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 Report by Joint Plant Committee

January 2 – 8, 2016

RAW MATERIALS

KIOCL ships first batch of iron ore pellets to Iran

KIOCL Ltd which has made a shipment of iron ore pellets to Iran under the Centre's 'Make In India' concept, is targeting to export 0.5 million tonne of pellets under this during the year. Addressing presspersons in Mangaluru, Malay Chatterjee, Chairman and Managing Director of KIOCL Ltd (formerly Kudremukh Iron Ore Co Ltd), said that the company is bringing the high-grade iron ore (with 'Fe' content of 67 per cent) from Brazil and converting it into pellets at KIOCL's pellet plant at New Mangalore under this concept. Asked about the target of export under the 'Make in India' concept, he said: "We are hopeful of doing 0.5 million tonnes of export under 'Make in India' during the calendar year 2016." KIOCL is holding discussions with various steel companies in Iran and MENA (Middle East and North Africa) region for such an arrangement.

Source: Business Line, 4th January, 2016

Exporters unlikely to benefit from duty exemption

Indian exporters are unlikely to benefit from the government's decision to exempt iron pellets from exports duty because of falling prices in global markets. Pellet exports used to attract five per cent duty before the exemption was announced on Tuesday. "The exemption in export duty on pellets came at a time when Chinese steel mills face huge stockpiling. Since iron ore exports are not happening from India, shipment of pellets looks impossible. The exemption may not benefit Indian pellet mills at all,|" said RK Sharma, secretary general of the Federation of Indian Mineral Industries (FIMI). Indian miners produce a huge quantity of low grade ore with iron content as low as 35 per cent, which steel mills avoid lifting. The government levied a 30 per cent of export duty on iron ore to discourage its exports and the shipment of pellets was promoted. Later a fiver per cent of export duty was levied on pellets as well.

Source: Business Standard, 7th January, 2016

COMPANY NEWS

2016 promising year for RINL

The year 2016 will be a promising one for the Rashtriya Ispat Nigam Ltd (RINL), according to the CMD, P Madhusudan. He highlighted the need to focus on cutting cost of production and ramping up production from all the expanded units to compete in the present market scenario. He added that the focus should be on improving techno parameters. Reviewing the performance of RINL during 2015, Madhusudan said it was a year of consolidation and he complimented the RINL for the various achievements in operational, projects and modernisation areas.

Source: Business Line, 2nd January, 2016

Steel Strips Wheels bags $14-m export order

Steel Strips Wheels Ltd said it has received a $13.5-million order from Thailand-based Siam Kubota Corp Ltd to supply tractor wheels. Beginning March 2016, Steel Strips Wheels will supply wheels from its Dadar plant to the production facility of Siam Kubota, it said in an exchange filing.

Source: Business Line, 2nd January, 2016

PROJECTS

ArcelorMittal-SAIL JV: Govt plans to start project this year

The estimated Rs 5,000-crore joint venture between steel giant ArcelorMittal and state-run SAIL is most likely to be finalised this year with the Steel Ministry working towards formalising the project."We have signed an MoU with ArcelorMottal for a steel plant. We want to finalise the project this year. Work on it is progressing," Steel and Mines Minister Narendra Singh Tomar said. The proposed JV will construct a cold rolling mill and other downstream finishing facilities in India, touted as one of the fastest-growing automotive markets in the world with production expected to double between 2014 and 2020, from 3.6 million units to 7.3 million units.

Source: The Financial Express, 4th January, 2016

Jindal Steel’s Australian unit to resume operations soon; gets regulatory nod

Jindal Steel & Power Ltd’s step down subsidiary in Australia, Wollongong Coal Ltd, will recommence operations at one of its mines in New South Wales soon. The company has recently obtained regulatory permission for a five-year extension to the Wongawilli coal mine’s licence. .Wollongong Coal would resume non-operational mine shortly, the company indicated to the Australian Stock Exchange. It has awarded a two-year contract to a local contract miner to operate the mine. “We will not begin preliminary planning and discussions with key stakeholders in the expectations that operations at Wongawilli will recommence in early 2016," said the company's Operations Manager Rhys Brett. Wollongong Coal has signed a tow-year contract with Delta SBD, one of the largest contract mining companies in the Australian underground coal mining industry, to oversee and manage the recommencement of the operations at Wongawilli. Delta SBD will provide technical expertise, personnel and equipment se4rvices at the mine, as well as managing day-to-day operations. The company, however, had said that clearance of the underground project would "allow" it to "recommence extraction of high-quality coking coal".

Source: Business Line, 7th January, 2016

PRICE

Iron ore price bounces back after hitting over 7-yr low

Iron ore prices bounced back after slumping to the lowest in seven years in December on a short term bargain hunting by traders and small steel mills alike. The benchmark 62% Fe grade iron ore recovered to trade at $ 43.11 a tonne on Chinese port. The current prevailing price, however, shows 13% rise from its recent low of $ 38.30 a tonne on December 11, 2015. Iron ore miners have cut output globally but its impact is yet to be seen on prices. Experts believe large stock holding at mine heads coupled with subdued demand from steel mills will not allow iron ore prices to move up for long. Before its price started declining, the 62 per cent Fe grade iron ore for delivery in China had shot up to its lifetime high of $192 a tone on February 17, 2011. The rebound in iron ore prices has prompted the government-owned NMDC to defer price cuts anticipated earlier till January. In December, the benchmark iron ore lumps quoted at Rs 2,100 a tone.

