Steel In The News

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

CONTENTS	Page

A Weekly News Report by Joint Plant Committee

April 13 - 19, 2019

HIGHLIGHTS OF THE WEEK

1. Steel demand in India seen growing over 7% in two years
2. ‘Global steel demand to slow as China economy falters and trade war hits’.
3. Tata Steel is India’s top steel producer in FY19
4. SC seeks Centre’s response on plea against lease of 358 iron-ore mines.
5. Huge decline in India steel export to US; spike in aluminium.
6. JSW suggests mechanism to sell steel to exporters
7. JSPL’s Q4 steel output, sales at record high
8. EU-India discussions on re-testing of imported steel products fail to cut ice.
9. JSPL refutes allegations of not disclosing info on Australian mines to investors
10. China iron ore falls on supply expectations

RAW MATERIAL

SC seeks Centre’s response on plea against lease of 358 iron-ore mines

The Supreme Court Tuesday asked the Centre to respond to a plea seeking quashing of allotment, extension or continuation of leases to firms for mining iron ore from over 358 mines across the country without any fresh evaluation. A bench of Justices S A Bobde and S A Nazeer issued notice to the Centre on the petition, which has also sought a direction to the CBI to register an FIR to probe the matter, and asked senior advocate P S Narasimha to assist it in the case. The plea, filed by advocate Manohar Lal Sharma, has alleged that in February this year it came to his knowledge that 288 mining leases were extended in exchange of "large donations" which has created a "serious financial loss" to the tune of Rs 4 lakhs crore to public exchequer. The petitioner has claimed that leases have been either granted or extended to the firms for mining iron ores in over 358 mines without either any fresh evaluation or adopting the auction process. It has also sought directions for recovery of market value of the mined minerals in accordance with the law. Besides, it has sought a court-monitored probe into the extension of lease and allotment of the mineral mines for free of cost alleging that it had caused huge financial loss to the public via a concocted conspiracy.

Source: Business Line, April 17, 2019

COMPANY NEWS

Tata Steel is India's top steel producer in FY19

Tata Steel edged past JSW Steel to be the largest steel producer in India in FY 2018-19 boosted by the acquisition of Bhushan Steel. JSW Steel, which was the largest domestic producer so far, was a close second followed by state-owned Steel Authority of India (SAIL) at the third spot. Tata Steel's production topped 16.79 million tonnes in the financial year ended March 31, up 35% over 12.48 mt in FY18. Close on its heels was JSW Steel, with an output of 16.69 mt, 2.5% higher than 16.27 mt in FY 18. SAIL, which is nearing completion of its massive 70,000-crore expansion and modernisation programme, ended the year with production figures of 16.3 mt in FY 2018-19, up 8.5% from 15.02 mt in FY18. A ramp-up in capacity at Tata Steel BSL following the acquisition of Bhushan Steel and better plant availability across locations led to Tata Steel seeing a 46% growth in crude steel production in Q4FY19 to 4.47 mt, Tata Steel said earlier this month. This comes at a time when India's steel demand is tipped to grow at over 7% in both 2019 and 2020 on sustained infra spends, World Steel Association said.

Source: Economic Times, April 18, 2019

JSW suggests mechanism to sell steel to exporters

JSW Steel has offered to supply steel to export-oriented engineering companies at the landed cost of imports without adding customs duty under the advance licence mechanism. In a bid to incentivise export, the government allows exporting units to import raw material duty-free under the advance licence. While steel companies have been demanding the government to increase duty to prevent cheap imports, the Engineering Export Promotion Council recently voiced concern against the protectionist measure. In a presentation made to the Commerce Ministry opposing any hike in steel import duty, EEPC highlighted how steel prices have shot up in the past two years. This apart, it said the delivery period has increased to 4-6 months from just a few weeks ago, it claimed. Domestic steel prices are pegged to the landed cost of imports, including import duty. Refuting the claim of EEPC, Seshagiri Rao, Joint Managing Director, JSW Steel, said there is enough schemes for exporting engineering companies to import steel without paying duty. Sourcing steel domestically will not only bring down dollar-trade but also help government collect more tax from steel companies profit, he said. In fact, he added engineering companies can source hot-rolled coil at a much cheaper price than importing, if the government reimburse import duty ranging ₹ 500-1,250 a tonne to steel companies.

