Company News

ArcelorMittal Africa to close two mills

ArcelorMittal South Africa is planning to shut two mills and is reviewing operations at its largest plant, it said as the money-losing unit of the world's biggest steelmaker struggles with weak demand and lower prices. South Africa last week raised the import tariff on steel to 10 per cent, the maximum level allowed by the World Trade Organisation, to be in line with its steel making peers. ArcelorMittal said in a statement that trading conditions have continued to worsen since it started reviewing its long steel business in July, adding that the higher import duty will only bring relief over the medium to long term. Operations at the company's largest plant, in the near by town of Vanderbijlpark, continues to be unprofitable and will be reviewed before the end of October, the firm said.

Source: Business Line, 1st September, 2015

Raw Materials

Tomar to meet Rio Tinto, BHP Billiton officials

Steel and Mines Minister Narendra Singh Tomar is expected to meet officials of global mining majors such as BHP Billiton and Rio Tinto during his Australia visit to attract investment along with technology into the country. Tomar is leading a delegation to Australia, where he has been invited to participate in the global mining event, AIMEX 2015 in Sydney from September 1-4, the Mines Ministry said. During his visit the Minister is expected to hold bilateral meetings with the Australian Minister of Mines and Steel to foster India-Australia cooperation.

Source: Business Line, 1st September, 2015

Company News

Voestalpine wins €350-m order

Austrian steelmaker, Voestalpine has won an order worth €350 million ($392 million) to supply components for seatbelts and airbags for a global carmaker, it said. Voestalpine said the order meant that plants in Austria, Germany, the US and China would be operating at full capacity until 2022 and it would have to expand production facilities. It declined to name the customer for the new framework agreement, under which its Rotec Group based in Styria will supply up to 350 million seatbelt tensioner components and 120 million airbag components.

Source: Business Line, 1st September, 2015

Company News

PK Singh set to become new SAIL chairman

From a management trainee appointed in 1980, P K Singh is set to become the chairman of the country's largest steelmaker in the public sector, SAIL. Government head-hunter Public Enterprises Selection Board (PESB) recommended the name of Singh, currently chief executive officer of SAIL's Durgapur unit, as the next boss of the company. PESB interviewed 12 candidates for the top post of the company. Among them were two company directors and three chairman and managing directors of other PSUs. PESB found Singh to be the most suitable for steering the company to its next phase of growth.

Source: The Financial Express, 1st September, 2015

Raw Materials

Jindal Steel shuts Australia colliery

The steady fall in coal prices has taken a toll on another Australian asset owned by an Indian company. The 128-year-old Russell Vale colliery, owned by Wollongong Coal in which Jindal Steel and Power has a majority share, has decided to shut operations due to the sharp decline in coal prices in the last few months. In 2013, Jindal Steel and Power acquired control of Wollongong Coal to source fuel for operations in India. The company recently said it is looking to divest some of its overseas assets to trim debt of over Rs 40,000 crore. The company has mines in Mozambique and Botswana also.

Source: Business Line, 2nd September, 2015

Policy

India seeks WTO members' views on steel import norm

India has sought comments from World Trade Organisation (WTO) members on the Steel Ministry's proposal to make it mandatory for certain grades of stainless steel sold in the country to have quality certification from the Bureau of Indian Standards (BIS). "Since the move could potentially slow down imports and also impact the quantities of steel imported, it is important to give a chance to exporting countries to voice their concerns and see if the relevant ones could be addressed," a government official told *Business Line*. Members have been given two months to respond. The proposal will be implemented three months after it is adopted, but no decision has been taken on its adoption. Under the proposed order, it will be mandatory for manufacturers of identified stainless steel products, mostly used for making utensils and kitchenware, to obtain a valid licence from the BIS for use of the standard mark before starting regular production of such items. Imported steel products also have to conform to the specified standards. “Upgrading the quality of the stainless steel products for protection of human health and safety,” is the rationale given by India for the proposed move in its WTO submission. The bigger reason, however, maybe to control import of cheap steel. Since BIS will be issuing the licences for use of its standard mark, it is possible to impose some sort of indirect control on indiscriminate imports.

Source: Business Line, 2nd September, 2015

Raw Materials

Rlys Slashes Iron Ore Freight Rates for Exports

The Indian Railways has slashed the cost of transporting iron ore for exports for the first time since March 2012 by levying a flat distance-based charge across all slabs in response to "significant changes in the market". The move is part of the railways' dynamic pricing policy, which reviews charges in step with market rates. The new distance-based charge has been set at a uniform Rs 300 for all slabs and will be effective from September 8 for iron ore exported for production of iron and steel and cement, the Railway Board said in a circular. The revision comes as the domestic mining sector struggles to get back on its feet after a three-year lull amid a steep fall in commodity prices over the past few months. Although the industry welcomed the revision, the decision may not have a significant impact on volumes due to the prevailing export duty.

Source: The Economic Times, 3rd September, 2015

Project

SAIL expansion plan to cost Rs 7,500 crore

Steel giant SAIL said it will spend Rs 7,500 crore on modernisation and expansion programme in the current fiscal ending March 2016. The public sector undertaking (PSU) also said it will seek shareholders nod to raise Rs 5,000 crore through securities to part finance its plans. So far, 'Maharatna' company has invested over Rs 58,000 crore in its Rs 70,000 crore modernisation and expansion plan, which will augment the crude steel production capacity at its five steel plants to 23 million tonnes per annum (MTPA). The company has taken up the massive programme of its plants as also for augmenting raw material supplies from its mines. The expansion programme has been decided to be funded through a mix of debt and equity, SAIL said in a regulatory filing.

Source: The Financial Express, 3rd September, 2015

Financials

Bhushan Steel to raise Rs 547 cr via private placement

Debt-laden steel maker Bhushan Steel said it will seek shareholders' nod to raise up to Rs 547.50 crore through private placement of shares to meet fund requirements of the company. The company will approach its shareholders with the special resolution at its annual general meeting scheduled later this month, it said in a regulatory filing. The filing further said the firm will seek shareholders' approval to authorise the Board to "create, offer, issue and allot 18,25,000 redeemable cumulative preference shares of Rs 100 each, to be issued at such rate not exceeding Rs 3,000 per share (including maximum premium of Rs 2,900 per share) for an aggregate amount not exceeding Rs 547.50 crore." Earlier this month, the city-based firm said Monnet Ispat and Energy Ltd has agreed 'in-principle' to sell its stake in Orissa Sponge Iron & Steel to Bhushan Steel.

Source: The Financial Express, 3rd September, 2015

Project

Tata Steel gets Odisha govt nod for SEZ at Gopalpur

Tata Steel's plan to set up a special economic zone (SEZ) near its close-to-completion steel plant in Odisha is taking shape, with the State government clearing the bottlenecks. Odisha Industries Minister Debi Prasad Mishra said the company earlier had problems in sub-leasing land to prospective investors in the proposed SEZ, as Odisha did not have the required policy provisions. Initially Tata Steel had wanted Odisha to notify the entire 2,900 acres it has in Gopalpur as an SEZ, but the government restricted it to 1,250 acres to start with, he said. Though the metal industry is in doldrums across the world there is immense interest to set up manufacturing units in India, especially after the buzz over the Make in India campaign, and the country's ability to withstand global turmoil, said Mishra. The Minister has been hand-picked by Odisha Chief Minister Naveen Patnaik to boost investment in the State. Tata Steel plans to invest Rs 2,500 crore to develop infrastructure at the SEZ, and Rs 800 crore to set up a ferro chrome plant on 400 acres.

Source: Business Line, 4th September, 2015