

# Steel In The News

*A compilation of leading news items on Indian steel industry as reported in major national dailies*

CONTENTS	Page
Highlight of the Week	2
Raw Material	2
Projects	3
Financial	3
Company News	5
Policy	5
Global Steel	6
Miscellaneous	6

A Weekly News Report by Joint Plant  
Committee

September 10 – 16, 2016

## HIGHLIGHTS OF THE WEEK

1. Tata Steel Kalinganagar plant in Odisha today achieved yet another milestone with the flagging off of the first Hot Rolled steel export rake from the plant.
2. Tata Steel has reported multi-fold increase in consolidated net loss in the June quarter at Rs. 3,183 crore against a loss of Rs. 317 crore recorded in the same period last year.
3. Construction material trader Sicagen India has acquired precision fabrication firm Danish steel for an undisclosed amount.
4. Sajjan Jindal-led JSW Steel today reported a 27 per cent growth in its steel production in August to 1.35 million tonnes (MT).
5. India is set to become the third largest construction market in the world by 2025 with a size of \$1 trillion, thanks to ramped up activity in the roads, buildings, irrigation, urban infrastructure and railways, KPMG said

## RAW MATERIAL

### **Essar Steel readying to get nod for Odisha iron ore block**

As Essar Steel looks to start mining from its iron ore block in Odisha next fiscal, it is taking swift steps to obtain clearances. The Indian Bureau of Mines (IBM) has approved the mining plan for the block. Essar Steel has also got the terms of reference (ToR) from the Union ministry of environment, forest and climate change. The steelmaker recently bagged the Ghoraburhani-Sagasahi block in Odisha through auctions, quoting a premium of 44.35 per cent above the reserve price and outbidding strong contenders like Tata Steel and Jindal Steel & Power Ltd. The iron ore mine that Essar Steel has bagged has reserves of 100 million tonne (MT), as per the current estimates. The company plans to mine around six MT per annum. The Odisha government has issued the letter of intent to Essar Steel after it emerged as the preferred bidder in the first iron ore block offered for e-auctions in the state. The block is at G2 exploration (general exploration) stage and located at Koira sector in Sundargarh. The mineral concession area is spread over 139.16 hectares (ha) including 20.88 ha forest land, 110.69 ha government land and the balance of 7.58 ha private land. The Geological Survey of India has surveyed the mineral block. Essar Steel runs a 12 million tonne per annum (MTPA) iron ore beneficiation plant at

Dabuna in Keonjhar district and a six MTPA pelletisation complex at Paradeep. The iron ore mine in Odisha is expected to meet 50 per cent of the firm's pellet making facility at Paradeep. The pellet produced at Essar's Paradeep facility is mainly meant for use at its 10 MT integrated steel plant at Hazira. Essar Steel's flat steel production in the April-June period of this fiscal was 1.22 MT, marking a growth of 48 per cent over the 0.824 MT produced in the same period of the last fiscal. Even pellet production grew by 58 per cent to 2.02 MT, as against 1.28 MT in the comparable period of the last year. By the end of 2016-17, Essar Steel expects to record a marked increase in its capacity utilisation, and produce 80 per cent of its rated capacity in the country.

*Business Standard; September 11, 2016*

## PROJECTS

### **Tata Steel flags off 1st Hot Rolled steel export rake from Kalinganagar plant**

Tata Steel Kalinganagar plant in Odisha today achieved yet another milestone with the flagging off of the first Hot Rolled steel export rake from the plant. T V Narendran, Managing Director of Tata Steel, India and South East Asia, flagged off the export rake to Nepal, a company release said. The Hot Rolled coils are being exported through Raxaul border to customers in Nepal. In the first export consignment, around 3,000 metric tonnes of Hot Rolled coils are being exported to key customers in that country, it said. Tata Steel has set itself an ambitious export target from its Kalinganagar plant to cater to various segments. The products from Kalinganagar have been very well received in the market and the ramp up is on schedule both in terms of quantity and quality. Tata Steel is setting up of a six million tonne per annum (MnTPA) integrated steel plant at Kalinganagar in Jajpur district in two phases of three MnTPA each. The state-of-the-art steel plant, which was dedicated to Odisha in November 2015, started commercial production in May 2016, the release added.

*Financial Express; September 14, 2016*

## FINANCIAL

### **Tata Steel loss widens to Rs. 3,183 cr in June quarter**

Tata Steel has reported multi-fold increase in consolidated net loss in the June quarter at Rs. 3,183 crore against a loss of Rs. 317 crore recorded in the same period last year. Besides challenging the business environment in Europe, the company has recorded a loss of Rs. 3,355 crore from the sale of long steel product division in UK. Net sales were

down 5 per cent at Rs. 26,332 crore ( Rs. 27,761 crore) on the back of lower production due to planned shut down in India. Earnings before interest, tax, depreciation and tax in India was up at Rs. 2,236 crore, while the Ebitda margin increased 250 basis points to 22 per cent. TV Narendran, Managing Director, Tata Steel, said while the regulatory changes have helped stem flood of imports, domestic supply has increased and added to the competitive pressure.

