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

August 12-18, 2017

HIGHLIGHTS OF THE WEEK

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2. The board of Tata Sons under N. Chandrasekaran has ordered its group companies to scrap all business dealings with Cyrus and Shapoor Mistry's SP Group.

3. JSW Steel might have to settle for a smaller land parcel for its mega steel plant of 10 million tonnes capacity proposed in Odisha.

4. Roads Ministry to invite bids for 11 NHS under TOT in mid-September.

5. Tata Steel Managing Director (India and South East Asia) TV Narendran believes that demand for steel is increasing in the country and the situation is right to make future investment.

COMPANY NEWS

SAIL Charts Turnaround Strategy to Stem Losses

Steel Authority of India Ltd. is charting a turnaround strategy in the face of widening losses. The state-run company is planning to set an operating profit target for the next two to three years and has vowed to work towards optimising manpower utilisation, exploring ways to increase net sales realisation and reduce procurement costs, and improving branding and distribution efforts. The efforts come after it posts yet another quarter of net losses, which swelled to Rs.801 crore in the three months through June from Rs.535 crore a year earlier. SAIL reported a loss of Rs.2,833 crore for the year ended March 31, 2017. As part of the roadmap for revival, SAIL has decided to focus on prudent finance management to bring down finance costs, while also targeting a reduction in operating cost of old and new assets and overhead expenditure. SAIL which recently spent Rs.70,000 crore on modernisation and expansion and so is facing higher interest and depreciation charges, will give top priority to ramping up production from the new and modernised units.

Source: Economic Times, August 15, 2017

UK pensions regulator clears Tata Steel proposal

Clarity has finally come to the long running saga over Tata Steel UK's pension arrangements, as the company confirmed it had signed the documentation for an agreement with the Trustees of the £15-billion British Steel Pension Scheme, which will allow the scheme to be separated from the business, thereby, greatly reducing the risks to it. The deal will remove the main obstacle to a potential merger of the company's European business with Germany's ThyssenKrupp, as well as the risk of insolvency, though it will cost the company £550 million and a 33 per cent equity stake, under the terms agreed. Considering the continued challenges in the global steel industry as well as the uncertain global politico-economic environment, the RAA [Regulated Apportionment Arrangement] presents the best possible structural outcome for the members of the British Steel Pension Scheme and for the Tata Steel UK business," said Koushik Chatterjee, Tata Steel's Group Executive Director. He is referring to the mechanism that allows a company in the UK to separate itself from its pension scheme to avoid insolvency under strictly defined criteria, including being able to show the risk of insolvency within the next 12 months without the deal. he terms of a new pension scheme, have also been agreed, to which members of the existing one will be invited to transfer, following the RAA, which will have lower future annual increases for pensioners and deferred members, posing "significantly less risk" for Tata Steel UK. Members who opted against transferring will be moved with the old scheme to the Pension Protection Fund, designed to protect members of a scheme should their pension fund become insolvent.

Source: Business Line, August 12, 2017

After Posco failure, Odisha to calibrate JSW Steel's land need

Sajjan Jindal-led JSW Steel might have to settle for a smaller land parcel for its mega steel plant of 10 million tonne capacity proposed in Odisha. The steel company has asked for 4,500 acres of land near Paradip to install the shore-based steel plant in phases. The state government, however, has decided to appraise this land requirement as modern, greenfield steel mills are usually more compact structures due to use of latest technology and this reduces the area. Besides this, acquisition of large patches of land in the state has been a sore point historically with local land losers and investors locking horns. Having burnt its fingers over the mega projects of Posco and ArcelorMittal that were mothballed primarily due to protracted land protests, the state government is acting with caution. ArcelorMittal aborted its 12 million steel plant in Odisha in 2013 primarily over land acquisition hassles and law & order problems at the chosen site. More recently, Posco wrote to the state government to surrender the land acquired for its project of equal capacity. The High-Level Clearance Authority (HLCA), the highest body to approve investments in Odisha has already given its nod for the JSW Steel project. The company has pledged an investment of Rs 50,000 crore. The steel plant is expected to go on stream in four years from zero date and when fully operational, it is expected to create around 50,000 jobs.

