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

December 03-09, 2016

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COMPANY NEWS

Tata Steel closes in on UK plant deal: Report

Tata Steel is edging closer to a deal with UK steel workers' unions to keep its troubled Port Talbot plant, the country's largest in south Wales, open until at least 2020,a media report said today. Union leaders will put a new rescue plan to its members this week, which could see investments into the UK's largest steel plant in return for concessions on staff terms and conditions, according to 'The Sunday Times'. Central to the plan is retention of Port Talbot's two blast furnaces, which turn iron ore and coke into molten iron. One is due to stop production in 2018 but unions have been fighting to keep it open.

Source: Business Standard 5th December, 2016

JSW Steel's crude steel output jumps 45% in Nov

Sajjan Jindal-led JSW Steel today posted a 45 per cent growth in crude steel production at12.27lakhtonnes in November this year. Its crude steel production stood at 8.45 lakh tonnes in November 2015, a company statement said. Among the rolled products, the flat products registered a jump of 71 per cent at 8.87 lakh tonnes. However, long products registered a decline of 2 per cent at 2.21 lakh tonnes in November 2016.

Source: The Financial Express 8th December, 2016

Tata Steel's UK biz sale to improve performance

The potential sale of TataSteelBSE0.01%UK's Speciality Steelbusiness to the Liberty House Group willhelp the embattled giant improveoperational performance, Moody's Investor Service said on Monday.
Last month, Tata Steel UK Holdings Ltd(TSUKH, a wholly owned subsidiary ofTata Steel UK, announced that it hadsigned a letter of intent with Liberty Houseto enter into exclusive negotiations on thepotential sale of its Specialty Steel businessfor an enterprise value

Of£ 100 million. The sale, which is subject to due diligenceand corporate approvals, would be credit positive for TSUKH because it would dispose oflossmaking assets at a time when the co-mpany faces challenging conditions in Europe, Moody's said.

Source: The Economic Times 6th December, 2016

All-round cheer for Tata Steel's deal with UK unions

Unions and politicians have welcomed a deal under which Tata Steel is set to derisk its pension liabilities and is committed to securing jobs at its Port Talbot plant in Wales at least until 2021, with plans to invest for a further five years.
Questions over the precise future of the plant and its 4,000 employees had hung over the company since Tata Steel stalled plans to sell the plant and began potential merger discussions with German steel producer ThyssenKrupp over its existing European assets.
The union said that it was a "significant shift" from Tata Steel's opening offer, which didn't include any commitments regarding jobs and Port Talbot's two blast furnaces.
Under the agreement, Tata Steel has agreed to keep both blast furnaces at the site open for at least five years, and will invest £1 billion over a 10-year period to support steel making, and it will avoid making compulsory redundancies for the next five years, similar to one reached with workers in the Netherlands.

Source: Business Line 9th December, 2016

PROJECTS

Tata Steel arm sells tug biz to Adani Ports for ₹ 106 cr

TM International Logistics, a subsidiary of Tata Steel, has sold its wholly-owned subsidiary TM Harbour Services to Adani Ports and Special Economic Zone for ₹106 crore in an all cash deal. TM International Logistics subsidiaries TKM Global GmbH, Germany and International Shipping and Logistics FZE, Dubai own 74.18 per cent and 25.82 per cent equity shares in TM Harbour Services which registered annual turnover of about ₹ 29 crore. It is engaged in the business of providing tug services at Dhamra Port and owns three tug boats. Incorporated in 2002, TM International Logistics is a joint venture company of Tata Steel, NYK Holding (Europe) BV and IQ Martrade. Headquartered in Kolkata, the company currently operates from its offices across various cities in India and overseas offices in Dubai, Germany, UK and China. TM International offers logistics solutions for dry bulk, containerised and project cargo and wide range of logistics services including port operations, shipping, freight forwarding, custom house agency, inland logistics, warehousing, tugging and ship agency. The company recorded an annual revenue of ₹ 563 crore in FY'16.