Source: Business Standard, 7th January, 2016

FINANCIAL

JSW Steel gets partial relief on payment of forest tax

Sajjan Jindal-led JSW Steel on Monday said the Honourable High Court of Karnataka has delivered its judgement on December 3rd, giving the former a partial relief on the payment of Forest Development Tax (FDT). The company in an exchange notification said, the judgement has come in response to a petition filed by mine owners and the purchasers of iron ore including JSW Steel on levy of FDT.

Source: Business Standard, 5th January, 2016

Steel companies seek comprehensive package to counter debt

Faced with a staggering debt of over Rs 3 lakh crore, domestic steelmakers sought a comprehensive steel package from the government, including a one-year moratorium on payment of interest and principal amounts. “The moratorium will be a short-term measure that will help ensure continued operations of the steel industry while the various remedial measures are put in place and produce sufficient positive impact. It will be necessary step to see that a large part of the debt of steel companies does not become NPA,” representatives of the India Steel Association (ISA) said in a presentation to steel secretary Aruna Sundararajan. Detailing a programme to reduce the industry’s debt burden, the industry captains said “sustainable” portion of the same must be deemed to consist of long-term debt, as well as working capital required to run the business at optimum capacity level and to generate a pre-determined debt service coverage ratio (DSCR). The remaining debt, which could be termed as the balance debt, is proposed to be repaid over an extended period by converting it into redeemable preference shares, with a nominal coupon rate, say 0.01%.

Source: The Financial Express, 8th January, 2016

POLICY

Steel units should be cost competitive to take on cheap imports: Niti Aayog

Steel producers need to be cost competitive to contain the spate of cheaper finished products from countries like China and Japan, an official of Niti Aayog said. "The entire world is facing a slump as far as the steel market is concerned. We have to ensure that our steel production is competitive. Whatever factors are making steel production uncompetitive need to be killed," said Niti Aayog member V K Saraswat. "We took a first hand appraisal of the problems faced by the steel producers. Our goal is to achieve a steel production of 300 million tonne by 2025 and our aim is to reach that goal in a cost effective manner," he said. Saraswat interacted with industry associations like Indian Steel Association (ISA), Indian Chamber of Commerce (ICC), Pellet Manufacturers' Association of India (PMAI) and All Odisha Steel Federation (AOSF). Ravi Uppal, managing director and group executive officer, Jindal Steel & Power Ltd (JSPL) and Vishal Agarwal, managing director, Visa Steel participated in the deliberations among others. On problems faced by the steel makers, Saraswat said: "The problems of the steel producers range from mining to transportation and capital cost. All these problems need to be addressed in a cohesive manner. We have to find out what are the enabling and disabling factors." The meeting focused on vision of the state government for investment/capacity augmentation for the steel sector by 2025, major hurdles faced by the industry in the progress of the existing projects and way forward and specific actions intended from the central government.

Source: Business Standard, 8th January, 2016

Steel ministry suggests coal blocks for direct allocation to PSUs

Contending that it was imperative for the government to provide some sort of raw material security to steel PSUs, the steel ministry has written to its coal counterpart suggesting specifically the blocks that can be directly allocated to state-run firms such as SAIL, NMDC and RINL, keeping in mind their future need. Barring SAIL, coal blocks have not been allocated so far to either RINL or NMDC despite the fact that Visakhapatnam-based RINL is in the last lap of raising its annual steel-making capacity to 7.5 million tonne per annum (mtpa) and iron ore miner NMDC ‘s maiden steel venture with 3 mtpa capacity is scheduled for completion in December this year. The steel ministry suggested that the Utkal A thermal block, which has an extractable reserve of around 300 MT, could be given to SAIL or, as an alternative, the Utkal B block could also be allocated to the steel Maharatna. Three thermal coal blocks, in order of preferences, have also been suggested for NMDC. Three blocks have also been suggested for RINL.

Source: The Financial Express, 8th January, 2016

MISCELLANEOUS

JSW Group to set up Rs 800 cr cement facility in Bengal

Sajjan Jindal’s JSW Group may have failed to execute its Rs. 35,000-crore 10-mt integrated steel project at Salboni in West Bengal due to iron ore linkage issues, but it’s pulling out all the stops to put up a Rs. 800-crore cement grinding unit at the same site. West Bengal Chief Minister Mamata Banerjee on Wednesday inaugurated the commencement ceremony for the construction of the cement unit.. The present project, which entails setting up a 2.4-million tonne cement grinding unit at Salboni of West Midnapore district, is likely to be the third such facility after Vijaynagar and Dolvi. Construction of the plant as well as commercial production is likely to start in a year. JSW group Chairman Sajjan Jindal termed it as “a small beginning”, but “a lot more could follow like down stream steel, paints, besides cement“.

Source: Business Line, 7th January, 2016