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

February 15 -21, 2020

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RAW MATERIAL

Coal India gets Jharkhand block given up by SAIL

The Centre has handed over Parbatpur-Central coal block in Jharkhand to Coal India after steel maker Steel Authority of India Limited (SAIL) could not start production and relinquished it. It was a producing block with a capacity of 1.24 million tonnes prior to being cancelled by the Supreme Court. Coal India now plans to start production from the block and will continue to do so until the government decides on its fate.In a recent gazette notification, the government said it has appointed Coal India chairman as a designated custodian to manage and operate Parbatpur- Central coal mine under the Coal Mines Act (Special Provisions) Act, 2015 as amended by the Mineral Laws(Amended) Ordinance,2020. The block was initially allotted to Electrosteel Castings Ltd before it was cancelled by the Supreme Court in 2014 along with some 207 other blocks.Following this, the block was offered for auction in 2015. However, it was later withdrawn since it had coal bed methane reserves in it.

Source: Economic Times, February 21, 2020

Coal India's daily output set to rise to 3 MT next month

Coal India's daily output is expected to rise to three million tonnes (MT) next month, enough to run a 660-MW power plant for a year as the state-run miner focuses on expansion of projects and increasing production. In recent weeks, the company focused on removing top soil to expose coal, which will rapidly raise output, a Coal India executive said. "The company has also received environment clearances for a handful of large expansion projects. These are now underway and has aided in increasing daily production," he said. Daily output has already reached 2.3 million tonnes after dipping to 1.1 million tonnes from 1.8 million tonnes following heavy late-monsoon rain. It has now risen to 2.3 million tonnes. A former Coal India chairman said that to achieve targets towards the end of the fiscal year, the company shifts focus from removing top soil to raising output. It now plans to increase stocks at thermal power plants to 30 days and reduce pending supplies to non-power consumers to zero by March. At present power plants are stocked with 20 day's fuel. Coal at pitheads is 35 MT, while thermal plants have stocks of 36 MT. With power plants sufficiently stocked, Coal India has liquidated over 78 per cent of pending supplies to other customers. It reduced the pendency from 5,143 rakes, or goods trains carrying coal, as on April 1 last year to 1,116 in January.

Source: Economic Times, February 17, 2020

Vedanta's digital smelter to make it an optimum raw materials user

Vedanta Limited's Aluminium & Power business has signed an agreement to deploy GE's Digital Smelter solutions at its largest smelter in India at Jharsuguda in Odisha. The move, which is tipped to significantly increase its operational efficiency and productivity, will be the first such deployment of digital twin technology at any aluminium smelter in India. The initiative is expected to substantially reduce specific power consumption at the smelter. Typically, a one-percent reduction in specific power consumption based on digital smelter solutions can save about $ 4-5 million annually in the smelter potlines alone, for every one million ton per annum (mtpa) of aluminium production, an official statement said. In addition, this digital solution is expected to improve raw material utilization, increase smelter pot life, operational efficiency, safety and reduce wastage, the statement added.

Source: Economic Times, February 19, 2020

COMPANY NEWS

SAIL records jump in sales and saleable steel production in 3rd quarter

Steel Authority of India Limited (SAIL) declared its performance results for the 3rd quarter of Financial Year 2019-20 (Q3 FY'20). During the quarter, the Company reported a 5% growth in its topline over CPLY. Despite the reduction in prices, SAIL has been able to achieve higher revenue through its continual push towards higher volumes which saw production (3.9 MT) and sales (4.1 MT) grow by 3% and 26% over CPLY respectively. However, the reduction in prices, which has hurt the financial performance of all major domestic steel producers during the quarter, impacted the profitability of SAIL as well with the Company posting a net loss of Rs 429.62 crore in Q3 FY'20. Shri Anil Kumar Chaudhary, Chairman, SAIL commented that, "The quarter had been quite challenging for the entire industry in terms of subdued realisations thereby impacting the financial performance of all major producers. However, utilising this as an opportunity, we have accelerated our efforts towards stabilizing the production from the new mills and continuously improving process efficiencies. The Company is enriching its product basket with more focus on cost minimization to improve its bottom-line." He further added, "Despite lower steel prices amidst stiff competition during the third quarter, we could achieve significant growth in sales and saleable steel production. The recent improvement in the market conditions combined with the efforts towards cost reduction, we are hopeful of doing better in the 4th quarter". SAIL has made good ground in the 3rd quarter towards improvement in techno-economic parameters viz., BF Productivity, Coke Rate, CDI Usage, Specific Energy Consumption and production through Concast Route which improved by 12.4%, 5.3%, 40%, 2.4% and 8.5% respectively over the previous quarter.

