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 Report by Joint Plant Committee

August 8 – 14, 2015

RAW MATERIALS

NMDC plans to put 400-km pipeline in place by 2018

Public sector iron ore miner NMDC expects to start a 400-km underground slurry pipeline from Bailadila in Chhattisgarh to Visakhapatnam in Andhra Pradesh by 2018. The pipeline project will be a joint venture with Rashtriya Ispat Nigam Ltd and the two are also in talks with private players, Essar Steel, Kudremukh Iron Ore Company Ltd and others. The project entails an investment of Rs 8,000-9,000 crore and will also include two iron ore pellet plants, NMDC's Chairman and Managing Director Narendra Kothari said here. The pipeline will be used to transport iron ore fines from NMDC's Bailadila mine to RINL's plant in Visakhapatnam. "The first phase of 100 km connecting Bailadila and Jagdalpur will be completed by 2018. The second phase thereafter in a year or two," he said. Minister for Steel and Mines Narendra Singh Tomar said that the Mines and Mineral (Development and Regulation) Act amendments implemented earlier this year have allowed more public sector entities to engage in mineral exploration, private sector investment is important.

Source: Business Line, 8th August, 2015

Odisha notifies freight rates for mineral transport

The state government has finally notified the much awaited ceiling on freight rate for transportation of minerals, putting to rest mounting concerns of end use industries over steep transportation costs and cartelization by carriers. The ceiling has been notified for trucks carrying minerals within and outside the districts of Angul, Jaipur, Keonjhar, Sundargarh and Jagatsinghpur. The maximum freight rate has been fixed at Rs 4.56 per tonne/km for six wheelers, Rs3.65 for 10-wheelers and Rs 2.9 for 12-wheelers. Similarly, for to and fro movement beyond 100 km per day, the ceiling on freight has been pegged at Rs 6.38 per tonne/km, Rs 5.11 and Rs 4.06 for six wheeler, 10-wheeler and 12-wheeler respectively. The maximum freight for locally moving trucks and tippers up to a distance of 100 km has been pegged at Rs 2,000 per day plus twice the running cost or Rs 3,500, whichever is higher. The state government had decided to fix a ceiling on mineral transportation rates at a meeting chaired by chief secretary GC Patil on June 17. The decision was aimed to put a ceiling on ore transportation cot to rein in unfair trade practices. A technical committee had recommended the ceiling rates factoring in parameters like amount of ore carried, condition of road infrastructure and traffic frequency. The ceiling rate would be binding on all registered transport agencies and whoever charges higher would not be allowed to transport ore.

Source: Business Standard, 8th August, 2015

KIOCL to get captive mines in K'taka

Steel ministry undertaking KIOCL, which has been facing acute shortage of iron ore for the last decade, is all set to secure captive mines in Karnataka. After a prolonged delay over the allotment of mines, the state government has almost finalized the allotment of a new iron ore lease to the company in Ballari district. The state government has indicated that around 394 hectares of mining area has been identified for allotment to KIOCL in the Devadaru mining region in Sandur taluk of Ballari district. Recently, the Standing Committee on Coal and Steel set up by the Parliament had made a strong recommendation to the government to allot captive mines to KIOCL. KIOCL has been sourcing raw material from NMDC's Chhattisgarh mines for its pellet plant at Mangaluru for the last ten years ever since it shut down its own captive mines at Kundremukh in Western Ghats area of Chikkamagaluru district in 2006 following a direction from the Supreme Court. Since then, KIOCL has been looking for iron ore deposits in Karnataka to ensure supply of raw material to its 3.5 million tonne per annum pellet plant in Mangaluru. According to government sources, KIOCL will be allotted new mining lease in Devaduru region in Ballari district. The company had initially sought mining lease in Ramanadurga region, which has rich reserves of iron ore.

