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

January 04 – 10, 2020

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RAW MATERIAL

Coal allocation by CIL to power sector under e-auction drops 23%

State-owned Coal India allocated 16.95 million tonnes (MT) of the dry fuel under special forward e-auction to the power sector in the April-November period of this fiscal, down 22.6 per cent over the year-ago period. Coal India (CIL) had allocated 21.91 million tonnes (MT) of coal in the April-November period of 2018-19, according to the latest monthly summary by the coal ministry for the Cabinet. However, the coal allocation by the PSU under the scheme increased to 4.05 MT in November, 2019, over 1.53 MT in November 2018, it said. The special forward e-auction scheme is aimed at making an earmarked quantity of coal available for supply through e-auction to all power producers. All power producers, other than captive power plants already commissioned, are eligible to apply for the special forward e-auction. CIL had earlier said that it intends to tentatively offer 10 per cent of its targeted production of 660 MT in 2019-20 through e-auction and out of which 50 per cent of the quantity (33 MT) is planned through special forward e-auction. Coal India accounts for over 80 per cent of domestic coal output.

Source: Financial Express, January 04, 2020

NMDC hikes iron ore prices by Rs.200 a tonne

State-owned National Mineral Development Corporation has hiked its iron ore prices by Rs 200 a tonne for this month. The iron ore miner, which follows a monthly pricing system, has introduced this hike both for lumps and fines. Its current prices are Rs 4,500 a tonne for lumps and Rs 2,810 a tonne for fines, a company official said. The price hike is in line with the global pricing of the ore and domestic demand-supply scenario. It had last hiked prices by Rs 100 a tonne in October, keeping them unchanged in November.

The October spike had come after several months of iron ore prices being either unchanged or cut. While the company had not tweaked its prices for September, it had cut prices by Rs 200 a tonne for August. A muted steel demand for the last few months has prompted NMDC to either slash prices or keep them unchanged in the first two quarter of the fiscal. India’s steel production grew five per cent in the first five months of the current fiscal.

Source: Business Line, January 04, 2020

Stalemate continues over renewal of NMDC Donimalai mining lease

The stalemate over renewal of the Donimalai mining lease in favour of NMDC continues even almost four months after the Central government amended the Mining and Mineral Development Act making it mandatory for state governments to renew public sector mining leases. The Karnataka government has taken the view that the new amended mining Law will not be applicable to NMDC, as its lease to mine at Donimalai has already been cancelled. The State government has sought the Centre’s opinion in this matter, government sources said. Baijendra Kumar, Chairman-cum-Managing Director, NMDC, said it has not received any communication from Karnataka government with regard to the Donimalai mine lease. As far as NMDC is concerned, the mine should not be put under auction, and as such the Mines Tribunal has stayed all auction-related activities of the Karnataka government, he said.

Source: Business Line, January 07, 2020

Coal Ministry to issue Notice Inviting Tender for commercial mining auctions by March end

The Ministry of Coal aims to issue the Notice Inviting Tender (NIT) documents before the end of the current financial year to begin the process of commercial coal mining auctions. In a bid to boost production, the Centre decided to allow private companies to mine coal for commercial use in February 2018. The Centre had also planned to begin auctioning coal mines with no end use restrictions by December 2019. But according to officials in the know, a change in law needs to be effected to allow private players sell coal in the open market. After this, coal can be commercially mined and sold in the country by all entities. The earlier timeline to begin offering blocks for 100 per cent commercial coal mining was December 2019. The bidding of coal mines for commercial purposes was also delayed as issues such as base price for the auctioning of mines is yet to be finalised.

Source: Business Line, January 07, 2020

Iron ore cost to rise 40% for steel cos without own mines

Iron ore cost is likely to rise by 30 -40% for steel companies that do not have their own mines representing 30% of domestic output and nearly half of Odisha's production set to expire in March 2020, CRISIL Research has said in its latest report. "The upcoming mine auctions in Odisha is thus expected to be critical for the domestic iron and steel industry as 76% of domestic crude steel makers who procure iron ore from the merchant market is expected to be impacted directly:, the report said. Disruptions in mines, higher inventory levels and high bid premiums in recent auctions in Karnataka indicate that the upcoming Odisha auction is also expected to see high bid premiums, CRISIL Research pointed out adding, the fallout is likely to have a big impact on non-integrated steelmakers.

