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 31- September 06, 2019

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RAW MATERIAL

NMDC planning to expand mining capacity by over 50%

NMDC plans to increase its production capacity to 67 million tonne per annum (MTPA) from the current mining capacity of 43 MTPA to meet the growing requirement of iron ore by the domestic steel industry. As part of its vision 2025 plan, the company expects to focus on growth largely through brownfield expansion of existing mines and improving evacuation along with it. Development of greenfield mine (Deposit 13), which has been planned through joint venture with Chhattisgarh Mineral Development Corporation, will add a capacity of 10 MTPA in next four to five years, N Baijendra Kumar, CMD, said during the 61st annual general meeting. NMDC was the largest iron ore producer of 32.4 million tonne in FY19 with a market share of 24% in merchant mining and 15% in India’s total production (including captive) for FY19. The company saw a drop of 3% year-on-year in market share due to suspension of mining activities in its Donimalai mines in Karnataka having production capacity of 7 MTPA. Kumar said that about 334 mines (49 working and 245 non-working) are due for renewal in 2020. Among them, 16 iron ore mines are currently operative in Odisha with a combined production capacity of about 55-60 million tonne. During the year under review, NMDC has achieved iron ore production and sales of 32.4 million tonne, respectively and PAT of Rs 4,642 crore. The net worth of the company was Rs 25,952 crore as on March 31, 2019. The company has declared dividend of 552%, which is Rs 5.52 per share for 2018-19 involving an outgo of Rs 1,690 crore.

Source: Financial Express, August 31, 2019

COMPANY NEWS

SAIL to close two subsidiary firms in UP, Jharkhand

Steel Authority of India (SAIL) is sutting down two of its subsidiaries in Uttar Prades and Jharkhand. :SAIL has initiated actions for closure/exit from certain joint venture (JV) firms as well as subsidiaries that are either non-performing or non-operational. The closure action for two subsidiary arms viz SAIL Jagdishpur Power Plant and SAILSindri Projects under Fast Track Exit Mode is in progress', the firm said a report. However, SAIL did not provide any financial details of these units.

Source: Business Standard, September 02, 2019

SAIL: Working relentlessly to improve quality of rails

State-owned SAIL on Thursday said it was working relentlessly to further improve the quality of rails. To achieve this, the PSU has adopted measures like reducing the hydrogen content in rail steel, the company said in a statement. The Nickel-Copper-Chromium (NCC) corrosion resistant rails that SAIL-Bhilai Steel Plant developed and supplied for coastal areas have successfully undergone field trials.

Source: Financial Express, September 6, 2019

Tata Steel shatters glass ceiling, hires women on mines

Pratixa Kher will be a pioneer in the brown and dusty Noamundi Hills of Jharkhand which supplythe iron ore that feeds Tata Steel's blast furnaces. She will be among those shattering a gender barrier- women managers directing mining operations. Kher is among engineers hired by Tata Steel who will be doing jobs traditionally considered too hazardous and too physically taxing for women. The steel major has recruited 10 officers – including mining electrical, mechanical and mineral processing engineers- who have been deployed at the Noamundi Ore, Mines and Quarries (OMQ) division started on Sunday. The company is also on a drive to hire more employeesat the mine.

Source: Economic Times, September 02, 2019

Tata Steel announces closure of UK factory, 400 jobs on the line

Indian steel conglomerate Tata Steel on Monday announced the closure of a plant in the southern Welsh city of Newport, with a potential loss of around 400 jobs at the UK site. The Indian steel giant announced that it had clinched the sale of a Canadian and Swedish plant as part of its worldwide Cogent Electrical Steels division but, despite exploring all options, the company has been unable to find a way forward for the Orb Electrical Steels plant. "Continuing to fund substantial losses at Orb Electrical Steels is not sustainable at a time when the European steel industry is facing considerable challenges. We saw no prospects of returning the Orb business to profitability in the coming years," said Henrik Adam, CEO of Tata Steel's European operations. "I recognise how difficult this news will be for all those affected, and we will work very hard to support them," Adam said. The company said it had signed a sales and purchase agreement for Cogent Power Inc (CPI), with Japanese steel giant JFE Shoji Trade Corporation. CPI manufactures cores for electrical distribution transformers and employs nearly 300 people. Tata Steel has decided to retain Surahammars Bruks AB, which makes advanced steels for electric vehicles and employs around 100 people.

Sources: Financial Express, September 3, 2019

Icra cuts long term outlook on JSW Steel to negative

Ratings agency has revised its outlook on the long term rating for JSW Steel from Stable to Negative based on the fall in profits on the back of low steel prices as well as weakness in domestic demand, JSW Steel said in a stock exchange filing. The revision in outlook comes even as it reaffirms its AA long term rating and AI+ short term rating for the steel company's borrowings including bank debt, non convertible debentures and commercial papers. The home grown steel maker had suffered a 56% fall in net profit for the first quarter of this fiscal at Rs 1,028 crore on the back of lower sales due to weak demand as well as lower realisations due to subdued steel prices.

Source: Economic Times, September 4, 2019

Sluggish market may delay Posco's India steel plant

A weak steel market could delay a Posco decision on investing in a steel plant in India. The Korean major had renewed its interest in investing in an upstream project in the sector, after India asked if it would consider a joint investment with state-owned Rashtriya Ispat Nigam. Its past experience in

India had made it cautious; now, demand worries in the steel market is another reason to put off a decision in the near term. “The Indian steel market is very weak and is most likely to face oversupply in the near future. So, we are not sure whether we will be able to make money if we invest in an upstream project. This is not the right time”, said G.H. Bang, managing director of all Posco units in India.