Source: The Financial Express, 11th August, 2015

Vedanta resumes iron ore mining in Goa

The Anil Agarwal-owned Vedanta Ltd restarted iron ore mining in Goa, nearly three years ago after a ban was imposed on the activity. The company, which began mining operations at its Codli and Bicholim mines, the first company to do so after the Supreme Court lifted the ban partially, expects to achieve its annual capacity of 5.5 million tonnes by this fiscal year-end. Vedanta has received Indian Bureau of Mines approval for its five mining plans and is awaiting clearance for another 15 plans. Final clearances for other mines are expected by this month-end. After the monsoon, Vedanta plans to resume full-scale mining to achieve the annual production limit of 5.5 million tonnes, it said in a statement. Apart from Vedanta, other miners in Goa, such as VM Salgaocar, Fomento Resources, Pandurang Timblo Industrias and Chowgule Group, are gearing up to restart mining and waiting for the monsoon to get over. The State government had permitted 98 mines to restart production. In 2012, the government imposed a blanket ban on mining activities in Goa, the country's third-largest iron ore producer, due to alleged illegal mining. The Supreme Court partially lifted the ban in April 2014 with an annual production cap of 20 million tonnes. In January, the State government lifted its ban completely and paved way for the companies to reopen mining.

Source: Business Line, 11th August, 2015

Sponge iron makers seek steps to check iron ore prices

Burdened under high raw material costs, the sponge iron makers have pitched for an urgent need to bring down the iron ore prices in the country. "There is urgent need to regulate the iron-ore production by the existing miners as they are producing less than their rated capacity to keep the price artificially high that has led to severe crisis," West Bengal Sponge Iron Manufacturers' Association President Gouri Shankar Jain said. Besides, the sponge iron industry also wants urgent steps to bring down the iron ore prices by at least Rs 1000 a tonne. The majority of sponge iron makers belong to West Bengal, Chattishgarh, Odisha and Jharkhand and they have come together to seek the Centre's intervention in the matter. The industry has an annual capacity of 50 million tonnes but currently is churning out only 17-20 million tonnes, city-based Shyam Steel promoter S S Beriwala said.

Source: Business Standard, 13th August, 2015

NMDC produces 8.4 mt of ore in July

The state-owned iron ore mining major, NMDC Ltd produced 8.43 million tonnes of ore during July in Chhattisgarh and Karnataka and registered sales of 9.29 mt during the month. In a statement to the BSE, the iron ore company said that production in the Chhattisgrh mines was 4.8 mt and in Karnataka was 3.63 Mt. However, the sales volume from both the states was higher with Chhatisgarh logging 5.12 mt and Karnataka 4.17 mt. The company posted poor numbers during the first quarter.

Source: Business Line, 13th August, 2015

COMPANY NEWS

Posco ties up with Uttam Galva arm for $3-b steel plant

Shree Uttam Steel and Power and South Korean steel giant, Posco have signed an agreement to set up a three million tonne per annum integrated steel manufacturing company in Maharashtra, with an investment of $3 billion (Rs 19,200 crore). The new steel plant is to be set up in two phases on 2,000 acres with the Indian company in Sindhudurg district. Ankit Miglani, Director, Uttam Galva, said the initial work, including technical evaluation, has started and work on the ground will commence from September next year. Initially, he added, the Miglani family will hold 80 per cent in the joint venture company. The Korean company will have the option to raise its stake progressively. Allaying fears on sourcing iron ore, he said the upcoming plant would be the first in India to be designed for the use of iron ore from Goa, which has less iron content, but is available in plenty. Shree Uttam Steel and Power is a privately held company of the Miglani family, the co-promoter of Uttam Galva Steels. ArcelorMittal Netherlands BV holds a 29 per cent stake in the company.

Source: Business Line, 12th August, 2015

Tata Steel to take a call on UK long-product unit by January

Tata Steel will be taking a strategic decision regarding the UK long-product division in the next four-five months. The company in its statement said its talks with the Klesh

Group to sell the UK unit have discontinued after almost a year of negotiations. Regarding iron ore supply for the company's Jamshedpur plant, T V Narendra, managing director Tata Steel India and South East Asia, said, "Currently the company is sourcing the ore from Odisha mines, and, since ore prices have declined, the company may look to source ore locally instead of importing."Tata Steel's Jharkhand iron ore mines have stopped dispatches to the steel plant over issues of challan with the state government.

