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

July 20 - 26, 2019

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COMPANY NEWS

SAIL to make special shipbuilding grade plates

State-run steel maker SAIL has got approval from the Indian Register of Shipping (IRS) to manufacture special shipbuilding grade plates. The plates will be used for making diving support vessels (DSV) used by the India Navy, the Steel Authority of India Ltd (SAIL) said in a statement. "Company's Bhilai Steel Plant has got the necessary works approval certificate from the Indian Register of Shipping (IRS) to manufacture special shipbuilding grade plates for making Diving Support Vessel (DSV) used by the India Navy."The plates will be supplied to Hindustan Shipyard Limited for making the vessels. Such vessels are used by the Navy for search, rescue and repair of undersea submarines and other vessels/structures," SAIL said. The certification requires stringent monitoring and review of the entire systems from steel-making to testing, it said. "The works approval certificate granted to Bhilai Steel Plant is for manufacture and supply IRS grade plates of normal strength (A, B & D) with plate thickness ranging from 8 mm to 45 mm," SAIL said. SAIL is country's largest steel producer with an annual capacity of over 21 million tonnes per annum.

Source: Financial Express, July 26, 2019

JSW Steel to invest Rs.1Kcr in tinplate capacity

JSW Steel is investing close to Rs 1,000 crore in tinplate capacity, in tandem with India’s pledge of eliminating single-use plastics by 2022. JSW Steel has an annual installed capacity of 350,000 tonnes tinplate of which 100,000 tonnes are being produced by its joint venture, JSW Vallabh Tinplate. The balance 250,000 tonnes, at the newly established facility in Maharashta's Tarapur, are being doubled to 500,000 tonnes in a bid to capture the growing packaging market. JSW is also rolling out JSW Platina, a premium tinplate targeted at the packaging industry Jayant Acharya, director of commercial, marketing & strategy for JSW Steel, said it was the first steel company to introduce continuous annealing technology for making tinplate products in India. JSW Platina would be thinner, brighter, and stronger, said Acharya. It can be used as packaging material for a wide range of products from food cans to battery and crown corks.

Source: Business Standard, July 20, 2019

JSW Steel plans to hike domestic capacity to 45MT by 2030

JSW Steel is looking to increase the domestic capacity to 45 million tonne by 2030, with a global capacity footprint of 10 million tonne over the same time period. Addressing shareholders at the company's 25th annual general meeting, Sajjan Jindal, chairman and managing director, said the company is in the midst of a large organic growth programme to expand capacity from 18 to 24 MPTA (million tonne per annum) by 2020-2021. With the Vijayangar capacity upgradation project, JSW Steel will increase capacity from 12 MTPA to 13 MTPA. The expansion project in Dolvi, which is currently underway, will increase the capacity from 5 MPTA to 10 MPTA. These will result in an increase of JSW Steel's overall steel making capacity from 18 MTPA to 24 MTPA. The company has also expanded its domestic retail presence with over 9,500 direct and indirect outlets. During the previous financial year, Jindal said, the company's capacity utilisation stood at an all-time high of 93%, driven by improved utilisations levels in Vijayanagar and Salem plants. "We will continue to operate at high utilisations and pursue a strong growth trajectory," he said.

Source: Financial Express, July 26, 2019

Tohoku Steel's Sri City unit goes on stream

Japan based Tohoku Steel commissioned it state-of-the-art heat resistant steel rods manufacturing facility at Sri City in Andhra Pradesh on Friday. The plant built in a 6-acre plot in the domestic tariff zone (DTZ), entails an initial investment of around Rs.80 crore. The plant carries out secondary processing on heat resistant steel rods and soft magnetic stainless steel rods, and produces rods in required sizes, as per the customers specifications.

Source: Financial Express, July 20, 2019

JSW Steel likely to raise $500-700 million overseas

Mumbai and Kolkata: JSW Steel, India's second-largest private steel manufacturer, plans to raise $500-700 million from overseas investors as the company aims to lower borrowing costs amid declining yields. The funds could be raised either through loans or through a bonds issue. The steel producer is appointing five-eight investment bankers for advice on its borrowing plans expected in the next few weeks, said three people with direct knowledge of the matter. The proposed bonds may be of five-year maturity. The funds raised will be used primarily for refinancing, a move that's expected to extinguish some high-cost debt. Some of the money may be used for expansion. JSW Steel declined to comment on the matter. The company is preparing to raise up to $700 million by issuing dollar-denominated bonds in the international market, a source close to the developments told ET, asking not to be identified.