Source: Economic Times, January 08, 2020

Environment Min clears 10 coal mining projects

The environment ministry has cleared 10 coal mining projects with a total capacity of 160 million tonnes a year and four washeries that can handle 31 million tonnes annually. These include Coal India's projects for seven mines and two washeries with annual capacities of 141 million tonnes and 15 million tonnes respectively. The ministry cleared 14 of the 23 projects it considered. This is likely to help Coal India meet its targets of producing 750 million tonnes next fiscal requiring achievement of a 14% growth over current year's 660 million tonnes target, and one billion tonnes target by 2024, a senior company executive said.

Source: Economic Times, January 09, 2020

CIL's coal resources rise 8.3 billion tonnes

According to a statement by Coal India, the current coal resources under its fold will enable the company "to meet expanding coal demand to a considerable extent". Pointing out that Coal India alone "may not be able to meet the burgeoning demand", the company says "if commercial miners step in to fill this gap by increasing domestic coal production it would be a welcome step." Coal imports stood at 235 million tonnes (mt) during 2018-19. "Notwithstanding the entry of private miners in commercial coal mining, CIL is confident of staying ahead of the competition" said an official of the company.

Source: Business Line, January 10, 2020

COMPANY NEWS

SAIL Mines clock highest ever iron ore production and despatch in 2019

Surpassing all previous records, iron ore production and despatch of SAIL Mines in Jharkhand and Odisha jumped to 21.99 million tonne (MT) and 21.68 MT respectively clocking a growth of 5.25 % and 4.62% by the end of calendar year 2019. The growth has ensured better raw material security for the SAIL's eastern sector steel plants which get iron ore supply from the mines operating under SAIL's Raw Materials Division (RMD) in Jharkhand and Odisha. RMD mines notched highest ever iron ore lump production of 7.48 MT beating its previous record of 7.14 MT in 2018. Improvement in iron ore lump supply helps in hot metal productivity for SAIL plants. Individually SAIL's Iron Ore Mines at Bolani, Meghahatuburu, Barsua, and Kalta also recorded highest ever single-day production. As SAIL is ramping up its Hot metal production, steady growth in iron ore supply from its captive source is integral.

Source: Millennium Post, January 08, 2020

SAIL extracts 44 of iron ore in 2019

Steel Authority of India Ltd. on Tuesday said it achieved nearly 5% growth in iron ore production in the 2019 calendar year. The eight iron ore mines of SAIL located in the eastern region produced 43.67 million tonnes of key raw material in 2019. “Surpassing all previous records, iron ore production and despatch of SAIL mines in Jharkhand and Odisha jump to 21.99 million tonne and 21. 68 million tonne , respectively, clocking a growth of 5.25% and 4.62% by the end of calendar year 2019”, SAIL said. SAIL produced 16.3 million tonnes of crude steel in the current financial year.

Source: Financial Express, January 09, 2020

Tata Steel cannot fund loss-making UK unit, says Chandra

The chairman of the Tata group N Chandrasekaran has said the steel conglomerate cannot have a situation where India keeps funding the mounting losses at its struggling Port Talbot steelworks in the UK. He emphasised that the Port Talbot steelworks in Wales, one of the largest in Europe, needed to be "self-sustaining". The head of the 84 billion-pound turnover conglomerate that also owns British luxury automaker Jaguar Land Rover, refused to commit to continuing to make UK steel, the report said. Tata Steel's pre-tax losses were 371 million pounds last year, up from 222 million pounds in 2017-18. In November, Tata announced plans to cut 3,000 jobs across Europe. Just under half of Tata's 8,385-strong UK workforce are based in Port Talbot.
Source: Business Standard, January 07, 2020

Tata Steel unit gets licence for chromite ore mine

Tata Steel said its subsidiary T S Alloys has won licence for a chromite ore mine in Odisha for 50 years. Chromium from the ores of chromite is used in manufacturing of stainless steel, tool steel, and armour-piercing projectiles, among others. The Odisha government had undertaken an auction for the grant of mining lease for the Saruabil chromite mining block, in which the company had participated, Tata Steel said in a regulatory filing.

Source: Financial Express, January 08, 2020

JSPL third quarter steel production at 1.61 mt

Jindal Steel and Power (JSPL) said its steel production stood at 1.61 million tonnes (mt), in December quarter of ongoing financial year. "JSPL has witnessed the highest ever quarterly production of 1.61 mt of steel in Q3 FY 19-20", the company said in a filing to the BSE. JSPL's Raigarh and Angul operations contributed 8.17,344 and 7,92,822 metric tonne to the yield in October-December period.