Source: Business Standard, 13th August, 2015

SAIL's expansion programme, execution not efficient: CAG

The modernisation and expansion programme of state-owned steel major, SAIL has been marred by project delays and its implementation has been inefficient at all stages, including tendering and cost overruns, government auditor CAG said. Coming down hard on the state-run steel giants' awarding of contracts for the modernisation and expansion programme (MEP), Comptroller and Auditor General (CAG) said execution of all projects across all plants resulted in high prices. The prices obtained through tender during 2006-08 were 70 -100 per cent higher than the cost estimates and total cost of proposed MEP projects rose from Rs 43,142 crore approved by SAIL Board during 2006-07 to Rs 77,691 crore during 2008-09, an increase of 80 per cent, it pointed out. SAIL failed to implement MEP within planned timelines and the capacity expansion at Salem steel plant (SSP) only could be completed by September 2010, it added. The integrated commissioning of capacity expansion projects in five integrated steel plants has been delayed by over four years and is now scheduled for completion during 2015, it said.

Source: The Financial Express, 13th August, 2015

Steel Exchange India to acquire Lion Impex

Steel Exchange India Ltd has decided to acquire Lion Impex DWC-LLC of Dubai, a trading start-up, and make it a wholly owned subsidiary. The company board, which met here on Wednesday, has approved the proposal to acquire and make the Dubai firm its subsidiary while also indicating a move to make SEIL (Hong Kong) Ltd, incorporated on June 2, 2015, as a wholly-owned subsidiary. The board also approved to revive www.steelexchangeindia.com, India’s first e-commerce portal for steel industry, VS Rakesh, Chief Financial Officer of SEIL, told. Referring to the company’s performance, he said the steel sector is passing through tough times and the results are satisfactory. The company posted a marginal drop in its net profit for the first quarter ended June 30, 2015 at Rs 8.65 crore against Rs 9 crore for the corresponding quarter last year.

Source: Business Line, 13th August, 2015

PROJECTS

Tata Steel Gopalpur unit to go on stream by year end

Tata Steel has set a fresh target of December, 2015 for commissioning of 55,000 tonnes per annum (tpa) capacity ferrochrome plant at Gopalpur in Odisha. With this, the steel major has shifted the commissioning date of the project twice. It was first scheduled for March, 2015 and then it got shifted to July 2015. "Due to the delay in instalment of some power transmitters for supply of power to the project, the work was delayed for about five months" said Arun Mishra, vice president, Gopalpur Project of Tata Steel. He, however, said around 75 per cent work of the plant has been completed. The ferrochrome plant is the anchor project of the proposed Industrial Park being put up by Tata Steel in the area. Besides this 55,000 tpa ferrochrome plant, the company also intends to set up a second ferro-alloys unit with 2.40 tpa capacity at the same place, which would catapult Gopalpur as the largest ferrochrome producing centre in Asia. The work on the second unit would start after getting the environment clearance from the Ministry of Forest and Environment (MoFE), sources said. The combined investment in both the units is estimated at Rs 1200-crore. While the first unit will cost Rs 400-crore, the second unit is estimated at Rs 800-crore. Spread over 2970-acres of land, the Industrial Park will have a provision for a multi-product Special Economic Zone (SEZ). The two ferrochrome plants in the park will consume 400-acres.

Source: Business Standard, 10th August, 2015

Kalinganagar project to go on stream in Dec

The first phase of the Tata Steel's Kalinganagar steel project in Odisha's Jajpur district, comprising three million tonnes (mt) annual capacity, will go on stream in December. It has completed 90 per cent of the work and has sought 'consent to operate' from the Odisha state pollution control board. Heating of the coke oven battery, a crucial component of the steel mill, had started in May and the first batch of cokes will roll out on August 19. The second phase, comprising another three mt steel capacity, will start after completion of the first phase. The second phase is expected to go on stream in 2019. Plan is to ramp up the capacity of the Kalinganagar project to 15 mt over the next 10 years. Phase-I will mostly produce hot-rolled coils, to be sold in the domestic market. Focus will be on rural market as it has a good potential, there was no plan to export. The company also intends to sell high-quality hot rolled coils to the automobile, defense and infrastructure industries. The firm will source raw material from its existing mines, Joda and Khandbandh, in Odisha and also from Nuamundi in Jharkhand. Tata Steel had signed a deal for the Kalinganagar project in 2004. However, following resistance in land acquisition and death of 14 tribal protesters in a police firing in 2006, work could not start in real earnest till 2010.