Source: Business Line, April 18, 2019

JSPL’s Q4 steel output, sales at record high

Jindal Steel and Power Limited (JSPL) has reported its highest ever domestic quarterly steel production and sales in the fourth quarter of financial year 2018-2019. “The company registered a record crude steel production of 1.51 million tonnes and robust sales of 1.45 mt during the quarter ending March 2019,” a JSPL statement said. The production during the fourth quarter of the previous fiscal stood at 1.26 mt. The sales stood at 1.18 mt. Commenting on the performance, Naushad Akhter Ansari, Joint Managing Director at JSPL, said, “In the fourth quarter, we continued the momentum. With the ramp up in production at Angul, we are confident of further accelerating the growth momentum — both in production and sales.”

Source: Business Line, April 17, 2019

Essar Steel operational creditors question CoC over discrimination

Essar Steel's operational creditors with claims of over Rs one crore Wednesday alleged that the committee of creditors of the debt-ridden firm has been "monopolised" by its financial lenders and sought equal treatment on par with them. CoC cannot "arbitrarily discriminate" between the operational creditors with claims under Rs one crore and above Rs one crore under the Insolvency & Bankruptcy Code, they said in a public notice published in newspapers. Questioning the classification of operational creditors by the lenders, they wondered as "how has COC decided the cut off figure of Rs one crore between the same class of admitted Operational Creditors?" As per the Rs 42,000 crore resolution plan for Essar Steel by the global steel giant ArcelorMittal, operational creditors having claims below Rs one crore will get their dues and those with claims of over Rs one crore will receive almost zero. The creditors also alleged in the notice that CoC is paying merely "lip service" to the suggestions of the NCLT and NCLAT as it has now offered Rs 1,000 crore to operational creditors, which actually means that the creditors with over Rs one crore claim will get only 21 per with a 79 per cent haircut. After this, operational creditors with below Rs one crore claim will get 97 per cent of their claims, while the financial creditors would receive 90 per cent of their dues. According to the notice, financial creditors will not only receive the entire principal amount but also a significant part of interest.

The total dues of operational creditors with below Rs one crore claim is only around Rs 200 crore and the dues of operational creditors with above Rs one crore claim stood at Rs 4,900 crore, it said.

Source: Financial Express, April 18, 2019

STEEL PERFORMANCE

‘Global steel demand to slow as China economy falters and trade war hits’

Growth in global steel demand will weaken over the next two years because of slowing economies, sluggish manufacturing in China and the Sino-U.S. trade war, the World Steel Association (worldsteel) said on Tuesday. Demand growth will decline to 1.3 percent in 2019 and 1 percent next year, following 2018’s 2.1 percent, the association said. China, which consumes about half the world’s steel, has seen its economy decelerate mildly while the government continues to steer the country away from investment-led to consumption-led growth, worldsteel said in a statement. A damaging and long-standing trade conflict between the United States and China has also hurt investment sentiment. “In 2019 and 2020, global steel demand is expected to continue to grow, but growth rates will moderate in tandem with a slowing global economy,” said Al Remeithi, chairman of the worldsteel economics committee. Worldsteel pegged demand this year at 1.735 billion tonnes, followed by 1.752 billion tonnes in 2020. “Uncertainty over the trade environment and volatility in the financial markets have not yet subsided and could pose downside risks to this forecast,” Remeithi warned.Demand in 2018 and 2019 was cushioned by mild government stimulus in China, the effects of which will subside next year, worldsteel said. China’s state planner last week drew up a plan for urbanisation, including improvements to infrastructure projects in medium-sized and small cities and an expansion of transportation systems. Elsewhere, demand growth in developed economies is expected to slow to 0.3 percent this year and 0.7 percent in 2020 after last year’s 1.8 percent, reflecting a deteriorating trade environment, worldsteel said.

