Steel In The News

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

A Report by Joint Plant Committee

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COMPANY NEWS

Steel Strips bags €15-m order from PSA Peugeot

Steel Strips Wheels Ltd (SSWL) on Monday said it has bagged orders worth over 15-million euros (over Rs 110 crore) to supply steel wheels to French automotive firm PSA Peugeot Citroen over a five-year period. The supplies will be for PSA's upcoming new plant at Kenitra in Morocco and their existing plants in Poissy, France and Vigo in Spain, the company said in a BSE filing.

Source: The Financial Express, 29th March, 2016

JSPL in Talks with Japan Co for Rail Mill Divestment

Jindal Steel and Power (JSPL) is in advanced discussions with Japan's Yamato Kogyo Company Ltd to sell up to 49% stake in its rail mill unit at an estimated Rs 3,000 crore, two people familiar with the development told ET. "JSPL had initiated discussions with Yamato Kogyo Company around December last year and has entered into an initial understanding," said one of the people quoted above. "They have completed due diligence and negotiations are at the final stage." The Naveen Jindal flagship company is considering sale of assets or equity in various companies for tackling a burgeoning debt and this will be its second divestment. "The rail mill will be valued at about Rs 6,000 crore. Yamato Kogyo is likely to pay about Rs 3,000 crore for 49%," said the second person, requesting not to be named as negotiations are underway. Depending on the valuation, the Japanese major may initially pick up 26% and subsequently increase it to 49% in the second phase. An email sent to Yamato Kogyo did not elicit any response.

Source: The Economic Times, 30th March, 2016

Tata Steel seeks British exit, puts business on the block

Tata Steel has put its loss-making UK operations, including the one in Port Talbot, on the block after rejecting a turnaround plan prepared by the European subsidiary as it requires long-term capital commitments. After selling 6.5 million tonnes of capacity in the UK, the company will be left with a similar production capacity in the Netherlands, its only profitable unit in Europe. Koushik Chatterjee, Group Executive Director (Finance and Corporate), Tata Steel, said the decision to find a suitor for the UK asset was taken after a seven-hour-long board meeting on Tuesday, and the company would work closely with the government to find the best possible solution. Refusing to set any timeframe for the exit, he said the decision was conveyed to the board of Tata Steel Europe, which would chalk out the future strategy. Besides dumping by China and weak demand, the UK operations were hurt by currency volatility as the company pays for inputs in dollars and realises a lower value for the finished products by selling in euros across Europe. This has squeezed margins and led to the UK operations logging negative Ebitda (Earnings Before Interest, Taxes, Depreciation and Amortisation), Chatterjee said. The firm has long-term debt of €3 billion across operations in Europe.

Source: Business Line, 31st March, 2016

PROJECTS

JSW Energy in final talks to buy JSPL's power plant for Rs 5,200 crore

JSW Energy is in final stages of negotiations with Jindal Steel and Power (JSPL) to buy the latter's 1,000 MW power plant in Raigarh district of Chhattisgarh for around Rs 5,200 crore. A formal announcement may happen soon. The consolidated debt of the Naveen Jindal-led JSPL is around Rs 46,000 crore and the deal will help the company pare its debt. On the other side, the deal will help the Sajjan Jindal-led JSW Energy realise its objective of having 12,000 MW power generation capacity by 2025.

Source: The Financial Express, 30th March, 2016

GLOBAL STEEL

Global steel industry facing "Ice Age,' top China mill warns

The crisis engulfing the global steel industry is so severe that one of China's top producers has warned a new Ice Age has set in as mills confront overcapacity and rising competition that threaten their survival. "In 2015, China experienced a slowdown in economic growth and excess steel capacity, which caused the domestic and overseas steel industry to enter into an 'Ice Age'," Angang Steel Co. said after posting a net loss of 4.59 billion yuan ($710 million) for last year. Steel demand in China is shrinking for the first time in a generation as growth slows and policy makers seek to steer the economy toward consumption. The steel industry is set for a "severe winter," Angang said, describing the market that it and others faced as complex. Output of steel by the country's fourth-biggest producer contracted 4.4 percent last year, and the company is seeking to reduce costs and boost efficiency, it said.

Source: Business Standard, 1st April, 2016

Britain says state takeover not the answer in steel crisis

British Prime Minister David Cameron said there was no guarantee a buyer could be found for Britain's biggest steel producer after Tata Steel announced it was pulling out, and a state takeover was not the answer. Cameron said he was dong all he could following the Indian company's decision to sell its British operation, a move that has put 15,000 jobs at risk and exposed the government to accusations of failing to protect the industry from cheap Chinese imports. Tata's biggest plant in Port Talbot, south Wales, is losing around $1.4 million a day as a result of depressed steel prices and high costs. He said ministers had been working on measures to help the industry, including encouraging major infrastructure projects to use British steel and cutting energy costs. The government's intervention, he said, had helped avert an outright closure of the loss-making operations by Tata.