Source: Business Standard, February 18, 2020

SAIL posts Rs.343-cr loss in Q3 amid higher expenses

Steel Authority of India Limited reported Rs 343.57 crore consolidated net loss for the third quarter ended December 31, mainly on account of increased expenses. The company had a net profit of Rs 638.79 crore during the same quarter a year ago, the state-run firm said in a BSE filing. During October-December 2019, the company's total income was Rs 16,714.87 crore as against Rs 15,906.68 crore in the year-ago quarter. Its total expenses were at Rs 17,312.64 crore, higher from Rs 14,937.13 crore in October-December 2018. In a statement, SAIL said, despite the reduction in prices, the company has been able to achieve higher revenue. The production was at 3.9 million tonne, while sales stood at 4.1 MT, up 3 per cent and 26 per cent, respectively, over the same period last year, it said. "Reduction in prices, which has hurt the financial performance of all major domestic steel producers during the quarter, impacted the profitability of SAIL as well with the company posting a (standalone) net loss of Rs 429.62 crore in third quarter of FY20," the company said.

Source: Financial Express, February 15, 2020

Arcelor-Nippon in talks to buy 500 Mw Bhander power unit

AM/NS India — a joint venture (JV) between ArcelorMittal and Nippon Steel that has acquired Essar Steel — is in advanced stage of discussions with Edelweiss ARC to buy Bhander power plant. Bhander Power, a 500 megawatts (Mw) natural gas-based plant located in Hazira, Gujarat, is captive to Essar steel plant, and was till recently owned by the Ruias, promoters of the Essar group. The power plant is being sold by Edelweiss under the Securitisation and Reconstruction of Financial Assets and Enforcement of Securities Interest (SARFAESI) Act. "It (Bhander power plant) is a good asset. We hope to close it soon, said people close to Edelweiss. They however, said that the deal was yet to be finalised.

Source: Business Standard, February 17, 2020

Blast furnace at ISP crosses 10 million tonnes mark

Touching its sixth year production, the Blast Furnace, "Kalyani" at IISCO Steel Plant crossed the 10 million tonnes mark of Hot Metal production on 10th of February. Excelling on the techno-economic parameters it also achieved its lowest daily coke rate of 340 kg/THM on 18th January and highest daily CDI of 161 kg/THM on the 1st of January, this year. Congratulating the employees o this occasion CEO Mr. A.V. Kamlakar said, "w have crossed a major milestone in our quest for excellance. We are very positive about establishing a dominant market share for our products and fulfilling customers' requirements"

Source: Business Standard, February 18, 2020

JSW Steel bags 3 mines in Odisha

JSW Steel has emerged as the preferred bidder for three iron ore mines with cumulative reserves of 1,091 million tonnes in Odisha. In a statement to BSE, JSW Steel said the company was declared the preferred bidder through a communication on February 15 from the Director of Mines, Odisha for three iron ore mines (Nuagaon iron ore mine, Narayanposhi iron and manganese ore mine, and Ganua iron ore mine) in Odisha. The auction for these mines was held by the State government in January 31 to February 4. The estimated iron ore resources of the aforesaid mines are about 1091.835 million tonnes. The company will pay a premium of 95 per cent for the Nuagaon iron ore mine, 99 per cent premium on ore mined from the Narayanposhi iron and manganese ore mine and 132 per cent premium on the Ganua iron ore mine. The company will take all requisite steps as per the tender document to obtain Letter of Intent, all statutory clearances, execute Mine Development and Production Agreement and start the mining operations, said JSW Steel in a statement on Monday.