Source: Financial Express, April 17, 2019

Steel demand in India seen growing over 7% in two years

Steel demand in India is expected to grow over 7 per cent in the current as well as next year, according to the World Steel Association. The global steel body, in its report titled ‘Short Range Outlook April 2019’, said it sees global steel demand reaching 1,735 million tonnes (MT) in 2019, a rise of 1.3 per cent over 2018. In 2020, the demand is projected to grow 1 per cent to 1,752 MT, it said. "In developed economies, steel demand grew by 1.8 per cent in 2018 following a resilient 3.1 per cent growth in 2017. We expect demand to further decelerate to 0.3 per cent in 2019 and 0.7 per cent in 2020, reflecting a deteriorating trade environment," the body said. Steel demand in emerging economies, excluding China, is expected to grow 2.9 per cent and 4.6 per cent in 2019 and 2020, respectively, it said. For India, it said, "The wide range of continuing infrastructure projects is likely to support growth in steel demand above 7 per cent in both 2019 and 2020." In developing economies in Asia, excluding China, the demand is expected to grow by 6.5 per cent and 6.4 per cent in 2019 and 2020, respectively, making it the fastest-growing region in the global steel industry, it added.

Source: Business Line, April 18, 2019

Huge decline in India steel export to US; spike in aluminium

India's steel export to the US in 2018 declined by 49 per cent to USD 372 million, while that of aluminum increased by 58 per cent to USD 221 million, the independent Congressional Research Service (CRS) said in its latest report. In 2018, the US imports of steel and aluminum products totalled USD 29.5 billion and USD 17.6 billion respectively, the report said adding that over the past decade steel imports have fluctuated significantly by value and quantity, while imports of aluminum have generally increased. "The largest declines in US steel imports, by value, were from South Korea (-USD 430 million, -15 per cent), Turkey (-USD 413 million, -35 per cent) and India (-USD 372 million, -49 per cent) with significant increases from the EU (+USD 567 million, +22per cent), Mexico (+USD 508 million, +20 per cent) and Canada (+USD 404 million, +19 per cent)," the report said.

Source: Financial Express, April 15, 2019

FINANCIAL

JSPL not disclosing closure of Australian mines to investors: Gujarat NRE ex-promoter to SEBI

Naveen Jindal's Jindal Steel and Power Ltd seems to be facing trouble from Arun Kumar Jagatramka, the erstwhile promoter of under-liquidation Gujarat NRE Coke. In a letter to SEBI, Jagatramka has accused Jindal and his company of not reporting hurdles that JSPL is facing in the Russelvale and Wongawilli mines in New South Wales, Australia. JSPL operates these mines through Wollongong Coal and Wongawilli, its main subsidiaries with operations in Australia. In the letter to SEBI, Jagatramka said: “Officers of JSPL India have repeatedly and regularly assured investors that the mines in Australia are operating well and production is expected to ramp up in the future. But, in reality, the bigger mine with newly installed Longwall mining equipment, namely, Russell Vale Mine, is on care and maintenance since 2014 due to the absence of mining approvals. “Prohibition notices were issued to the mine in February and March 2019 due to serious breaches of workplace safety laws. Finally, on March 19, 2019, the NSW Resource Regulator shut down the mine due to continued non-compliance and roof fall. Surprisingly, none of this has been reported by JSPL India to its shareholders and bankers who have material interest and a right to be aware of these facts. “Naveen Jindal and officers of JSPL India, by hiding these key facts about the current situation of the mines in Australia and their impact on JSPL India, from the bankers and the Indian shareholders, are knowingly breaching the rules of SEBI disclosures in India.” However, analysts say Jagatramka and Jindal have been embroiled in a bitter battle over recovery of dues from the former’s companies to JSPL. The mines operated by JSPL in Australia had earlier been taken away from Jagatramka in a bid to recover dues. In response to queries from BusinessLine, a JSPL spokesperson said: “The allegations made by Arun Jagatramka in his letter are false, frivolous and imaginary. JSPL observes best corporate governance practices and has always disclosed to its stakeholders all the information required as per the regulations.

