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

February 04 - 10, 2017

HIGHLIGHTS OF THE WEEK

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2. Steel Authority of India Limited halves loss to ₹795 cr in Q3
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RAW MATERIAL

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Abolish import duties on coking coal and metal scrap: Steel min to Finmin

Flagging the need for abolition of import duties on coking coal and metal scrap, both scarce material in the country, steel ministry has written to the finance ministry, requesting it to reconsider the proposals overlooked in the Budget. In the letter, it will argue that the domestic steel industry, still recuperating from its subdued state, requires these supports now and not after 2-3 years as their reliance on imports with these two materials would come down significantly and any kind of such supports would be redundant. Though steelmakers and pig iron manufacturers mostly depend on imported coking coal to fire their blast furnaces for want of adequate supply domestically, coking coal attracts 2.5% import duty. The duty on metal scrap imports is in the range of 2.5-5%, depending upon the scrap metal. Steel secretary Aruna Sharma, talking to FE, said with the ongoing investment in coal washeries in the country, steelmakers' coking coal imports might come down by 30% in next three years.
Again, replacing coking coal, more steel would be produced using gas as the feedstock. At the same time, scrap collection within the country would also be stabilised in the next two years or so reducing the need for imports of outside scrap. Metal Recycling Association of India (MRAI) had also written to the finance ministry ahead of the Budget saying that they deserve better care from the government since they help the country to protect its precious natural resources even as the end product made from primary metal and the recycled metal.

Source: Financial Express 9th February, 2017

COMPANY NEWS

SAIL halves loss to ₹795 cr in Q3

The country's largest steelmaker Steel Authority of India Ltd (SAIL) has reduced its losses in the third quarter of the current fiscal from the corresponding quarter last fiscal. SAIL has reported a loss of ₹795 crore in the third quarter of financial year 2017. The company had reported a net loss of ₹1,481 crore in the third quarter of the financial year 2016. Its gross turnover grew by over 25 per cent over the corresponding period last year. The company reported an increase in total sales by 12.5 per cent during the third quarter over the corresponding period last year. For the third quarter, efficiency in coke rate improved by 4 per cent, coal dust injection by 23 per cent and blast furnace productivity by 2 per cent.

Source: Business Line 10th February, 2017

Tata Steel posts ₹ 232-cr profit on higher volumes, better realisation

Tata Steel reported net profit of ₹232 core in the December quarter on the back of higher production and better realisation. The company recorded a net loss of ₹2,748 crore in the same period last year. Income was up 14 per cent at ₹29,392 crore (₹25,767 crore). The board of directors approved the appointment of N Chandrasekaran as Chairman. Sales volume improved five per cent to 6.11 million tonnes (5.81 mt) as sales on standalone basis increased 27 per cent at 2.99 mt (2.35 mt). The recently commissioned Kalinganagar plant produced 1.5 mt of hot metal and one mt of hot rolled coil since its commissioning in May 2016. Despite the impact of demonetisation, branded product sales volume grew by 13 per cent and that of automotive was up 20 per cent. Industrial Products, Projects and Exports vertical witnessed 47 per cent growth. TV Narendran, Managing Director, said the strength of the company's franchise helped counter the head-winds due to high value currency demonetisation while the broader market was affected by lower rural sales and adverse consumer sentiments. The focus on cost savings and integrated operations reduced the impact of rising raw material prices, he added.

Source: Business Line 8th February, 2017

Jindal Steel in talks to sell power plant for $1.5 billion

Jindal has reached out to Adani Power, others for sale Jindal Steel & Power, seeking to cut debt after eight straight quarters of losses, is in talks with companies including Gautam Adani's Adani Power about selling a 2,400-mw electricity plant, people with knowledge of the matter said. The company has been in discussions about selling the plant to Adani Power as len ders led by State Bank of India pressure the company to make divestments, according to the people, who asked not to be identified because the information is private, Jindfal Steel is seeking to value the asset, located in Tamnar in Chhattisgarh, at more than ₹10,000 crore, the people said. No final agreements have been reached with Adani Power, and there's no certainty Jindal Steel will proceed with a sale, according to the people. The company has also reached out to other potential buyers for the plant, the people said. Jindal Steel, controlled by Naveen Jindal, has the second-highest borrowing level among Indian steelmakers, according to data compiled by Bloomberg. The company, which had ₹46,300 crore of net debt as of December, started a leverage reduction plan in May after agreeing to sell a 1,000mw power plant in central India to JSW Energy. Jindal Steel needs about ₹2,000 crore to buy coal, which the company's lenders have agreed to fund only after in makes progress on asset sales, the people said. Bankers have told Jindal Steel they may need to introduce new equity investors if the company isn't able to reduce its debt, the people said.

Source: Financial Express 4th February, 2017

PROJECTS

Tata, Liberty seal £100-m UK steel deal

Tata Steel will sell its speciality steel business in the UK, which employs around 1,700 people, to Sanjeev Gupta's Liberty House Group for £100 million, the companies confirmed on Thursday. The companies had signed a letter of intent over the deal in November 2016, but have now reached a definitive sales agreement. Tata Steel's speciality division covers assets in Yorkshire and services centres in Britain and China. It focuses on steel for the aerospace, automotive and oil and gas industries. The sale will leave Tata Steel with its strip products business, after selling its long products business to Greybull Capital last year, as it seeks to transform and restructure its European operations in the face of tough conditions for the industry. Gupta, the Executive Chairman of Liberty House, said the asset was one of a handful of operations in this sector and would enable the company to "melt scrap steel to create high value added products". The company, he said, was focusing on a strategy to recycle UK scrap using renewable energy, and that the acquisition represented a major step. Liberty House has made a string of purchases in the UK steel sector over the past two years, acquiring Tata Steel's Scottish assets last year.