Source: Business Line 8th December, 2016

FINANCIAL

Demonetisation set to add to steel majors' woes

Weak demand amidst rising cost is likely to hit domestic steel companies. Most large steel producers are now focusing on export markets to overcome the challenging times. The international contract price for coking coal has more than doubled to $200 a tonne in the December quarter. The spot coking coal price has been increased to $309 a tonne from $213 a tonne logged in October. The domestic steel demand has remained stagnant in the June quarter, with consumption growing by just 0.4 per cent. However, demand improved since July, pushing Q2 consumption by 6.8 per cent. However, going forward, an anticipated slowdown in the real estate sector on account of the Government's demonetisation drive will impact demand of long steel players in the immediate term. Given that a majority of the small to medium-sized secondary steel players in India are positioned in the long product segment, the impact of this slowdown in real estate demand is expected to affect their capacity utilisation levels, Roy added. In the flat products used by automobile and white goods sector, the impact of the slowdown would be limited. Domestic hot-rolled coil prices witnessed an uptrend since the imposition of anti-dumping duties in August and increased by 15 per cent to ₹33,750 a tonne in November. It was at around ₹29,250 a tonne in July. In the backdrop of an unabated rise in coking coal price, as well as a resilient Chinese steel demand, international HRC prices have rallied from $328 a tonne in June to $475 a tonne in November. This leaves some headroom to domestic steel companies to pass on the cost increase coming from higher coking coal costs. Additionally, due to the leveraged balance sheets of many large steel companies, the debt protection metrics of the industry are expected to remain depressed in the near term, it said.

Source: Business Line 3rd December, 2016

STEEL PERFORMANCE

Steel imports fall 40% during April-November

India’s steel consumption continued to be anaemic even as production increased and imports fell by around 40% during the April-November period of the current fiscal, data revealed by Joint Plant Committee (JPC), a unit under the steel ministry, showed. Steel consumption grew by just 3% during the eight-month period to 54.2 MT while production registered 8.8% jump, a trend which might create a large inventory. Declining imports have provided a highly-needed breathing space for the domestic steelmakers which raised price from the beginning of the current month after retaining them for the last there months. Exports also rose by over 53% during the period, but in terms of volume, it remained low at 4.27 MT. Sources said India may not be able to make inroads on the export front as it is bound to face stiff competition from nations with excess capacity like China, Japan and Korea, among others. Construction sector generally consumes around 50% of the steel demand in any country. However, it has been higher at around 65% in India. Any contraction in demand from the construction sector thus has a huge bearing on the Indian steel industry. The JPC data showed that leading producers such as SAIL, RINL, TSL, Essar, JSWL & JSPL together produced 36 MT steel during the April-November period, which is a growth of 15.6% compared to same period last year.

Source: The Financial Express 7th December, 2016

POLICY

Steel QualityOrder Extended by 2 Months

Aimed at in tro duc ing a qual ity regime in steel sec tor, the govern ment on Tues day said it has e x tended byan other two months the date for implementation of Stainless Steel Prod ucts (Qual ity Con trol) Order. The extension was necessitated as licensingprocess by BIS would take time, the SteelMinistry said. The Order interalia stipulates prohibition regarding manufacture, import, stora ge,sale, distribtion etc with out Stan dard Mark of BIS and obli ga tion of cer ti fi ca tion, it said.

Source: The Economic Times 7th December, 2016

Steel Ministry to ensure firms meet global quality standards

Companies will have to work on meeting global quality standards and follow international best practices, steps that will help India become a manufacturing hub, Steel Minister Chaudhary

Birendra Singh said today. In order to fulfil Prime Minister Narendra Modi's dream of making India a global manufacturing hub and ensure success of Make in India, there is a need to concentrate on enhancing quality standards and focus on R&D, he said. Singh's comments come against the backdrop of the Ministry looking at creating a comprehensive quality regime for the over USD 100 billion industry. Stressing that it is essential for steel products to gain acceptability and recognition at the global level, Singh said the way forward is to bring more products under the ambit of quality control orders for a holistic coverage.

Source: The Financial Express 8th December, 2016

MIP on select steel products extended till Feb 4

The government has extended the minimum import price (MIP) for 19 colour-coated and galvanised steel products till February 4, 2017, without tweaking the price range. This leaves 47 products without MIP protection. While domestic producers of 15 of these wire rod products are protected by the anti-dumping duty, 35 products lack any kind of import protection other than tariffs. The MIP, below of which import is not permitted, was initially introduced in February 2016. It was aimed at containing imports of 173 steel products in the range of $341-$752 per tonne. The list was pruned to 66 in August for two months and again in October for another two months. Now, the list stands at 19 flat-rolled iron or non-alloy steel products. The domestic industry has already sought protection in the form of anti-dumping duty on 21 products of coated sheets where the MIP is in place now. Sources in the steel ministry said the MIP may not be extended further as the
government fears a huge backlash in the international arena from WTO non-compatible measures, particularly after prices are going up while imports are on the wane. Indian steelmakers had recently urged the government to extend the MIP for all 66 products as the measures imposed for the first time in February last year are yet to “trickle down” to boost domestic demand. The also fear that the liquidity crunch due to demonetisation and imposition of met coke would further dent the demand and production situation.

