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

May 18 -24, 2019

HIGHLIGHT

1. Steel, aluminium producers want no reduction commitments under RCEP
2. NMDC iron ore output jumps 20% to 2.90 MT in April
3. Iron ore goes past $100 as supply crisis roils market
4. Jindal Stainless Q4 profit plunges 72%; to exit CDR
5. Thermax profit jumps 31% to Rs.113 cr in Q4FY19
6. British Steel is close to collapse; 25,000 jobs at risk

RAW MATERIAL

NMDC iron ore output jumps 20% to 2.90 MT in April

State-owned miner NMDC on May 22 said its iron ore output rose over 20 percent to 2.90 million tonne (MT) in April. The company produced 2.21 MT iron ore from its mines in Chhattisgarh, while its production from Karnataka mines stood at 0.69 MT, NMDC said in a filing to the BSE. NMDC's output had stood at 2.41 MT during the corresponding month in 2018. The company sold 2.70 MT of iron ore -- 2.18 MT from Chhattisgarh and 0.52 MT from Karnataka -- during April 2019, NMDC said. Sales in April 2018 had stood at 2.22 MT. Production and sales figures of iron ore are provisional, NMDC added. According to its website, NMDC is the country's single largest iron ore producer, currently producing about 35 million tonne of iron ore from three fully mechanised mines. Besides iron ore, NMDC is also involved in the exploration of wide range of minerals such as copper, lime stone and gypsum.

Source: Financial Express, May 23, 2019

Iron ore goes past $100 as supply crisis roils market

Iron ore rallied above $100 a ton, surging to the highest since 2014, as investors bet that a global supply crunch will spur a scramble for cargoes just as China’s mills push out record volumes of steel. Benchmark spot ore climbed 2.5% to $100.35, according to Mysteel Global. Earlier, most-active futures in Singapore jumped as much as 3.8%, while miners’ shares powered ahead, with Fortescue Metals Group Ltd. hitting the highest since 2008. Iron ore has staged a stunning rally in 2019 as supply disruptions in Brazil and Australia, the top shippers, spurred forecasts the seaborne market will swing to a deficit. At the same time, mainland mills have been producing record quantities of steel, underpinning expectations for strong import demand.

Source: Business Standard, May 18, 2019

COMPANY NEWS

Jindal Stainless Q4 profit plunges 72%; to exit CDR

Jindal Stainless Ltd (JSL) on Monday reported a ₹32-crore net profit for the fourth quarter of FY19. This was a 71.9 per cent fall from the ₹114.7-crore net profit for the same quarter of FY18. Total income rose 2.41 per cent to ₹3,260.1 crore. Shares of JSL closed 12.24 per cent higher at ₹38.4 on the BSE on Monday. In a positive development, the company said it has received approvals to exit the Corporate Debt Restructuring (CDR) programme it was undergoing. “The consortium of CDR lenders has agreed to allow CDR exit for the company with effect from March 31, 2019, subject to requisite approvals from their respective competent authorities. The aggregate liability of recompense as on March 31, 2019, was determined at ₹191 crore as per extant guidelines,” said a company statement.

Source: Business Line, May 18, 2019

Thermax profit jumps 31% to Rs.113 cr in Q4FY19

Thermax reported a 31% rise in standalone profits to Rs.112.81 crore while revenues were up by 48.49% to Rs.1,327.60 crore during Q4 FY 19. The profit included Rs.48.27 crore, representing impairment and reversal of impairment in the investment of subsidiaries. For Q4 FY19, Thermax’s consolidated profit rose by 76% to Rs.127 crore while revenues went up by 43.70 % to Rs.2,073.67 crore. However, consolidated order intake for Thermax was down 27% to Rs.1,157 crore while that of standalone Thermax was down 42% to Rs.717 crore.

Source: Financial Express, May 23, 2019

FINANCIAL

Our offer for Essar Steel is fair and adequate: ArcelorMittal to NCLAT

Global steel major ArcelorMittal told the National Company Law Appellate Tribunal (NCLAT) that it would pay Rs 42,000 crore, including a minimum of guarantee of Rs 2,500 crore as working capital, for acquiring debt-laden Essar Steel under the insolvency process. Senior advocate Harish Salve appearing for ArcelorMittal also accused Ruias, former Essar Steel promoters, of creating hurdles in the resolution process of the bankrupt steel maker. According to him, issues related to alleged NPAs of the companies of Lakshmi Mittal’s brother have been already dealt with and rejected by the Supreme Court. Salve further submitted that NCLT and lenders would decide over the distribution of funds among the creditors of Essar Steel. He also added that the distribution should be “equitable” between financial creditors and operational creditors. The NCLAT would continue to hear the Essar Steel insolvency case on May 21. It had also sought disqualification of ArcelorMittal’s bid for the debt-laden company.

