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

October 29- November 04, 2016

HIGHLIGHTS OF THE WEEK

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2. Cost optimisation, modernisation and expansion measures at SAIL are beginning to pay off, with the country's largest steelmaker posting a 20 per cent growth in sales during April-October this fiscal.
3. Tata SteelBSE1.13% said itsIndian operations have achieved a majormiles tone of with combined monthly salesof Kalinganagar and Jamshedpur cros sing one million tonne for the first time last month.
4. Tata Steelôs Kalinganagar (Jajpur district here) project is set to become a lower-cost steel-producing centre compared to the companyôs other integrated steel facility at Jamshedpur.
5. Indiaôs proposed move to impose safeguard duties on import of aluminium has been questioned by the EU which has claimed that the conditions for its implementation have not been met.
6. The domestic steel industry has petitioned the Prime Ministerôs Office (PMO) against the move to impose anti-dumping duties on imports of low-ash met coke from Australia and China, saying that such an import would result in price increases of R750-1,500 per tonne for finished steel products.

RAW MATERIALS

Steel industry opposes duty on met coke import

The domestic steel industry has petitioned the Prime Ministerôs Office (PMO) against the move to impose anti-dumping duties on imports of low-ash met coke from Australia and China, saying that such an impost would result in price increases of R750-1,500 per tonne for finished steel products. Stating that the percentage of met coke in the total cost of crude steel is 40-50%, the Indian Steel Association (ISA), in a letter to Nipendra Mishra, principal secretary to the Prime Minister, has said domestic coke suppliers are unable to supply met coke with required specification for larger-size blast furnances. ñThe steel industry in India, especially the larger blast furnances with capacity of more than 1,200 cubic metres, necessarily require met coke with low ash content and moisture content of less than 5%. This is required to ensure that the blast furnaces run efficiently as any variation in coke quality results in instability in thermal profile which takes a long time to stabilise,ò ISA said, adding that the use of domestic met coke has an adverse impact on the steel production and blast furnace productivity. Fearing that their business would be in jeopardy due to cheaper imports, domestic met coke producers including Gujarat NRE

Coke, had earlier filed an application with the directorate general of anti-dumping (DGAD). Met coke prices rose sharply in recent times from $121 Per tonne in January to $285 per tonne now.

Source: The Financial Express 29th October, 2016

COMPANY NEWS

SAIL's Cost control measures lift sales 20% to 7.52mt during April-October

Cost optimisation, modernisation and expansion measures at SAIL are beginning to pay off, with the country's largest steelmaker posting a 20 per cent growth in sales during April-October this fiscal. The Maharatna firm's consolidated sales rose 20 per cent to 7.52 million tonnes (mt) during the first seven months in 2016-17, the company said. "The stabilisation of new mills under the modernisation programme has also contributed to the improved volumes and sales. During April-October, domestic sales went up by 15 per cent with improvement in both long and flat products, it said, adding that exports volumes also rose by more than three times backed by a conscious strategy of the company to expand its footprint in neighboring markets.

