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

May 14- 20, 2016

HIGHLIGHTS OF THE WEEK

1. The focus of news this week in the domestic steel sector is that Tata Steel Ltd is known to have withdrawn its plan to merge its subsidiaries Tata Metaliks Ltd and Tata Metaliks DI Pipes Ltd with itself.
2. Bhilai Steel Plant's modernisation and expansion plan, which entails an investment of Rs 17,266 crore, raising steel capacity from 3.93 million tonnes per annum to 793 million tonnes per annum, has been delayed as SAIL had to terminate contracts twice due to "unsatisfactory performance".
3. Massive overcapacity in China's steel industry is not yet falling. The country's leading steel companies conceded that current output was unsustainable and blamed the restart of mills previously shut.
4. JSW Steel’s net profit more than doubled in the March quarter to Rs 171 crore against Rs 62 crore recorded in the same period last year.

RAW MATERIAL

Iron Ore Faces Drop After Last Month’s Rally

After last month’s speculative rally, iron ore is likely to extend declines because of rising supply from the major producers and faltering demand in China. Iron ore has retreated from a 15-month high after predictions that frenzy in China wouldn’t endure as regulators clamped down.

Source: The Economic Times, 20th May, 2016

PROJECT

SAIL’s Rs 17,000-cr expansion delayed

Even as the Steel Ministry races to complete Rs 61,870-crore modernisation and expansion, the process at Bhilai Steel Plant (BSP), the largest facility of the state-run giant SAIL, has been delayed by 15 months. BSP's modernisation and expansion plan, which entails an investment of Rs 17,266 crore, raising steel capacity from 3.93 million tonnes per annum (MTPA) to 7 MTPA, has been delayed as SAIL had to terminate contracts twice due to "unsatisfactory performance", sources said. The flagship plant of the Maharatna firm is installing two rolling mills for production of high quality long rails (260 m length) and bars as well as is phasing out old and energy inefficient process routes for reducing carbon foot print and cost of production. Initially, the programme was expected to be completed by September 2015, which was later revised to October 2016. It has now again been revised to December 2016, a 15-month delay from original completion schedule, sources said.

Source: The Financial Express, 17th May, 2016

GLOBAL STEEL

China steel: Overcapacity not falling

Massive overcapacity in China's steel industry is not yet falling, a vice minister said on Monday, as the country's leading steel companies conceded that current output was unsustainable and blamed the restart of mills previously shut. China is facing anger and calls for trade penalties to block its exports by global rivals, who say it is dumping cheap exports after a slowdown in demand at home. The world's biggest steel producer has vowed to cut production capacity by 100 to 150 million tonnes over five years from around 1.1 billion tonnes, although its efforts have been complicated by a recovery in domestic steel prices. China's steel production fell in April from March, but average daily production actually increased from 2.279 million tonnes to 2.314 million tonnes, a record high, according to Reuters calculations based on official data released on May 14.

Source: The Financial Express, 17th May, 2016

Steelmakers Oppose US Tariff Move

Chinese steelmakers attacked new US import duties on the country's steel products as "trade protectionism" on Thursday, saying the world's biggest producer needs time to address its excess capacity. "There's too much trade friction and it's not good for market," said an expert.

Source: The Economic Times, 20th May, 2016

COMPANY NEWS

Tata Steel scraps Tata Metaliks merger

Tata Steel Ltd said it has withdrawn its plan to merge its subsidiaries Tata Metaliks Ltd and Tata Metaliks DI Pipes Ltd with itself. In a statement to the BSE, Tata Steel said its committee of directors has agreed to apply for a recall of a Bombay High Court order passed on August 21, 2015, sanctioning the scheme of amalgamation. "The decision is based on careful consideration of various factors, including inordinate delay in obtaining requisite regulatory and statutory approvals, along with significant dilution in the intended synergies that were envisaged in April 2013. With today's decision, Tata Metaliks will continue to operate as a subsidiary of Tata Steel," said Group Executive Director (Finance and Corporate) Koushik Chatterjee, Tata Steel. The scheme was earlier recommended by the committee in April 2013 and approved in May 2014. Under the earlier approved scheme, the swap ratio for public shareholders was four shares of Tata Steel for every 29 held in Tata Metaliks Ltd. Tata Metaliks will continue to operate as a subsidiary of Tata Steel.

Source: Business Line, 17th May, 2016

JSW Steel net doubles on lower cost, higher output

JSW Steel's net profit more than doubled in the March quarter to Rs 171 crore against Rs 62 crore recorded in the same period last year. Despite lower realisations, the company managed to improve its profitability largely due to lower cost. Net sales were down 15 per cent at Rs 10,471 crore (Rs 12,364 crore). Crude steel production was up five per cent at 3.21 million tonnes (mt), while saleable steel output rose 7 per cent at 3.28 mt. The company announced a dividend of Rs7.50 per equity share and Rs1 a share on cumulative redeemable preference shares. Seshagiri Rao MVS, Joint Managing Director, said realisations have fallen 17 per cent in line with sharp drop in international steel prices. The domestic steel prices dipped 33 per cent last fiscal to $260 a tonne from $390 a tonne. The company plans to invest Rs 3,820 crore in select projects with low payback period. It will invest Rs 650 crore to set up a pipe conveyor system to transport 20 mtpa of iron ore from the yard near the mines to the Vijayanagar plant. The company's subsidiary JSW Steel Coated Products is setting up a tin plate mill with investment of Rs 650 crore at Tarapur to cater the increasing demand for the tin plate. It has also revived the first phase of 1.5 mt coke oven plant at Dolvi with an investment of Rs 2,000 crore as captive demand for coke is increasing with overall steel-making capacity rising to 18 mtpa. JSW expects crude steel production to increase 25 per cent this fiscal to 15.75 mt, while saleable steel output is estimated to grow 24 per cent to 15 mt.

Source: Business Line, 19th May, 2016