Source: The Economic Times, 1st April, 2016

RINL's special bar mill products

Rashtriya Ispat Nigam Ltd (Visakhapatnam steel plant) has flagged off the first consignment of the high-quality rounds rolled out from its recently commissioned special bar mill (SBM). The mill was installed at Rs 1,000 crore under the RINL's 6.3 mtpa expansion project, according to a press release. PC Mohapatra, Director (Projects), DN Rao, Director (Operations), and P Raychaudhury, Director (Commercial), flagged off the first consignment from the SBM.

Source: Business Line, 1st April, 2016

FINANCIALS

Essar may sell assets at lower valuations

To pare its debt of over Rs 60,000 crore, Essar Group may be forced to sell some of its prized assets at valuations lower than previously sought. While the group is currently in talks with potential investors to sell part of the promoters' stake in Essar Steel, which has a total debt outstanding of over Rs 40,000 crore, sources say that it is also exploring options to raise additional funds by diluting stake in other group companies, which include its BPO arm Aegis and Essar Ports part of its infrastructure business. While both Aegis and Essar Ports have been on the block for a while now, sources say that a deal is yet to materialise due to differences over valuation. While Aegis's US operations were sold for $610 million in 2014, the group was also looking for a buyer for the remaining operations across India, Sri Lanka, Malaysia, Australia, South Africa, Peru, Argentina, Saudi Arabia and the UK but could not strike a deal because Aegis's profits had dipped significantly after sale of the US arm. With Aegis again turning marginally profitable recently, sources say that Essar Group has once again begun looking for a buyer. Industry sources, however, maintain that surge in hiring and expansion is possibly a precursor to an imminent sale with an eye on expected valuation.

Source: The Financial Express, 29th March, 2016

PRICES

Railways rationalise freight rates for shorter distances

Facing competition from the road sector, the Railways have rationalised the freight policy with the formulation of "merry-go-around" (MGR) scheme to increase the coal loadings from pitheads to plants. The new policy effective from April 1 this year aims to generate additional revenue to the tune of Rs 500 crore in the 2016-17 fiscal. As per the new policy, railways will charge Rs 47 per tonne for about 18 km distance per day for 2-3 trips as compared to road rates of Rs 72 per tonne for the same distance. Rationalisation of the freight policy was announced in the Railway Budget.

Source: The Financial Express, 30th March, 2016

STEEL MARKET

Steel imports: India asks US to comply with WTO ruling against CVD

Eager to help the debt-ridden steel industry regain its foothold in the US market for hot-rolled carbon steel products, India has asked Washington to comply with the dispute settlement body's ruling against countervailing duties (CVD) imposed on imports. The last date for complying with the ruling lapsed on March 19. India, together with Japan, the EU, Brazil and China, has also asked the US not to transfer anti-dumping and CVD imposed on imports to its industry — a move that was ruled illegitimate by the WTO several years ago, a government official told *Business Line*.

Source: Business Line, 29th March, 2016

POLICY

Safeguard duty on HR coils to stay

Safeguard duty on HR coils, which is aimed at providing cushion to the domestic steelmakers to guard them against surging imports, mainly from China, Korea, Japan and Russia, is going to stay, at least till March 2018, sources said. This is because imports of HR coil may have come down in recent times following the imposition of the safeguard duty and subsequently due to the levy of minimum import duty (MIP) at $445/tonne, the year-on-year numbers are still high. HR coil imports have gone up by 73.4% during the April-February period of the current fiscal at over 3 MT compared to 1.7 MT during the same period a year ago.

Source: The Financial Express, 29th March, 2016

Steel Safeguard Duty on till 2018

India extended a safeguard duty on some steel imports up to 2018 as officials grapple with an onslaught of cheap supplies amid a global glut. A levy of 20% applies until mid-September this year, dropping in stages to 10% for the six months through mid-March 2018, the Central Board of Excise and Customs said. The measure doesn’t apply to products coming in at or above the minimum import prices. Inward shipments have caused and threaten to cause serious harm to the domestic industry, the government said. India imposed the duty in September 2015 for 200 days and set floor prices for some products in February, after a slowdown in China exacerbated an oversupply of steel worldwide. Tata Steel said on Tuesday it will consider selling its UK steel division in part because of weaker demand and prices. Safeguard duties are meant to be temporary levies imposed to shield domestic industry from a damaging surge in imports. Steel imports into India fell 7.3% to 912,000 metric tonnes last month from a year earlier but were up 20.5% in the 11 months through February.

Source: The Economic Times, 31st March, 2016