Steel In The News

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

A Weekly News Report by Joint Plant Committee

October 01-07, 2016

HIGHLIGHTS OF THE WEEK

1. Notwithstanding a fall in steel imports in recent months, the government has extended the minimum import price (MIP) regime for 66 product lines for two more months from October 4.
2. The steel ministry has recommended continuation of minimum import price (MIP) for 21 flat-rolled products of non-alloy steel such as corrugated products while suggesting no action on 30 semi-finished products.
3. Cost challenges persist for SAIL
4. Imports of stainless steel, mainly used for making utensils and kitchen appliances, jumped 25 percent in the first five months of this fiscal to 2.3 lakh tonnes

RAW MATERIAL

NMDC's Bailadila mine bags award

NMDC’s Bailadila iron ore mine-Bacheli Complex has bagged FIMI Golden Jubilee Award for Excellence. The Federation of Indian Mineral Industry (FIMI) has awarded NMDC’s flagship mine One Time Special Award. The award was for having adopted best practices, improvement over the last 10 years, excellence in environment management, social awareness, health and safety and exemplary reclamation and rehabilitation efforts by Bailadila Iron Ore Mine, Bacheli Complex. Arun Kumar Shukla, Executive Director, Project Head BIOM, received the award from Piyush Goyal, Union Minister for Mines, Power, on October 3, during the 50th Annual General Body meeting of FIMI at New Delhi, according to NMDC statement.

Source : Business Line 5th October, 2016

COMPANY NEWS

Cost challenges persist for SAIL

Higher capacities, extension of the minimum import price, or MIP, and consequently firm domestic prices are positives for Steel Authority of India (SAIL). However, rising costs and interest expenses will weigh on the government-owned company’s profitability. First, the good news. SAIL is targeting an increase in production and sales by 20 per cent to 17.16 million tonnes and 14.52 mt during FY17. At the annual general meeting last month, Chairman P K Singh said ramp-up of production from the new units was not only leading to better quality but had helped reduce the cost of production. And, that the worst was behind and the company would turn around this year. This is a positive, given that 2015-16 was challenging for all steel makers. Demand remained soft and cheaper imports impacted realisations and profits for all. The turnaround came with the government imposing MIPs in February. International prices also started recovering and the full benefits, along with MIP, was seen in the June quarter. Coal prices also remained soft, leading to profits for all steel entities rebounding in the June quarter. For SAIL, its 2.8 mt was a 4.2 per cent rise over a year before in the June quarter. This was complemented by a decline in cost of production, primarily in raw material. The latter's cost per tonne declined 16 per cent over a year (26 per cent sequentially) to Rs 11,438; Ebitda (earnings before interest, taxes, depreciation and amortisation) per tonne expanded to Rs 835 as compared to Rs 330 in the June ’15 quarter and a loss of Rs 2,964 in the March ’16 quarter.

Source : Business Standard 7th October, 2016

POLICY

MIP on select steel products extended for two months

Notwithstanding a fall in steel imports in recent months, the government has extended the minimum import price (MIP) regime for 66 product lines for two more months from October 4. The decision, announced late on Tuesday, may not benefit the local industry much, as import prices are now ruling at much higher levels. Data released by the Joint Plant Committee (JPC), a unit under the steel ministry, showed that India’s steel imports declined 37.3% during April-September period of current fiscal to 3.6 million tonne (mt); exports grew by 36% to 3 mt and production increased by 9% to 49 mt. However, the slow growth of consumption, which increased by just 2.5% to 40 mt during the first six months, remained worrisome. Following repeated requests from the local industry, the government had in February imposed a MIP on 173 products for six months.India has been under pressure in multilateral fora to remove the MIPs, seen as an outdated measure that is WTO-incompatible. Of the 66 lines where the MIP is in place now, provisional anti-dumping duty on 15 of them (wire rod of alloy or non-alloy products) had already been proposed by the government last week. The domestic industry has sought protection in the form of anti-dumping duty on 21 products of coated sheets, while no action was solicited by the steel ministry for 30 other semi-finished products. The imports of semis like slabs and billets fell by 22-37%; bars and rods by 41% and corrugated sheets by 2% during the April-August period, JPC data showed.