Source: The Financial Express 3rd November, 2016

Tata Steel says Indian ops have hit milestone

Tata SteelBSE1.13% said itsIndian operations have achieved a majormilestone of with co mbined monthly sales of Kalinganagar and Jamshedpur crossing one million tonne for the first time last month. This was possible with a ramp up in steelmaking facilities at Kalinganagarfollowing its production breakthrough inJune this y ear. The new plant crossedproduction one million tonne in hot metalproduction in less tha n six months after commissioning. "We hope to consolidate our strength in theautomotive segment with Kalinganagar Plantchipping in.. We are steadily ramping upcapacity at the new plant and as we go alon g we hope to add more highend grades forautomotive, oil & gas and defence segments tha t we currently do not produce atJamshpedpur," a Tata Steel official said. Currently Tata St eel has a 44% stake in autosegment and is banking heavily on Kalinganagar to enrich its p roduct basket. A revival inthe sector sales have been strong for car and two wheeler makers and with a bumper festival period ahead-the company is upbeat about demand from the sector that accountsfor nearly 18% of the c ompanyộs sales by value.At Kalinganagar, Tata Steel is close to achieving the two million tonne mark in productionand is producing over 1,50,000 tonnes of hot metal very month. The plant is on track toachieve its three million tonne capacity by next fiscal, the official added. The sooner weachieve the capacity the faster we will be able to stablilise it, he said . The first export consignment was able flagged off from Kalinganagar earlier this year " Wehave received good feedback from customers and the product has been well received i nthe market," the official said. Tata Steel was able to stabilize the hot strip mill at Kalinga nagar much fasterthan the time taken to do so at Jamshedpur earlier. This is largely due to the experiencethat the company has gathered over the years. The company has set a targe t of achieving additional sales of one million tonne this year.With Kalinganagar progressi ng well we hope to be able to meet it. While it is producing9.7 million tonne per annum at Jamshedpur, it hopes to be able to sale one million tonneper month once Kalinganagar ac hieves its initial phase capacity of three million tonne per annum.

Source: The Economic Times 29th October, 2016

Vedanta mulling steel foray

At a time when imports from China are impacting the business of domestic steel makers, diversified natural resource company Vedanta said it was ñmullingò entering the segment. ñWe are trying to look around the corner. We are trying to envision the time when urbanisation picks up in India, when you see more government spending on infrastructure, higher expenditure by Indian families demanding higher quality households and more manufacturing capacity developing in India,ò said Tom Albanese, chief executive. Adding: ñWe want to be a premier provider of Indiaôs aluminium, copper, oil and, possibly, steel.òVedanta, the London-based diversified natural resources company, reported a 17 per cent increase in profit after tax (PAT) at ₹1,252 crore for the September quarter, mainly on strong operating performance and higher commodity prices.

Source: Business Standard 29th October, 2016

JSPL again defaults on interest payment

Jindal Steel & Power (JSPL), Indiaôs second-mostindebted mill, said that it missed payment on interest due last month on some bonds, the third lapse since September. The company did not made interest payments of ₹154.3 million due last month of four non-convertible debentures because of short-term cash flow mismatches and the money will be paid in due course, the New Delhi bases producer said in a filing of Thursday. It earlier missed interest payments on 17 bonds that were due in September and October. Jindal Steel, weighed down by ₹468 billion of debt, is struggling to boost revenues amid a surge in steel imports from China, Japan and Koreaand weak power demand. The company is in advanced talks to sell some non-core assets to reduce the debt burden.

Source: The Financial Express 4th November, 2016

PROJECTS

Tata Steel Invests C$150 m in Quebec after Mistry Exit

Tata Steel invested C$125 million in equity inGovernment of Quebec's investment entity Resources Quebec and another C$25 million in debt in Investment Quebec amid investor uncertaintyespecially after the ouster of formerchairman Cyrus Mis try. This is to set up mining operations acrossQuebecNewfoundland and LabradorPeninsu la and multiple processing facilities,including a beneficiation plant. Tata Steel Minerals C anada is a joint venturebetween Tata Steel and New Millennium IronCorp, where the Indi an firm holds 94 per cent.After the new investment, Resources Quebec will hold 18 per ce nt stake in the JV, whileTata Steel's shareholding will come down to 77.6 per cent. The re maining stake remains with New Millennium Corp.
Tata Steel reiterated that it continues to pursue its European consolidation strategy andthe talks with Thyssenkrupp for a potential joint venture of its European steel business arecur rently on track. A separate process for the potential sale of the South Yorkshirebased Specialty Steels business in the UK is also going on.Shares of Tata Steel have lost 5 per c ent in value since the shocking removal of Mistry
from Tata Sons board on Monday. The shares closed at Rs 404.45 apiece on the BSE on Friday.