Source: The Financial Express 5th December, 2016

Steel firms hike prices by Rs 3,000 per tonne

Steel companies have increased prices by up to Rs 3,000 a tonne effective December, on the back of a surge in coking coal prices. International contract prices of premium hard coking coal for the third quarter of FY17 have been settled at $200 a tonne, an increase of 116 per cent, quarter-on-quarter. Moreover, spot prices have increased from $90 a tonne in July to $315 a tonne. According to ICRA, due to this doubling of contract coking coal prices, the cost of steel production for domestic blast furnace players will increase by Rs 5,750 in the fourth quarter over the third quarter of FY17. Trade measures over the past year had prompted domestic hot-rolled coil prices to move up from Rs 29,250 a tonne in July to Rs 33,750 a tonne. That gain is now threatened by the cost push. According to ICRA's estimates, however, gross contribution levels of domestic blast furnace players in the fourth quarter of FY17 are likely to dip by around Rs 4,000 a tonne from the third quarter of FY17 levels, unless the increased coking coal costs are accompanied by commensurate price hikes by steel makers. Around 40 per cent of India's current steel production of 90 million tonnes uses the blast furnace technology. That includes all major players, Tata Steel, SAIL, JSW Steel, Bhushan Steel and Essar Steel. Industry representatives are however, sceptical whether sales will actually happen at the increased prices.

Source: Business Standard 7th December, 2016

South Korea seeks removal of restrictions on steel supply

South Korea has asked India to remove restrictions on steel supplies from that country and widen the scope of a free trade agreement (FTA) between the two sides, sources said.
To protect domestic primary steel producers from dumping from overseas, India has taken a raft of measures since last financial year, including the imposition of basic customs duty, safeguard duty, anti-dumping duty and a minimum import price. While the imports from main exporter China have been reduced, these measures have also hurt supplies from South Korea. Annual growth in India's iron and steel imports from South Korea slowed in the last financial year to just 3% (to $1.9 billion) from as much as 29% in the previous year. In the first half of this financial year, such imports crashed to just $0.7 billion, showed the official data. In volume terms, India's steel imports dropped around 40% in the April-November period, while production rose 8.8%, showed the official data. South Korea mainly exports hot-rolled and cold-rolled flat steel products to India. However, the domestic steel industry refutes South Korea's claim. For its part, India is asking Korea to offer greater market access for farm items, which Korea is reluctant to offer, said the official. India's exports to South Korea dropped 23% in the last financial year to $3.54 billion, while imports fell just 3.6% to $13.04 billion in 2015-16 from a year before.
Indian steel producers, however, have been demanding that steel products be kept out of the FTA with Japan and Korea, jittery as they are of these countries flooding the domestic market with cheaper steel products by cashing in on concessional duty rates.

Source: The Financial Express 8th December, 2016

Ministry for raising stainless steel customs duty

Paying heed to the stainless steel industry's demand, steel ministry has proposed an increase in the basic customs duty (BCD) on the product from 7.5% now to at least 10%. The move is aimed at protecting the domestic firms from burgeoning imports from China, Japan and Korea at predatory prices. Like most of the Indian steel sector, the stainless steel industry has also been facing difficult times over the last three-four years as a result of higher imports from China. This has dragged down capacity utilisation of the domestic industry by half to around 3.4 million tonne (mt) per annum. The government had in June 2015 levied anti-dumping duty for five years on imports of certain varieties of hot-rolled flat products of stainless steel from China ($309 per tonne), Korea ($180 a tonne) and Malaysia ($316 per tonne). Imports of stainless steel flat products to India have gone up 64% over the last three years to stand at 5.32 lakh tonne in 2015-16. China accounted for more than 50% of the total imports. China was a net importer of stainless steel till 2009, but now it has become the largest exporter of the product due to weak demand domestically. Japan and Korea account for around 15% of the total imports. India has already lowered duties to zero on imports of stainless steel flat products from ASEAN countries and Japan and is in a phased tariff-reduction programme with South Korea.

Source: The Financial Express 9th December, 2016

MISCELLANEOUS

Tata Steel deal with UK unions

Tata Steel to day made a 10year commitment to a £1bil lion in vest ment plan as part of its crucialtalks withsteel work ers' unions to save thou sands of jobs in the UK. The In dian stee l gi ant has re port edly of fered a num ber of guar an tees to its staff at Port Tal bot steel works in south Wales, the UK'slargest steel plant, in clud ing a min i mum fiveyear guar an tee to keep bot h fur naces op er a tional at the site. "We are seeking a positive future for the UK business and during discussions with the tradeunions we made sub stan tial as sur ances to achieve this," a Tata Steel statement said.

Source: Business Line 8th December, 2016