Source: Business Standard, August 13, 2017

FINANCIAL

SAIL Q1 loss widens to Rs 801 cr; expenses rise by 27%

State-run steel maker SAIL's standalone net loss widened to Rs 801.38 crore for the June quarter due to higher expenses. It had clocked a net loss after tax of Rs 535.52 crore in the corresponding quarter of 2016-17, the company said in a BSE filing. Total standalone income of the company rose by 25.39 per cent to Rs 13,072.77 crore in April-June this fiscal from Rs 10,424.95 crore during the same quarter in 2016-17. Its total expenses rose by 27.03 per cent to Rs 14,349.89 crore in the quarter under review as against 11,296.16 crores in the year-ago period. During the quarter, the company was impacted by higher price of imported coal and 25 per cent higher price on account of indigenous coal pushing down the overall profit margin despite a 14 per cent higher Net Sales Realisations (NSR) over the same quarter last year, an official statement said. During the period due to Cyclone Debbie the supplies of coking coal from Australia were adversely impacted, resulting in lower production volumes of saleable steel, the statement said. However, the techno-economic parameters showed improvements with respect to Coal Dust Injection (CDI), coke rate, blast furnace productivity and production through the more efficient continuous casting route.

Source: Business Standard, August 12, 2017

STEEL PERFORMANCE

Right time to make future investment: Tata Steel

Demand for steel is increasing in the country and the situation is right to make future investment, Tata Steel Managing Director (India and South East Asia) TV Narendran has said. Stability is being witnessed in the steel sector globally though it had faced some problem two years ago, Narendran told newsmen after unfurling the National Flag on the 71st Independence Day here yesterday. There was an improvement in the economy in China and that country was not exporting much steel now which has in turn resulted in an improvement in the steel sector in India, he said. "Overall, the situation is now right for future investment and Tata Steel was also considering future investment," he said. "We will discuss the issue in the next two to three months — about what and where to do and how much investment to be made," he said. Narendran said Tata Sons chairman had also recently said that its focus would be India, particularly Jamshedpur and Kalinganagar (Odisha) plant.

Source: Financial Express, August 17, 2017

POLICY

Tatas decide to end all deals with Mistry Cos.

The board of Tata Sons under N Chandrasekaran has ordered its group companies to scrap all business dealings with Cyrus and Shapoor Mistry's SP Group, putting at risk transactions worth hundreds of crores of rupees. The move is a significant step towards terminating all ties with the Shapoorji Pallonji Group and indicates that the battle between the two groups, which was ignited when Cyrus Mistry was sacked as Tata Sons chairman in October last year, is showing no signs of coming to an end. SP Group holds about 18.4% in Tata Sons. Almost 50 companies of the SP Group will be affected by the Tata Sons board decision taken on August 9. Cyrus Mistry and elder brother Shapoor Mistry each own half of the privately-owned SP Group. A top Tata Group source said the decision to terminate all forms of business dealings, whether directly or indirectly, through contracts or sub-contracting arrangements, with the SP Group came after 'disparaging' statements made against Tata Sons by Cyrus Mistry and his associates, with the intention of casting a 'negative light' on the Tata Group.

Source: Economic Times, August 17, 2017

MISCELLANEOUS

Tata Steel U.K. fined £1 mn for breach of health, safety act

The former owner of the Scunthorpe steel works, Tata Steel UK, was fined £1 million at Hull Crown Court for two breaches of the Health and Safety Act. It was handed a £930,000 fine, plus ordered to pay £70,000 costs, UK media reports said on Friday. Last November, the company, which sold the Scunthorpe site to British Steel last year, pleaded guilty to the breaches that happened in 2011. In July, Dr Austin Stoton, prosecuting, told the court the case involved a processing facility in Scunthorpe in the Benzol Plant at the Appleby Coke Ovens area and a five-metre wide vapour cloud.

Source: Business Standard, August 12, 2017

Roads Ministry to invite bids for 11 NHS under TOT in mid-September

The Road Transport and Highways Ministry is set to invite bids for 11 National Highways next month under its 'toll-operate-transfer' (TOT) model as it seeks to raise Rs.6,500 crore, a top government official said.

Source: Economic Times, August 17, 2017