Source: Business Standard, September 02, 2019

NCLT okays JSW Steel’s Rs. 19,700 – cr bid for BPSL

The National Company Law Tribunal (NCLT) has approved JSW Steel’s Rs. 19,700 crore bid for debt-ridden Bhushan Power & Steel Ltd (BPSL). “The resolution plan of JSW Steel is accepted. Objections raised by ex-directors-cum-promoters of the corporate debtor and the operational creditors are overruled,” ordered a two-member bench led by Justice MM Kumar. The NCLT approval brings JSW Steel a step closer to adding 3.5 million tonnes of BPSL’s steel production capacity to its operations. The bench on Thursday said the criminal proceedings against the erstwhile promoter of BPSL, Neeraj Singhal, would not impact the implementation of JSW Steel’s resolution proposal.

Source: Economic Times, September 6, 2019

FINANCIAL

KIOCL chalks out Rs.3,500-cr capex

KIOCL Ltd, a Central public sector undertaking under the Union Ministry of Steel, is planning to invest Rs. 3,500 crore in the next 2-3 years. Addressing shareholders at the 43rd annual general meeting on Tuesday, MV Subba Rao, Chairman and Managing Director, said that the company is extensively working for a large size capital investment of Rs. 3,500 crore in core as well as new business sectors during the next 2-3 years. In Mangaluru, KIOCL will be setting up a 2 lakh tonnes per annum ductile iron spun pipe plant and 1.79-lakh tonne coke oven plant and modernise the blast furnace. A public hearing for feedback on the project will be held by the Karnataka State Pollution Control Board (KSPCB) during the second week of October, he said. To use its professional expertise and experience, the company has initiated many revenue generation ventures with various public sector undertakings. KIOCL will be setting up a port-based pellet plant with a capacity of 2 million tonnes per annum on joint-venture basis with RINL of Visakhapatnam.

Source: Business Line, September 5, 2019

POLICY

Notification on import of iron, steel items

The government has made it mandatory for traders to register themselves with Steel Import Monitoring System to import 215 iron and steel products, according to a notification issued on Thursday. The Directorate General of Foreign Trade (DGFT), under the commerce ministry, said that "import policy" for these 215 items "has been revised from 'free' to 'free' subject to compulsory registration under SIMS".

Source: Financial Express, September 6, 2019

STEEL PERFORMANCE

Weak demand to dent profit of steel companies this fiscal: ICRA

The profitability of steel companies is expected to take a severe hit this fiscal, with slowing domestic demand and a challenging external environment. Official statistics indicate that the domestic steel consumption growth had weakened to 3.5 per cent in July from 6.4 per cent in June, and this is expected fall further, putting pressure on steel companies profitability in September-quarter, said an ICRA study. Operating profit margins of the domestic steel industry have been on a slippery ground, declining steadily to 18.2 per cent in the June-quarter, from 22.6 per cent logged in same quarter last year. According to the ICRA report, the downward trend in profitability for steel companies is expected to continue as their margins get further squeezed between falling domestic steel consumption and a weak outlook for global growth, amid escalating trade war-related tensions. ICRA, said that steel prices have been retreating southwards across most steel consuming hubs globally.

Source: Business Line, September 5, 2019

August anguish: Auto sales skid further

Maruti reports 36% slide; Hyundai's sales down 17%; upcoming festival season lights up hopes. The auto industry seems stuck on the slow lane as the August sales numbers indicate. Impacted by weak consumer sentiment and deferral of purchases, passenger vehicle sales fell during August on a year-on-year (YoY) basis. Severe floods across States also hurt demand, companies said, adding that they are expecting better sales from the festival season.

Source: Business Line, September 02, 2019

Ind-Ra revises outlook on steel

India Ratings and Research (Ind-Ra) has revised its outlook on the steel sector to 'stable-to-negative' from 'stable' for the remainder of this fiscal, owing to sluggish demand growth expectation. The rating agency Ind-Ra has also revised downwards its FY20 steel demand growth expectation to around 4 per cent from the previous forecast of 7 per cent, it said in a release. "The outlook also factors in increased import risks especially from Free Trade Agreement (FTA) countries such as Japan and South Korea... due to adverse domino impact of the slowing global growth and continuing trade frictions," the release said. However, Ind-Ra expects steel demand to recover in the second half of this fiscal, supported by pick up in government investments, fiscal stimulus measures, improvement in market sentiment, among others, it added.

Source: Business Standard, September 4, 2019

MISCELLANEOUS

GDP growth slows to 25-quarter low of 5% in Q1FY20

Amplifying fears of a cataclysmic economic slowdown that could have structural reasons other than those emanating from a cyclical downswing, official data showed on Friday India's real gross domestic product (GDP) growth slumped to a 25-quarter low of 5% in Q1FY20. While a slowing of growth from the 5-year trough of 5.8% reported for Q4 last year was widely predicted, the magnitude of the decline took even the most pessimistic forecasters by surprise. The slowdown is of course upon an unfavourable base (Q1FY19 saw 8% GDP expansion), but it is also broad-based. Worse, private consumption, the main engine of the economy, appears to have suffered the biggest blow with year-on-year growth of just 3.1% (the lowest since Q3FY15). There has been a swift slide in private consumption since the second quarter of last fiscal when it grew at 9.8%. Growth of gross value added (GVA) in manufacturing also nosedived to 0.6% in Q1FY20, compared with a rather strong 12.1% in the year-ago quarter and 3.1% in Q4FY19. Construction GVA grew just 5.7% in Q1FY20 versus 9.6% in the year-ago quarter.

Source: Financial Express, August 31, 2019