Source: Economic Times, July 25, 2019

Free from CDR, Jindal stainless eyes easier access to capital

Jindal Stainless expects its corporate debt restructuring (CDR) process to conclude before the end of this calendar year. "There are a lot of indirect benefits of exiting the CDR from an investor's point of view or from the consolidation point of view. We are reducing debt every year. We are deleveraging the company further. We are not expanding too much and growing with the market pace. And the CDR overhang will completely go," Managing Director at Jindal Stainless (JSL), Abhyuday Jindal told. In a regulatory filing, Jindal Stainless said that the consortium of CDR lenders had agreed to allow CDR exit for the company with effect from March 31, 2019. "The lenders have approved the exit and now the process is on the documentation and approvals front. The decision and conditions in terms of recompense have been agreed upon," Anurag Mantri, Group Chief Financial Officer of Jindal Stainless said. "The effective date for CDR exit was financial year 2019. But we will be completing the process in the next three to four months time. It's more a process as the policy level agreement has been reached with the lenders," Mantri added. ₹5,500-crore debt Mantri said that between the two companies, Jindal Stainless and Jindal Stainless (Hisar), the group has close to ₹5,500 crore debt. The working capital debt is ₹700-800 crore. "We are reducing the debt continuously so that CDR exit per se will not reduce any debt. But if you see our leverage story our debt-to-equity ratio used to be more than 6:1 in 2015, which as on date stands at 1.7:1. And as our focus continues to keep deleveraging, we have been repaying almost ₹800 crore at the group level between Jindal Stainless and Jindal Stainless (Hisar)," Mantri said. "Post CDR, we will have access to much larger lenders because right now our accessibility to lenders is restricted. There are RBI guidelines because of which new lenders cannot come in. With the exit, we will be able to tap the market. Immediately it will open avenues for new lenders. In terms of the new structure, I think, it will require some more cooling period before we actually go and approach the international and other markets," Mantri added.

Source: Business Line, July 23, 2019

FINANCIAL

Tata Steel to raise $600m for capex, refinancing of debt

Tata Steel is in process of raising $600 million of debt to part-finance its high cost debt and majorly to meet the expenditure for second phase expansion of Kalinganagar Steel Plant in Odisha, company officials said to the media after the AGM in Mumbai. The second phase expansion at the Kalinganagar plant will set up cold rolling mill facility there. The plant is scheduled to be commissioned in 2020-21. Following this, its expansion capacity will go up to 8 mtpa from 3 mtpa at present.

Source: Financial Express, July 20, 2019

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Source: Economic Times, July 25, 2019

STEEL PERFORMANCE

Steel pipe makers to profit from CGD licenses

Steel pipe makers in the country will benefit from the implementation of the recently awarded city gas distribution (CGD) licenses. The award of licenses is set to offer a big fillip to makers of electric resistance welded (ERW) and submerged arc welded & seamless (S&S) segments. A report by Crisil estimates that CGD orders will require at least 10,000-15,000 kilometres per annum of pipes through fiscal 2029, entailing an opportunity of over Rs 5,000 crore per annum over 10 years. Terming the CGD orders to be potential game changers, the report says over 10 rounds of bids for CGD orders for 228 geographical areas are expected to generate an investment of over Rs one trillion (more than 80 per cent still to be incurred). The makers of pipes in the electric resistance welded (ERW) and submerged arc welded and seamless (S&S) segments will benefit the most from the awarding of CGD licenses. In order to increase domestic output and cut imports, the Union government has offered 23 more oil and gas CBM (Coal Bed Methane) blocks covering over 31,000 sqkm, for bidding in the third round of the Open Acreage Licensing Policy (OALP). So far, more than 120,000 sqkm has been made available for exploration under the three rounds.