Source: Business Line 10th February, 2017

POLICY

Government set to impose anti-dumping duty on at least 124 steel products

Having pulled out the last 19 steel products from the purview of WTO non-compatible minimum import price (MIP), initially imposed on 173 products in February last year, the government is set to provide for a stronger and long-lasting protection for domestic industry in the form of anti-dumping duty on cheap imports of specified hot-rolled, cold-rolled and other products numbering at least 124. Faced with rising imports amid anaemic domestic demand, the government had in February last year initially imposed MIP in the range of $341-752/tonne to provide a level-playing field against the injury caused as evident from the decline in margins of the local producers. The list of 173 was pruned to 66 in August for continuation for two months, but the government continued with the number in October giving MIP extension on these products for another two months. It extended MIP on 19 products in December for two months and now, the number has now been brought down to nil. India has been under pressure in multilateral fora to remove the MIPs seen as an outdated measure that is WTO-incompatible. Shortly after MIP was imposed, steel imports started falling and the domestic industry's sales and margins picked up. Meanwhile, in August last year, it imposed provisional anti-dumping duties in the range of $69-152 per tonne on Hot-Rolled coil and "HR not in coil", after concluding these items are being imported into India at below normal (cost) price, for six months.

Source: Financial Express 7th February, 2017

Steel Ministry will pursue demand to cut import duty

The steel ministry will press on with its demand for reduction in import duty of scrap and coking coal, a vital component of steel making, a top official said on Friday. The steel industry is burdened by an increase in input costs due to high coking coal prices."Our request will continue on the demand because we are importing 70 per cent of coking coal. And the same applies to the scrap because we do not have enough scrap in this country. These two issues will continue to be pursued," Steel Secretary Aruna Sharma said during the event here.
The import duty on coking coal is 2.5 per cent now.
Hailing the Union Budget 2017-18 as "very good", she said "(in the Budget) we have managed to have zero (import duty) on nickel... What has been left out (in the Budget) is on the coking coal".
In the run-up to the Union Budget, the steel ministry in its recommendations to the finance ministry had sought a reduction in the import duty on the coking coal.

Source: Business Line 4th February, 2017

Steel Ministry to soon seek Cabinet nod for ₹10L-crore plan to create capacity

The Steel Ministry will soon seek the Cabinet nod for its new policy that envisages ₹10 lakh crore investment for creating capacity in the sector that is currently reeling under weak demand and a surge in raw material prices. The ministry had uploaded the draft policy on the website, seeking suggestions from the stakeholders. Keeping in mind that in the next 50 years steel demand would grow in India and South East Asia, the government has chalked out strategies ensuring that the steel production also increases India's per capita steel consumption at 61 kg is much lower than the global average of 208 kg or that of other major steel producing countries (China at 489 kg and South Korea at 1114 kg). The secondary steel sector which accounts for almost half the steel produced in India Recognising limited availability of metallurgical coal as a 'disadvantage' for Indian steel sector, the draft steel policy also aims at increasing supply of domestic coking coal to cut dependence on imports by half and a production of 300 million tonnes of the alloy by 2030-31. The global coking coal price, which was at USD 80 per tonne in January last year, rose to USD 283 per tonne in December, according to Indian Steel Association Secretary General Sanak Mishra.

Source: Financial Express 8th February, 2017

Govt extends dumping duty on steel products by 2 months

The Finance Ministry has extended by two months the validity of anti-dumping duty on certain hot-rolled and cold-rolled flat steel products imported from China, South Korea, Japan and Ukraine, from February 17 to April 17. Similarly, the provisional anti-dumping duty on hot-rolled flat steel products has been extended till April 9 from February 9. The extension comes on top of the minimum import price stipulated by the government last year to give protection to the domestic steel industry. Essar Steel India Ltd, Steel Authority of India Ltd, JSW Steel Ltd and JSW Steel Coated Products Ltd had jointly filed the petition seeking anti-dumping duty on cold-rolled flat products of steel from the four countries.

Source: Business Line 10th February, 2017

STEEL PERFORMANCE

India becomes net exporter of steel in January

The government's series of initiatives to rein in rising imports have started bearing fruits as India became a net exporter of steel in January with exports of 0.9 MT vis-à-vis imports of 0.6 MT, Joint Plant Committee (JPC) data showed. However, for the April-January period of the current fiscal, India's status as a net importer of steel did not change. During the 10-month period, India imported 6.1 MT steel against the total exports of 5.87 MT. While the growth in exports during the April-January period was a phenomenal 71.1%, imports fell by 37.8% during the period. If the current trend persist in February and March, India may well become a net importer in the current fiscal itself. India had been a net importer of steel in all the last five years barring in 2013-14. The gap between imports and exports was on the rise in the last two years. It touched a record 7.7 MT in the last fiscal when India imported 11.7 MT steel while exports languished at a mere 4 MT. Trends took a U-turn as the government tightened imports by putting a minimum import price (MIP) on various products in February and then levying anti-dumping and safeguard duties in its effort to protect the interest of the domestic industry, which was plagued by the rising imports and anaemic demand.

Source: Financial Express 7th February, 2017

MISCELLANEOUS

Steel sector must gear up to face global competition

Asserting that the steel sector has started "stabilising", Steel Minister Chaudhary Birendra Singh today said the industry must gear up to face global competition as protectionist measures like minimum import price (MIP) and anti-dumping can not continue indefinitely. He further said that steps taken by the government like MIP and anti-dumping duty on certain products have helped improve the condition of the steel sector which has suffered on account of glut in the global market. Giving relief to domestic steel producers against cheap in-bound shipments, for the first time, MIP was imposed in February last year on 173 items. Later, the numbers of products were reduced.

Source: Financial Express 6th February, 2017