Source: Financial Express, January 08, 2020

JSPL aims to be debt-free by 2023

Jindal Steel and Power Limited (JSPL) is aiming to become debt-free by 2023 and is banking on housing, real estate sector and mobility infrastructure such as Railways, Metro and freight corridors for growth. V R Sharma, managing director, JSPL, said the company was looking at a 50 per cent demand growth coming from the housing segment. "With the revival the real estate sector and reduction of rate of interest for housing sector, till June 2021, there will be a demand uptick. The industry is expecting demand of 12 million tonnes of Rebars to come up in coming quarters," said Sharma. Rebars are used in construction sector. JSPL, which signed up for an order for supply of 100,000 tonne of rails from the Indian Railways, is eyeing a demand growth of 25 per cent from the national transporter. "The Indian Railways is implementing replacement of current tracks with high speed tracks. We are now designing special products for the Railways and also the Metro Rail tracks," Sharma said.

Source: Business Standard, January 04, 2020

Arcelor Mittal's Essar Steel buy may not hit other players severely

Arcelor Mittal's entry through its acquisition of Essar SteelNSE 0.00 % is likely to intensify competition in the domestic steel sector but there is still headroom for steel players to increase capacities with consumption demand tipped to grow at 6% to 7% a year in the long term, India Ratings and Research (Ind-Ra) has said in a recent report. The agency has a stable to negative outlook on the sector with an expectation of higher net leverage in FY20, reduced EBITDA (earnings before interest tax depreciation and amortisation) margins due to lower realisation and higher input costs being faced by domestic players.

Source: Economic Times, January 09, 2020

POLICY

Green signal for strategic sale of Neelachal Ispat

The Cabinet Committee on Economic Affairs gave an inprinciple approval for strategic disinvestment in Neelachal Ispat Nigam Ltd (NINL). NINL is a joint venture of the Centre and Odisha governments through their public sector enterprises. The company has an equity shareholding of Central Public Sector Enterprises (CPSEs) — Minerals & Metals Trading Corporation Limited (MMTC) (49.78 per cent), National Mineral Development Corporation (NMDC) (10.10 per cent), MECON (0.68 per cent) and Bharat Heavy Electricals Ltd (BHEL) (0.68 per cent) — and Odisha government PSEs — Industrial Promotion and Investment Corporation of Odisha Ltd (IPICOL) (12 per cent) and Odisha Mining Corporation (OMC) (20.47 per cent). An official statement said NINL will be divested to a strategic buyer, identified through a two-stage auction procedure.

Source: Business Line, January 09, 2020

Scrap export duty on iron ore: FIMI

The Federation of Indian Mineral Industries (FIMI) wants the Centre to scrap the 30 per cent export duty on iron ore and 15 per cent export duty on bauxite in the upcoming Budget. According to the industry body, there is a 30 per cent export duty on iron ore having Fe (iron) content above 58 per cent. There is stockpile of 162.85 (provisional) million tonnes of iron ore at mine-heads as on March 31, 2019, which is mainly accounted for by Jharkhand and Odisha. Most of it is in the grade of 58- 62 per cent Fe, FIMI said. The abolition of export duty on iron ore having up to 62 per cent Fe content will help in liquidating the huge stockpile at mine-heads which will result in enhanced foreign exchange earnings besides more production of the ore in the country, the industry body said.

Source: Business Line, January 10, 2020

STEEL PERFORMANCE

Steel Cos' margins likely to improve in Q4 on rise in prices and demand

The recent price hike by domestic steel companies, supported by improving demand and firming up of global steel prices in anticipation of a US-China trade deal, may significantly improve their margins during the fourth quarter of this financial year, say metal sector analysts. Expectations of a rebound in the sector's fortunes in Q4, which is usually a strong quarter, have been fuelled by the government's announcement that it will pump in fresh investment of ₹100 lakh crore into the country's infrastructure through National Infrastructure Pipeline. Steel producers and analysts tracking the sector expect the new investment, particularly in power and the railways, to trigger additional demand for steel. Domestic steel prices were increased by ₹1,500-1,800 a tonne, or nearly 4%, recently. It was the third successive price hike in last three months and took the total price hike to 9%, or ₹2,500-3,000 per tonne. The price increases are being supported by dealer restocking owing to an improvement in overall demand, Motilal Oswal Research said in a recent report.