Source: Business Standard, July 22, 2019

POLICY

SC puts Essar Steel's sale to ArcelorMittal on hold

The Supreme Court has ordered 'status quo' on the National Company Law Appellate Tribunal's (NCLAT) approval of ArcelorMittal's bid to acquire the insolvent Essar Steel. Hearing the petition filed by aggrieved secured financial creditors on Monday, the Supreme Court said it will hear the case in detail and posted the matter for hearing on August 7. "Once the Committee of Creditors (CoC) in their wisdom had decided on the division of assets, there should have been no redistribution, like you are an Interim Resolution Professional. We would settle this issue once and for all," observed a Bench of the Supreme Court. The ruling comes as a major relief for secured creditors. On July 4, the NCLAT had approved the ₹42,000-crore bid of ArcelorMittal to take over Essar Steel but placed the operational creditors of the stressed company on par with its secured lenders for the distribution of the recovered money. Such a plan would lead to the banks incurring bigger losses than envisaged earlier.

Source: Business Line, July 23, 2019

MISCELLANEOUS

NMDC terms ECT's steel-making technology unproven, irrelevant

Public sector mining major NMDC Ltd, which signed a research collaboration agreement with Environmental Clean Technologies (ECT) of Australia in May 2018, has described ECT's lignite-based steel making technology as "unproven" and one that has "no business relevance for NMDC". In response to BusinessLine's report, "Miffed with 'lack of responsiveness', Australian firm ends JV with NMDC," the public sector company has said that it feels "it would not be prudent to consider investment in partnership with a company (ECT) that is precariously placed." Accordingly, the board of NMDC has decided that the company should not go ahead with the proposal for a collaborative research project, at the heart of which is a ₹150-crore pilot for producing steel. ECT owns patents for the MATMOR technology that uses low-cost lignite, instead of the costly coking coal, for making steel. In May 2018, after a few years of negotiations, ECT, NMDC and another PSU, NLC India Ltd, signed the agreement in Australia. While the boards of ECT and NLC ratified the agreement, NMDC's did not. Last month, ECT put out a statement telling its shareholders essentially that it was parting ways with NMDC, while still continuing with NLC, based on which BusinessLine published a report. It also noted that ECT has been making losses and had expressed its (ECT's) inability to provide bank guarantees.When told about NMDC's letter, ECT Chairman Glenn Fozard said: "There are a number of factual and material errors that NMDC have failed to identify in their correspondence to you. However, given that confidentiality of the signed MoU survives the termination, we are cautious about correcting this correspondence." He said ECT intends to pass on NMDC's letter to the Indian High Commissioner in Australia, (HM Gondane, who was present when the three partners signed the agreement in May last year), the Australian High Commission in New Delhi "and our legal team and seek their guidance."

Source: Business Line, July 25, 2019

JSW Steel wants 'sanctity' in Bhushan Power deal

JSW Steel wants its interest to be protected while the lenders hand over the stressed Bhushan Power and Steel to it under the Insolvency and Bankruptcy Code driven process. The company's bid of ₹19,500 crore for Bhushan Power has already been accepted by the lenders and is waiting for the final approval at the National Company Law Appellate Tribunal for last five months. Several banks, including Punjab National Bank and Allahabad Bank, had unearthed frauds of over ₹5,000 crore involving former BPSL promoters, who have allegedly misappropriated funds and manipulated books. JSW Steel has been seeking protection to ensure that these cases do not boomerang on them after taking over Bhushan Power and Steel. Sajjan Jindal, Chairman, JSW Steel, said the company is not backing out of the Bhushan Power deal or reducing the bid amount but there should be some 'security'. The company is making enquiries and just seeking to keep 'sanctity' of the deal, he said after addressing the shareholder at the company's annual general meeting on Thursday. Earlier, answering shareholders' questions, he said the company will invest ₹15,000 crore this fiscal in various expansion projects. The company plans to enhance the quantum of value added product sales to 50 per cent from 20 per cent to improve realisations, he said. JSW Steel has implemented over 100 digital technology projects and generated saving of ₹180 crore. It is anticipating additional cost saving of ₹300 crore this fiscal.

Source: Business Line, July 26, 2019