Source: The Economic Times 29th October, 2016

Kalinganagar to be lower-cost steel producer

Tata Steelôs Kalinganagar (Jajpur district here) project is set to become a lower-cost steel-producing centre compared to the companyôs other integrated steel facility at Jamshedpur. ñBetween Jamshedpur and Kalinganagar, the latter will eventually become a lower-cost producer of steel because of the comparative advantage of logistics though in the initial days, it has to deal with high depreciation cost for being a new plant,ò said T V Narendran, managing director of Tata Steel. ñOur aim is to take the per-employee output to over 2,000 tonnes of steel to compete with global leaders like Posco, whose per-employee steel output stands at 2,300 tonnes,ò he added.
At present, Tata Steelôs Jamshedpur plant, oldest steel mill in the country, compares unfavourably with some of the new-age steel plants in the private sector from a cost point of view. With a capacity to produce 10 million tonnes per annum (mtpa) of steel, it has a work force of 37,000 while JSW, which produces 14.3 mt steel annually, has a workforce of 12,271 employees.
The saving on logistics at Kalinganagar is thanks to its proximity to the Paradip port. Kalinganagar is only 118 km from Paradip, whereas the distance between Jamshedpur and its nearest port, Kolkata, is 270 km. This is in addition to the

advantages it enjoys for being a new-age plant that gives it scope for judicious deployment of personnel and use of modern technology.

Source: Business Standard 3rd November, 2016

NGT issues interim stay on steel flyover in Bengaluru

The National Green Tribunal (NGT), southern zone, has issued an interim injunction against the proposed steel flyover planned by the Bangalore Development Authority (BDA). The petition was filed by Citizenôs Action Forum (CAF) against the Government of Karnataka, BDA and various departments. The NGT has ordered the respondents to submit their response in four weekôs time, said representatives of the Forum. V Balasubramanian, former additional chief secretary and vice-chairman of Transparency International, said the NGT has issued an interim stay and has asked the respondents to file their response in four weeks. The petitioners alleged that the project, which was expected to start in a couple of weeks, has not complied with the legal requirement such as the Environment Impact Assessment and it would have resulted in destruction of around 812 trees.
Besides the BDA should also conduct public hearing before finalising the project, they added. According to earlier reports, the BDA had proposed to work on a flyover, close to seven-kilometre long, with an estimated investment of around ₹ 1,400 crore.

Source: Business Standard 29th October, 2016

STEEL PERFORMANCE

Steel sector will bounce back soon: RINL chief

Despite a slowdown in the steel sector domestically as well as globally, there are bright chances for the industry to stage a recovery soon, according to P Madhusudan, Chairman and Managing Director of the Visakhapatnam steel plant (Rashtriya Ispat Nigam Ltd). However, right now the industry is facing many challenges like inadequate infrastructure and logistics, high capital cost, high cost of power and fuel, non-availability of quality coal, increased input costs, and operational efficiency in product development. He said these challenges could be, and should be, met. As India is one of the fastest growing economies, steel consumption will grow in rural and urban areas. He said the Governmentôs intervention is highly needed at this point to support the steel industry by reducing the customs duty and curbing cheap steel imports. Madhusudan called for adoption of the best available technologies and stressed the need to invest more in research and development. Y Sivasagara Rao, former CMD of RINL, said India should compete with China by reducing imports and increasing exports, and by improving techno-economic parameters and reducing the cost of production. Value-added products should be developed to substitute imports and increase the revenues. In no case, production should be reduced and volumes should be increased to become competitive, he said.