Source: Economic Times, January 07, 2020

Metals sector sees recovery in sight

The S&P BSE Metal index is pointing towards a recovery in the metals segment. The index has jumped 22.4 per cent in the past three months, outperforming the benchmark Sensex by a wide margin. Steel companies have been increasing prices in this period, after hitting bottom. Base metal companies are also hoping for a demand revival and an improvement in order books. In the past one month, the London Metal Exchange (LME) is up 4.8 per cent, while prices of other metals like steel and iron ore are up 3.5 to 5.8 per cent. Major economies such as the US and China showed growth in zinc demand in 2019. In the first 10 months, refined zinc usage moved up slightly, rising 0.3 per cent to 11.33 million tonnes. The recovery in zinc is driven by the same factors as steel. A demand pick-up on the retail side and government projects are the main reasons driving prices. Companies have been increasing prices since November after having hit the bottom in September. "After international prices started moving up, buying started immediately. That is how the increase in prices got absorbed," said JSW Steel's joint managing director and group chief financial officer, Seshagiri Rao. He added that there was a positive momentum for the next quarter. Infrastructure, construction and real estate account for about 55-60 per cent of steel demand, which is seeing a revival. The balance 40 per cent is accounted for by automobile, machinery and capital goods, which is expected to take longer to recover.

Source: Business Standard, January 05, 2020

OTHER METALS

Zinc touches five-week high as Iran-US fears ease

Zinc prices hit the highest in more than five weeks on Wednesday as worries eased about further Iran-U.S. military escalation but concern grew about short-term supplies of the metal mainly used for galvanising steel.

Source: Economic Times, January 09, 2020

Odisha okays Hindalco's Rs. 8K-crore alumina unit

The High Level Clearance Authority (HLCA), the apex body to clear investment projects in Odisha, approved a new greenfield alumina refinery unit, proposed by Aditya Birla Group-owned Hindalco Industries. It is estimated to cost Rs 8,000 crore, is proposed to come up at Kansariguda near Rayagada in Odisha. With an envisaged nameplate capacity of two million tonnes per annum, the project is expected to spawn employment for 4,250 people. Hindalco will bank on the Odisha government on raw material for feeding the refinery. This project is scheduled to go on stream in four to five years. Bauxite from any of the leases of Odisha Mining Corporation is likely to feed the planned refinery of Hindalco.

Source: Business Standard, January 10, 2020

MISCELLANEOUS

At 5%, GDP growth to hit 11- year low in FY 20

The Central Statistics Office has projected the economy's growth rate for 2019-20 at 5 per cent, the lowest in the current series with 2011-12 as the base year. This projection is a 11-year low This first advance estimate is much lower than the 7 per cent growth rate projected in the Economic Survey as also the average forecast of 5.5 per cent by major agencies, but on a par with RBI's latest estimate of 5 per cent. The government estimated that the gross value added (GVA) — a more realistic guide to measure changes in the aggregate value of goods and services produced — will grow at 4.9 per cent in 2019-20. All the three sectors of the economy — agriculture, industry and services — are projected to grow at a lower rate than the previous year. However, industry is the worst hit, with the growth rate at just a third of the previous year.

Source: Business Standard, January 08, 2020

Six workers get sick from toxic gas at Bhilai Steel Plant

Six personnel fell ill after inhaling toxic gas at Steel Authority of India’s Bhilai Steel Plant (BSP) early on Friday night. The incident occurred inside the plant’s blast furnace no. 8 around 2 am. While five of those affected are employees of RITES (Rail India Technical and Economic Service), a deputy general manager of SAIL who is a supervisor in BSP’s Energy Management Department, was also among those injured, an official statement said. "Pressure increased inside the blast furnace no. 8 owing to material slippage and got released through the drain pot of hydraulic U seal that is installed for such purposes," a statement issued by the plant said. One loco operator and two shunting staff, who were inside the locomotive that was positioned below the U seal, got affected by the release of gas," the statement added. All the five persons were thereafter admitted to the Jawahar Lal Nehru (JLN) Hospital & Research Centre, Bhilai. While one of them is still in the ICU, the other five have been shifted to the ward.
Source: Economic Times, January 04, 2020

Tata-Mistry case: NCLAT rejects Mumbai RoC’s petition to amend order

The National Company Law Appellate Tribunal dismissed the Registrar of Companies’ petition seeking modification of the judgement in the Tata-Mistry case and said its ruling had not cast any aspersions on the RoC. On December 18, the tribunal ruled reinstating Cyrus Mistry as the Executive Chairman of Tata Group and also termed conversion of Tata Sons from a public company to a private one by the RoC as “illegal”. Tata Sons, Chairman Emeritus Ratan Tata and Tata Consultancy Services (TCS) have separately moved the Supreme Court against the NCLAT order.

Source: Business Line, January 07, 2020