Source: Business Line, February 19, 2020

NCLAT approves JSW Steel's Rs.19,700-crore proposal to acquire Bhushan Power and Steel

The National Company Law Appellate Tribunal has approved the ₹19,700-crore resolution plan of JSW Steel to takeover the bankrupt Bhushan Power and Steel. The approval comes with the immunity sought by the new owner against investigations being carried out against the erstwhile promoters of Bhushan Power and Steel. This comes after the government recently amended Section 32A of the Insolvency and Bankruptcy Code, providing immunity to the bidders and the insolvent company's assets from investigation. However, the Enforcement Directorate had argued that the amended Act will not have retrospective effect and cannot be applied in JSW Steel's case. After its bid was approved by NCLT, Sajjan Jindal-promoted JSW Steel had moved NCLAT, seeking immunity from the ongoing criminal investigation against BPSL promoters.

Source: Business Line, February 18, 2020

London based GFG Alliance completes Adhunik, Zion acquisition for Rs.425 cr

UK-based GFG Alliance — owned by India-born British businessman Sanjeev Gupta and his family — on Tuesday announced the strategic acquisition of the debt-laden Adhunik Metaliks and Zion Steel in a Rs 425-crore cash deal under the corporate insolvency resolution process (CIRP). This comes after a prolonged delay by Liberty House, owned by GFG Alliance, in making the payments for taking over the two companies. The transaction marks GFG Alliance's entry into India, one of the world's fastest-growing steel markets, Liberty House said in a statement. Gupta-led Liberty House had earlier failed to meet several deadlines for the payment under CIRP to acquire steelmaker Adhunik Metaliks, the flagship of Kolkata-based Adhunik Group, and ground company Zion Steel after the Kolkata bench of the National Company Law Tribunal (NCLT) in July 2018 approved its resolution plans for acquiring the two bankrupt companies under the Insolvency and Bankruptcy Code (IBC).

Source: Financial Express, February 19, 2020

'Gas warrior' GAIL seeks to convert Indian steel mills to spur use

GAIL India Ltd., the nation's biggest gas utility, is in talks with Indian steel mills to convince them to switch to using the less polluting fuel in an attempt to revive sales growth. The shift to gas will mean a sweeping transition in a country that depends largely on oil and coal for energy. The New Delhi-based company is counting on the global push for factories to seek less polluting fuels to drive that change, Ashutosh Karnatak, director of projects at the state-run utility said in an interview. For GAIL it's crucial to find new clients as demand from its biggest customers - power plants - wanes. The company has the backing of Prime Minister Narendra Modi, who has set a goal to reduce the emissions intensity of the economy as well as curb the severe air pollution that chokes large swathes of the country's urban landscape. Modi is pushing for a gas-based economy, where the fuel is seen more than doubling its share in the energy mix to 15% by 2030.

Source: Financial Express, February 19, 2020

Boost for JSW Steel: NCLAT says BPSL assets protected

The National Company Law Appellate Tribunal (NCLAT) on Monday rejected the Enforcement Directorate's (ED) plea for right to attach the assets of Bhushan Power and Steel Ltd (BPSL). It allowed JSW Steel, the chosen bidder for the insolvent firm, to go ahead with its Rs 19,700 crore takeover proposal, with immunity against the consequences of offences committed by its former promoters. This is the first instance of use of Section 32A added to the Insolvency and Bankruptcy Code (IBC) through an Ordinance on December 28, 2019. The NCLAT ruling, though prone to challenge in the Supreme Court, also bolsters the case that the new Section has retrospective validity; the BPSL insolvency process began way back in July 2017. Section 32A provides that in cases where the resolution plan results in a change in the management or control of a corporate debtor, then in such cases, the corporate debtor will not be liable for any offences committed prior to the commencement of the insolvency resolution process. The liability of the corporate debtor will cease from the date the resolution plan is approved by the tribunal and the property of the corporate debtor will be immune from actions such as attachment, confiscation or liquidation. The (NCLAT) order will enable independent resolution applicants to fearlessly bid for distressed assets, without the fear of the ED action, Prevention of Money Laundering Act (PMLA) proceedings etc," said senior advocate Ramji Srinivasan.