Source: Business Line 4th November, 2016

POLICY

Anti-dumping duty imposed on some Chinese steel products

The Centre has imposed an anti-dumping duty on imports of steel wire rods from China to protect domestic manufacturers from cheap in-bound shipments. The department of revenue in a notification on Wednesday said anti-dumping duty is being imposed for six months on import of wire rod of alloy or non-alloy steel from China. The measure follows recommendation by the Directorate General of Anti-Dumping and Allied Duties (DGAD) that steel wire rod was being exported by China ñbelow the normal valueò and ñthe domestic industry has suffered material injuryò because of such imports. In its September 27 finding, the DGAD also stated that ñthe injury has been caused by the dumped imports of the subject goodsò from China. An anti-dumping duty equivalent to the difference between the landed value of steel products and $499 per tonne will be imposed on products exported by Min-metals Yingkou Medium Plate Co. In case of other producers, the anti-dumping duty would be the difference between the landed value and $538 per tonne, the notification said. The ölanded valueô of imports was defined as the assessable value as determined by the customs and includes all duties of customs. Wire rod of alloy or non-alloy steel finds applications in many sectors such as automotive components, welding electrodes, fasteners, including nuts and bolts, nails, railway sleepers, general engineering, binding wires for construction industry and armoured cables. State-owned Steel Authority of India, Rashtriya Ispat Nigam, Usha Martin and JSW Steel had jointly filed the application to probe the dumping of these products from China.In its findings, DGAD concluded that the product has been exported to India at ñbelow the normal valueò due to which ñthe domestic industry has suffered material injuryò. Anti-dumping measures are taken to ensure fair trade and provide a level-playing field to the domestic industry. They are not a measure to restrict imports or cause an unjustified increase in cost of products. India has initiated maximum anti-dumping cases against ñbelow-costò imports from China.

Source: The Financial Express 4th November, 2016

GLOBAL STEEL

China Puts gives touches to World's biggest steel tie-up

China cemented its approval of the worldôs biggest steel tie-up in a decade by naming top executives of the merging companies to the posts of chairman and president of the new group, pressing on with efforts to restructure mills in the top producer as prices rebound. China is promoting mergers among its largest producers to combat chronic overcapacity, boost its influence over prices and create fewer, more profitable mills. Baosteel is Chinaôs No. 2 mill by output while Wuhan is the sixth largest, and combined, theyôd account for 8 percent of the nationôs total output. In the global rankings, they would lie behind only Europeôs ArcelorMittal SA. The restructuring of Baosteel and Wuhan was first flagged in June and the move has come together as prices rose and millsô earnings jumped. Sasac on Friday said it had approved the share-swap plan to unite the two firmsô listed units, adding that it had approved in principle the broader merger of the parents. Benchmark hot-rolled coil prices in China have rallied 53 percent this year as demand improved on the back of government stimulus. Wuhanôs listed unit Wuhan Iron & Steel Co. returned to profit in the third quarter, while Baosteelôs Baoshan Iron & Steel Co. recorded its best quarter in four years.

Source: The Financial Express 1st November, 2016

Posco not a bidder for Arrium

South Koreaôs Posco said on Thursday it has not bid to acquire Australiaôs Arrium Ltd steelworks, but is trying to sell the group technology, differing from comments by a senior Australian minister that said Posco is in the running. ñPosco has not participated in bidding to buy Arrium. We are interested in selling our FINEXT technology to Arrium,ò a Posco spokesman said.

Source: Business Line 4th November, 2016

MISCELLANEOUS

India's plan to impose safeguard duties on aluminium, steel questioned at WTO

Indiaôs proposed move to impose safeguard duties on import of aluminium has been questioned by the EU which has claimed that the conditions for its implementation have not been met. New Delhi is also facing a challenge from Ukraine, Korea and Japan in its effort to impose safeguard measures on import of hot-rolled steel. Safeguard duties are additional import levies imposed on items if there is a sudden spurt in its import leading to losses to domestic producers. ñAt a recent meeting of the WTO Committee on Safeguards, the EU pointed out that Indiaôs injury determination (for the local industry) was not conclusive and that the increase in imports was not sudden and sharp as required under the Safeguards Agreement,ò an official privy to the meeting told *BusinessLine*.

Source : Business Line 1st November, 2016