – which is the nation's biggest steel producer and has interests in power, cement and ports – is on a diversification drive beyond manufacturing.

Source: Business Line: June 3, 2017

MISCELLANEOUS

'Foreign investors with modern tech welcome'

The government has welcomed foreign investors with modern technology to set up steel plants in India as the country aims to increase the output to 300 million tonnes (MT) by

2030. “If somebody comes with a new technology with any joint venture or some company from abroad wants to put their plant they are also welcome,” Steel Minister Chaudhary Birender Singh told. “The ministry is quite open to this. Any transfer of technology will be welcomed. May be they can have joint ventures, they can have MoUs,” the minister said. The government aims to more than triple the crude steel output in the country from current 97 MT to 300 MT. “In such a situation they would be coming with a new technology....In this sector even 100 per cent FDI is allowed. So they have all their funds utilised for that. That means this would also serve to have sufficient FDI...Our target by 2030 is 300 MT. We are going to create this capacity,” the minister said. In 2016-17, India’s crude steel production was at 97.385 MT, registering a growth of 8.5 per cent over the year-ago period. SAIL and ArcelorMittal have already inked a pact to set up a Rs 5,000-crore auto-grade steel plant. The joint venture is in final stage and is progressing fast. It will produce high-end steel based on latest technology. In March, the steel minister had said that SAIL and ArcelorMittal will resolve differences over setting up of this plant. The two companies had inked a pact in May 2015 to explore the possibility of setting up an automotive steel manufacturing unit under JV arrangement. The proposed JV will construct world-class facilities that will offer technologically advanced steel products for India’s rapidly growing automotive sector.

Source: Financial Express, June 5, 2017