Source: Business Line, April 15, 2019

JSPL refutes allegations of not disclosing info on Australian mines to investors

Jindal Steel and Power (JSPL) on Tuesday refuted charges made by Arun Kumar Jagatramka, the erstwhile promoter of Gujarat NRE Coke, in a letter to the Securities and Exchange Board of India (Sebi) that JSPL is not reporting hurdles faced by it in the Russelvale and Wongawilli mines in New South Wales, Australia. JSPL informed the stock exchanges that the charges are “frivolous” and that the company has not “concealed” any information. “We understand our responsibility and accountability that comes with it and always abide by all regulations/laws, and as a law abiding corporate, we have never concealed anything and have kept all the stakeholders timely informed about all developments/changes that have happened so far,” JSPL said in a filing.

Jagatramka in his letter alleged that the Russell Vale Mine — bigger mine wherein new equipment have been installed — does not have mining approvals and is on care and maintenance since 2014. He has alleged that after getting various notices regarding breach of workplace safety laws, the mine was eventually shut on March 19, 2019, by the NSW Resource Regulator due to non-compliance and roof fall. Jagatramka, whose company Gujarat NRE Coke is under liquidation process, owes the Naveen Jindal-led JSPL `94 crore awarded through an arbitration process, claims JSPL. Both parties are contesting four litigation cases against each other.

Source: Financial Express, April 17, 2019

Vardhaman case: JSW Steel to move NCLAT

JSW Steel has decided to move the National Company Law Appellate Tribunal (NCLAT) against the NCLT order rejecting the company's plea in the Vardhman Industries case. Last December, the company's resolution plan for the stressed Vardhman Industries was approved by the NCLT. However, the committee of creditors had made modification in the resolution plan unilaterally. JSW Steel had moved the NCLT against the modification and sought clarification from the Tribunal before going ahead with implementation of the resolution plan. On April 16, NCLT had upheld the modification and rejected the company's plea. Since certain important relief measures sought by the company that have material bearing on the feasibility and viability of resolution plan, have not been granted, the company will be appealing against the said order before the relevant judicial authority, said the company in a statement.

Source: Business Line, April 19, 2019

MISCELLANEOUS

EU-India discussions on re-testing of imported steel products fail to cut ice

The EU has said that its discussions with Indian authorities on the compulsory re-testing of specified stainless steel product imported into the country at BIS authorised laboratories has failed to resolve the issue. It sought to pursue the matter further at the World Trade Organization's committee on technical barriers to trade. In a fresh representation, the EU reiterated its demand that India should accept the tests carried out in foreign accredited laboratories attesting compliance with ISO standards (or Indian standards) and stop conducting factory inspections in the EU steel mills that have quality management systems as defined in ISO 9001. India already has 50 carbon steel and three stainless steel products under the ambit of its quality control order. The Indian Steel Ministry recently notified its plans of including a few more steel items to the list. The EU had alleged that such controls were a non-tariff barrier, but India argued that the BIS standards were necessary in order to take into account the manufacturing practices here. Responding to India's defence, the EU said that it had already complied with internationally recognised standards, as well as with safety and quality standards recognised around the world. "The EU would like to ask the Indian authorities to confirm whether these standards are equivalent to the relevant international standards. If that is the case, those international standards should be referred to in the text as well," it said. The EU also asked India to apply the certification only with reference to stainless steel grades. "There should be no restrictions on physical dimensions (thickness, width or length) and no restriction on the finishing of the products (finishes, edge conditions etc.) as there are many different sizes and finishing for stainless steel products," it said.

Source: Business Line, April 17, 2019

GLOBAL STEEL

China iron ore falls on supply expectations

China's iron ore futures extended losses as market sentiment remained bearish after Brazil's Vale said it was set to reopen an iron ore mine. The most active iron ore contract for September delivery on the Dalian Commodity Exchange closed 0.9% lower at 620 yuan ($92.59) a tonne.

Source: Economic Times, April 19, 2019