*Business Line; September 13, 2016*

### **Monnet Ispat posts net loss of Rs 358.60 crore**

Monnet Ispat and Energy today reported a standalone net loss of Rs 358.60 crore for the quarter ended June 30, 2016-17. The firm had clocked a net profit of Rs 473.91 crore in the April-June period of last financial year. Monnet said in a BSE filing that its total standalone income also declined to Rs 420.62 crore in the first quarter of the current fiscal, as against Rs 691.05 crore in the year-ago period. In March, the company's shareholders approved the proposal to sell Monnet's stake in a power subsidiary firm - Monnet Power Company Ltd (MPCL). MPCL, in which Monnet has 87.5 per cent stake, is setting up a 1,050 MW capacity thermal power plant in Angul (Odisha). Its capacity is further being raised to 1,710 MW by adding additional 660 MW (super critical turbine) at the same site, as per the information on MIEL's website. The company stock rose 0.89 per cent to settle at Rs 22.75 apiece on BSE.

*Source: The Financial Express: September 14, 2016*

### **Lenders to rope in A&M to revive Bhushan Steel**

Lenders to Bhushan Steel have decided to appoint Alvarez & Marsal (A&M), a restructuring and turnaround firm, to help the existing management run the company. Bankers told FE for now, the consultant will provide strategic inputs and, at a later stage, oversee cash management. "Deloitte is looking after the cash management and we want another firm to supervise Bhushan Steel's operations," a senior banker explained. He added that the idea was not to affect a change in the management but merely to add bandwidth on behalf of the lenders. The steelmaker, which has three plants in Odisha, Maharashtra and UP, owed lenders an amount of Rs 42,000 crore as on March 2016. It reported a net loss of Rs 656.21 crore in the June quarter of FY17 on the back of Rs 3,365 crore in revenues in the same period. In FY16, its net loss stood at Rs 2,839 crore and its revenues were at Rs 11,803 crore. A senior executive of Bhushan Steel told FE Deloitte was conducting the concurrent audit, while M N Dastur was the technical adviser to the firm. Officials at A&M's Mumbai office were unavailable for comment.

*The Financial Express: September 13, 2016*

---

## COMPANY NEWS

### **Sicagen acquires Danish Steel**

Construction material trader Sicagen India has acquired precision fabrication firm Danish steel for an undisclosed amount. "For sicagen India, the partnership is a long term investment and part of its comprehensive strategy to develop and expand its manufacturing capabilities", it said in a statement. Bengaluru based Danish Steel specialises in precision fabrication of stainless steel, carbon steel, mild steel and aluminium.

*The Financial Express: September 13, 2016*

### **JSW Steel's production up 27% to 1.35 million tonnes in August**

Sajjan Jindal-led JSW Steel today reported a 27 per cent growth in its steel production in August to 1.35 million tonnes (MT). The company had clocked an output of about 1.07 MT during the same month in 2015, it said in a regulatory filing. Production of flat rolled products grew by 15 per cent to 9.21 lakh tonnes (LT) in August 2016 as against 8.46 LT in the year-ago period. Long rolled products output was up 24 per cent to 2.51 LT from 2.03 LT during the same period last year, it added.

*Source: The Financial Express 10<sup>th</sup> September, 2016*

## POLICY

### **Registration period of Steel QC order extended**

The Government on Friday extended the window for registration under the Stainless Steel Quality Control (QC) Order 2016 by three months after several industry bodies approached the Steel Ministry on the matter.

The development comes after a bitter war of words between stainless steel industry body ISSDA and other industry bodies like the PPMAI, MSSMA and AISSIA, which forced the Steel Ministry to set up a committee to look into the issue last month.

*Source: The Financial Express 10<sup>th</sup> September, 2016*

---

## GLOBAL STEEL

### **Tata Steel dampener on UK operations sale**

Debt-laden Tata Steel, this country's largest in the sector, has indicated to UK trade unions that until the pension scheme issue there gets sorted, the company will not include the UK operations for sale discussion with Germany-based ThyssenKrupp. In March, Tata Steel announced its plan to sell the entire UK operations, as it had been continuously draining company's financials. Though the company did manage to get rid of the loss-making long products division for a nominal amount to Greybull Capital, the balance 5.5 million tonnes (at Port Talbot and Rotterdam) continue to be with the company, with its pension liability being the biggest hurdle. The management at its post earnings conference held here mentioned that success of its talks with ThyssenKrupp depended on several factors, including pensions. And, that it continues to explore options for a strategic collaboration through a potential joint venture for its UK business.

*Business Standard; September 15, 2016*

## MISCELLANEOUS

### **India to become 3rd largest construction market by 2025: KPMG**

India is set to become the third largest construction market in the world by 2025 with a size of \$1 trillion, thanks to ramped up activity in the roads, buildings, irrigation, urban infrastructure and railways, KPMG said on Wednesday. "India's construction market was around \$400 billion in 2015. India is the 4th largest construction market in the world now behind the US, China and Japan. It is the fastest growing market now clocking around 7-8% annual growth. By 2025, India is poised to overtake Japan," said Neeraj Bansal, partner and head (building, construction and real estate), KPMG India. However, in line with the global trend, as revealed in its Global Construction Survey, prepared based on responses with over 200 senior executives, KPMG said with the growing size and quantum of projects, complexities are driving in and with that the resultant risks. Two-thirds of the survey respondents believe project risks are on the rise. He further said select Indian contractors and project owners are now focusing towards adoption of evolved concepts such as centralised project management office coupled with project performance measurement and reporting systems. It said just 8% of their companies rank as cutting-edge technology visionaries, some 64% of contractors and 73% of project owners rank as industry followers or behind the curve when it comes to technology. Many lack a clear technology strategy, and either adopt it in a piecemeal fashion or not at all.

*The Financial Express: September 15, 2016*