Source: Business Standard, 10th August, 2015

Odisha okays expansion plans of Bhushan Steel, Utkal Alumina

The state government has approved the expansion plans of Bhushan Power & Steel Ltd (BPSL) and Aditya Birla Group owned firm Utkal Alumina Ltd. BPSL has proposed to expand steel-making capacity of its Thelkoli plant under Rengali tehsil near Sambalpur from 2.8 million tonne per annum (mtpa) to 5.5 mtpa at a cost of Rs 4,837 crore to the steel maker. The SLSWCA also okayed the expansion of Utkal Alumina to ramp up capacity of its alumina refining unit at Daruguda near Rayagada to 1.5 mtpa from the existing one mtpa. The investment in the refinery at full capacity is estimated at Rs 7,563 crore. In the steel sector, the single window cleared two more proposals- pelletisation plants proposed by Ardent Steel and Pro Minerals. Ardent Steel will pump in Rs 4,031 crore to expand pellet plant capacity from 0.6 mtpa to 1.8 mtpa at Phuljhar in Keonjhar district. Pro Minerals is keen to establish one mtpa pellet plant at Basantpur in Keonjhar district at an investment of Rs 238 crore.

Source: Business Standard, 14th August, 2015

PRICE

Steelmakers look at price cuts

JSW Steel and Kalyani Steels are considering cutting some steel product prices to preserve market share, company officials told Reuters. China's decision this week to devalue its currency has further worried Indian steel companies, most of whom operate on razor-thin margins. A senior official at JSW, India's third largest steel company, said it might keep prices unchanged for its high-end products, which make up 37 per cent of its output, but that for the rest it might be difficult to hold to current rates. R. K. Goyal, Managing Director of medium-sized producer, Kalyani Steels, said it could scale down operations or further cut prices despite losing money. Tata Steel has said there would be "mayhem" in the Indian market after the yuan devaluation. The JSW official said though India's steel prices have fallen 20 per cent in the past one year, consumers still prefer to buy China's even cheaper imports.

Source: Business Standard, 14th August, 2015

POLICY

Tata Steel seeks safeguard, dumping duties on imports

Tata Steel has urged the Government to consider concrete steps like imposing safeguard and anti-dumping duties than taking piece-meal measures like increasing import duty at regular intervals. Reacting to the import duty hike of 2.5 per cent on long products and billets to 7.5 per cent on Wednesday, TV Narendran, Managing Director, Tata Steel, said such measures only discourage speculative position taken on imports like it happened in April when flat product duty was hiked but the preceding months imports started peaking and has touched a million tonne per month now. The recent decision of the Chinese government to devalue yuan will more than negate India's duty hike and help them dump steel into India, he said. India should learn from countries like the US and others who take swift decision on safeguard duty and also announce that when implemented it will be with retrospective effect from the day when investigation started to implement the duty. In 2014, China steel export was 100 million tonnes and the current year it is expected to be 25 per cent more.

Source: Business Line, 13th August, 2015

Quality control order for 19 steel products likely

The government has proposed to issue quality control orders for three stainless steel products and 16 non-alloy steel products, which have a direct bearing on human health, Parliament was informed. So far, the government has notified 15 steel products under two steel quality control orders, Minister of State for Steel, Vishnu Deo Sai said in a written reply to Rajya Sabha. Explaining the rationale behind the norms, Sai said the government proposes to notify several steel products having direct bearing on human health and critical to housing, construction and infrastructure sectors. These orders are under the mandatory Certification Marks Scheme of Bureau of Indian Standards (BIS) which warrants that all the notified products must conform to the relevant Indian Standards, the Minister said.