Source: Business Line, May 18, 2019

Essar Steel case: NCLAT reserves order on ArcelorMittal bid

The National Company Law Appellate Tribunal (NCLAT) on Tuesday reserved its order over a batch of petitions against ArcelorMittal’s ₹42,000-crore takeover bid for Essar Steel as well as the distribution of funds among the creditors of the debt-ridden company. A two-member Bench headed by Chairman Justice SJ Mukhopadhaya asked all parties, including ArcelorMittal, to file their written submissions over their submissions by Wednesday. During the proceedings, senior advocate Kapil Sibal, appearing for Standard Chartered Bank, a secured creditor of Essar Steel, questioned the addition of working capital in the final resolution amount. According to him, the ₹42,000 crore coming in should not be touched and the profit made by Essar Steel Essar Steel’s facility near Pune (file photo) should be left with the company only.

Source: Business Line, May 22, 2019

POLICY

Steel, aluminium producers want no reduction commitments under RCEP

Steel and aluminium producers have asked the Commerce Ministry to exclude the two items from tariff reduction commitments in the on-going Regional Comprehensive Economic Partnership (RCEP) negotiations as senior officials from the 16 member- countries of the bloc prepare to meet in Bangkok this week to give a more concrete shape to the proposed pact. “Senior officials from all 16 countries will get together at the inter-sessional meeting this week and there will be pressure to keep the sensitive list of items, on which no reduction commitments will be taken, very short. Both steel and aluminium producers have petitioned to the government to keep several of their items out of the reduction commitments,” a government official told BusinessLine. Most RCEP countries, which include the 10-member ASEAN, China, Japan, South Korea, Australia, New Zealand and India, are keen to conclude the pact by the year-end and take on commitments to eliminate tariffs on more than 90 per cent of traded goods. Steel producers and the Steel Ministry are of the opinion that if India reduces import duties on stainless steel products to zero per cent, it will lead to Chinese goods flooding the Indian market and could lead to the immediate closure of small-scale units. As per industry estimates, investments worth over ₹30,000 crore made by domestic industry in capacity building would be under threat if the sector is not protected.

Source: Business Line, May 23, 2019

GLOBAL STEEL

British Steel is close to collapse; 25,000 jobs at risk

British Steel, the country’s second largest steel producer, is on the brink of collapse unless the government agrees to provide an emergency 30 million pound ($38 million) loan, two sources close to the situation said. Its collapse will render about 25,000 people jobless. British Steel said negotiations had not concluded and it continues to work with all parties to secure the future of the business. It also reassured employees that their salaries will be paid in full for May. Owned by investment firm Greybull Capital, British Steel employs around 5,000 people, mostly in Scunthorpe, in the north of England, while 20,000 more depend on its supply chain. Greybull, which specializes in trying to turn around distressed businesses, paid former owners Tata Steel a nominal one pound in 2016 for the loss-making company which they renamed British Steel. British Steel had asked the government for a 75 million pound loan but has since reduced its demand to 30 million pounds after Greybull agreed to put up more money, according one of the sources, who is close to the negotiations.

Source: Business Line, May 22, 2019

MISCELLANEOUS

Indian Railways hobbled by delay in rolling stock supply by private firms

Indian Railways has been adversely affected by the delay in supply of freight wagons by private manufacturers to replace old rolling stock and also create a buffer. There is a backlog of nearly 25,000 wagons to be supplied by private manufacturers, according to a member of the Railway Board, who did not want to be named. “Private wagon manufacturers are unable to supply the orders that we placed with them in the past. We are now in the process of issuing further orders. We have increased our manufacturing capacity in Indian Railways, which will produce over 4,000 wagons this year,” said the official. In 2018-19, Indian Railways loaded 1,216 million tonnes (mt) of goods, 55 mt more than the freight loaded in the previous year. Coal and coke contribute nearly 60 per cent of freight traffic, followed by cement and food grains. “The Railways is always at the receiving end. In this case, private manufacturers are unable to clear the backlog but the Railways is pulled up for not supplying adequate wagons. They should clear the backlog. There is no shortage of demand to move cargo, as Indian Railways estimate originating loading for freight business to increase to 2,165 mt by 2020,” he said.

Source: Business Line, May 23, 2019