Source: The Financial Express 6th October, 2016

Steel ministry wants MIP continuation for 21 products

The steel ministry has recommended continuation of minimum import price (MIP) for 21 flat-rolled products of non-alloy steel such as corrugated products while suggesting no action on 30 semi-finished products. The government imposed provisional anti-dumping duty on 15 wire rod of alloy or non-alloy products last week. Following the imposition of MIP on 173 steel products in the range of $341-752 per tonne for six months in February, aimed at containing imports, the government extended MIP on 66 items in August for two months. The term is set to expire on October 4. Steel ministry sources said no recommendations have been made for 30 semi-finished products such as slabs and billets, mostly used by secondary producers, as imports of these items have been “negligible” so far. Currently, MIP on these items is in the range of $341-364 per tonne. The domestic industry has already sought protection in the form of anti-dumping duty on the 21 products of coated sheets where MIP is in place now. Indian Steel Association (ISA), an industry lobby, however, recently urged the government to extend MIP on 66 products by another six months from its scheduled expiry on October 4. The situation would be adverse if these are now imported at dismally low prices leading to an unwarranted glut in the domestic market, it said.

Steel imports to India increased to 12.7 MT, at an average of over 1 MT a month, in 2015-16 from 10.2 MT in 2014-15 and 5.7 MT in 2013-14. China, Japan and Korea accounted for three-fourths of total steel imports last fiscal. Replacing MIP, the directorate general of anti-dumping in August recommended provisional duties in the range of $69-152 per tonne on hot-rolled coil and “HR not in coil” from specified producers in China, Japan, Korea, Brazil, Russia and Indonesia, after concluding these items are being imported into India at below normal (cost) price. In the same month, it had also slapped anti-dumping duty on certain cold-rolled flat steel products from four nations, including China and South Korea, to guard the domestic industry from cheap imports.

Source: The Financial Express 4th October, 2016

MISCELLANEOUS

Stainless steel imports spike 25% to 2.3 LT in April-August

Imports of stainless steel, mainly used for making utensils and kitchen appliances, jumped 25 percent in the first five months of this fiscal to 2.3 lakh tonnes (LT), industry body ISSDA said. The in-bound shipments of the metal stood at 1.84 MT in the April-August period of 2015-16, data provided by the Indian Stainless Steel Development Association (ISSDA) showed. The spike in imports is in line with those in the last financial year when the shipments into the country rose by over 24 percent to 5.32 LT in 2015-16 against 4.28 LT in the 2014-15 fiscal. ISSDA has approached the government in this regard to check the spate of cheap imports flooding the domestic market from China and other countries. ISSDA President K K Pahuja told PTI: "The stainless steel imports have reached at a distressing stage now, if remedial policy actions are not implemented right away by the government, the already ailing domestic industry will perish." It is important to note that imports constitute over 25 percent of the domestic market. Existing Basic Customs duty of 7.5 percent on imports has been ineffective in curbing the imports and on the other hand circumvention of anti-dumping duty has failed to check imports into the country, he added.

Source: The Financial Express 5th October, 2016

JSPL defaults on interest payment

Naveen Jindal-led Jindal Steel and Power (JSPL) today said it has defaulted on payment of interest on non-convertible debentures (NCD), due on September 30, 2016 on account of cash flow mismatches. “The company has not made payment towards the interest due on … NCDs, the due date for payment of which was September 30, 2016,” the debt-laden firm said in a regulatory filing. The NCDs had a coupon rate of 9.8 per cent and Axis Trustee Services was the trustee, it added. When contacted, a JSPL spokesperson said: “The non payment of interest on the NCDs has been disclosed as per regulatory norms. The said non-payment is due to short-term cash flow mismatches and will be paid in due course.” Reacting to the development, JSPL shares today fell by 5.27 per cent to Rs 79.05 a piece in the afternoon trade on BSE, while they dropped by 5.33 per cent to Rs 79.05 per share on NSE.

*Source: The Financial Express 7th October, 201**6***