Source: The Financial Express, 13th August, 2015

Govt hikes import duty on steel products again

The Finance Ministry has hiked the import duty on key steel products by 2.5 per cent. This move, the second such hike after June 17, is aimed at protecting the domestic steel industry, as the yuan devaluation will make Chinese imports cheaper than Indian products. Finance Minister, Arun Jaitley tabled a notification related to the duty hike in both the Houses on Wednesday. The hike has come into effect immediately. A senior Finance Ministry official said the import duty on semi ingots product will now be 10 per cent (from 7.5 per cent). Similarly, duty on stainless steel long products, alloy steel long products, non-alloy long products and alloy steel flat products has been raised to 10 per cent, from 7.5 per cent. At the same time, non-alloy flat products and some specified alloy steel products will attract an import duty of 12.5 per cent. However, there is no change in the duty on CRGO (5 per cent) and stainless steel flat products (7.5 per cent). The products protected from duty hike are used in the manufacturing of power generation equipment and other machineries.

Source: Business Line, 13th August, 2015

STEEL PERFORMANCE

Chhattisgarh to pull out steel sector from crises

Chhattisgarh government has taken the initiative to bail out country's secondary steel from the crises. Chief Minister, Raman Singh along with a delegation, met Union Finance Minister Arun Jaitley and took up the issue to give some respite to the secondary steel makers in the country, who are reportedly passing through the phase of worst-ever crises. The imported steel has been cited as one of the reasons as the local steel makers had failed to stand in competition in the international market following high price of raw materials in the country. Singh said the secondary steel sector had been generating employment to over 600,000 people across the country and Chhattisgarh was one of the biggest steel producing states. A few units in the state had closed down while many had curtailed the production. The situation across the country was same. According to steel makers, the cut in the price of raw material would be the only option.

Source: Business Standard, 11th August, 2015

FINANCIALS

Tata Steel net doubles on lower cost; China supply worries remain

Tata Steel’s consolidated net profit more than doubled in the June quarter to Rs 763 crore

against Rs 337 crore registered in the same period last year. The rise in profit was largely due to lower production cost and income from asset sale. Net sales were down 17 per cent at Rs 29,900 crore (Rs 36,147 crore). The overall production cost was down 14 per cent at Rs 28,873 crore (Rs 33,705 crore) with raw material prices dropping sharply. The company registered other income of Rs 1,000 crore from sale of investments. On a standalone basis, Tata Steel's net profit, however, was down 45 per cent at Rs 1,249 crore (Rs 2,268 crore) as net sales dipped 13 per cent to Rs 9,006 crore (Rs 10,381 crore). Steel production in the June quarter was down two per cent at 2.10 million tonnes (2.14 mt). A break down in hot strip mill for eight days impacted the sales. This apart, a major portion of domestic demand this quarter was met through imports which increased 57 per cent to 2.77 mt (1.76 mt). Hot rolled coil prices fell seven per cent quarter-on-quarter. Tata Steel expects the cost of production to increase with its Noamundi iron ore mines in Jharkhand suspending despatches as the state government stopped issuing forwarding notes (challans). TV Narendran, Managing Director, Tata Steel (India), said the steel industry continues to bear the brunt of a surge in imports and tepid domestic demand which led to a sharp drop in steel prices over the quarter. Karl-Ulrich Köhler, Managing Director, Tata Steel (Europe), said the steel demand increased modestly. But imports from China have grown at an alarming rate with hot rolled coil shipments increasing over three times the volumes of 2013, he said.

Source: Business Line, 12th August, 2015

JSPL posts Rs 355-cr loss on higher depreciation

Naveen Jindal's Jindal Steel and Power Ltd has reported a consolidated net loss of Rs 355 crore in the first quarter of fiscal 2015-16. In the same quarter last year, the company had posted a consolidated net profit of Rs 402 crore. During the quarter, the company's turnover dropped 5.5 per cent to Rs 4,426 crore against Rs 4,687 crore in the same quarter last year."In spite of higher sales volumes, turnover of JSPL declined due to decline in Net Sales Realization (NSR). "NSR continues to be under pressure due to unabated import of steel from China, Korea and other countries," the company said in a statement. It added that the consolidated net loss was a result of higher depreciation at Rs 747 crore and finance cost of Rs 852 crore.

Source: Business Line, 13th August, 2015