Source: Financial Express, February 19, 2020

Super Smelters set to invest Rs.1,000 cr in West Bengal

Super Smelters, part of the SAI group with interests in the iron and steel sector, has decided to invest close to Rs 1,000 crore in setting up a greenfield steel unit and expanding brownfield capacity in West Bengal in the next 2-3 years. The company, which makes ''SuperShakti" brand of TMT bars, is looking at initially setting up a 2.5 lakh tonne unit to produce value added steels in Jamuria, adjacent to its existing steel unit in the state. As part of its brownfield expansion, Super Smelters is planning to double the capacity of its unit in Jamuria to 40,000 tonnes per month (tpm) from the existing 20,000 tpm. While investment on the greenfield steel project is likely to be around Rs 600 to Rs 700 crore, the rest will be spent on the expansion. "We are drawing up plans to invest nearly Rs 1,000 crore in West Bengal in the next 2-3 years. This will include a new greenfield steel plant and adding capacity at our existing plant at Jamuria," G K Sharan, chief mentor, Super Smelters said. While the details of the new unit are yet to be firmed up, the group is eyeing an initial capacity of 2.5 lakh tonne per annum of value added steels to start with. He was speaking after the launch of the company's new product, Fe 550+ SD Advanced Y Ribbed TMT Bars, a distinctly designed thermo-mechanically treated steel (TMT) bar to address the growing need for safer, earthquake-resistant steel. "The mainstay of our product is its fatigue strength and ductility. These have been proven to be superior to ordinary TMT," Chetan Yagnik, director- sales & marketing said. SAI Group has four plants in West Bengal and Jharkhand which manufacture a variety of steel products for the construction sector, like sponge iron /direct reduced iron (DRI), iron ore pellets, billets, slabs, hot rolled coils, structurals, ERW (electric resistance welding) pipes and wire rods, among others. The company said it has achieved a turnover of over Rs 900 crore up to December 2020 and is hopeful of touching a turnover of over Rs 1,200 crore by March 2020.

Source: Economic Times, February 21, 2020

STEEL PERFORMANCE

Steel industry will be hit for 3 yrs: Pradhan

The impact of Coronavirus outbreak will be felt on global steel industry for at least two to three years, as China is the largest producer of the alloy, Union Minister Dharmendra Pradhan said on Monday. The minister also asked Indian steel companies to enhance output, particularly special steel, to grab larger global market share. A strategy paper was being prepared for producing 10 million tonnes of special steel at a cost of Rs 50,000 crore with 50,000 employment potential in the present scenario, he said. India is the second largest global producer of steel with an annual output of over 106 million tonne (MT), but lags much behind China that accounted for 928.3 MT of the alloy in 2018. "When some markets in the globe face pressure, its positive reflection is felt in some other markets. This is an automatic (natural) law. India occupies number two slot in steel production. From capital goods to finished products - how can we derive benefit - we are holding talks with stakeholders," Pradhan said on the sidelines of a CII event.

Source*: Business Standard, February 18, 2020*

NEWMAKER

NMDC chief wins Business Leadership award

N Baijendra Kumar, CMD of NMDC, won the Business Leadership Award 2020 at the 7th edition of the Governance Now PSU Awards. Union Minister Arjun Ram Meghwal handed over the awards to Kumar and other winners from various categories.

Source: Financial Express, February 21, 2020