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

January 26 – February 01, 2019

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RAW MATERIALS

Domestic mining firms to gain as international iron ore prices surge

Global turmoil in the iron ore market may have come as a blessing for India's ore mining and pellet-making companies. Iron ore prices surged this week, with the futures contract for the commodity hitting a two-year high on the Singapore exchange. This was on the back of news that Brazil-based Vale, the world's largest iron ore and nickel miner, was staring at a massive supply disruption following a disaster. India accounts for nearly 40 per cent of China's import of ore pellets, data from industry tracker SteelMint show. Iron ore is a raw material for steel, and pellets are a refined product with high iron ore content Vale, also a key supplier of ore pellets to China, slipped into a crisis after a dam in Brazil that was used by the company to dump its wet production waste suffered a deadly breach last week. The disaster led to around 20 million tonnes of mud piling up and killed hundreds. This has led Vale to announce a 10 per cent output cut and decommissioning of 19 dams over the next three years. A 40-million-tonne cut in iron ore production from Vale is expected this year itself. The 10 per cent supply disruption is a big deal as Vale's iron ore quality is very high, market experts told BusinessLine. Shares of Indian companies, including Godawari Power and Ispat, Jindal Steel and Power, NMDC, Jindal Saw, Tata Steel and KIOCL have rallied by 5-20 per cent this week.

Source: Business Line, February 1, 2019

COMPANY NEWS

NMDC net up 78% at Rs.1,577 cr

NMDC has registered a profit of ₹ 1,577 crore for the third quarter ended December 31, 2018 as against ₹ 887 crore for the corresponding quarter of previous year, thereby registering a growth of 78 per cent. The iron ore mining major registered a turnover of ₹ 3,649 crore (₹ 2,469 crore). Recently, the board approved buyback of 10,20,40,815 equity shares of ₹ 1 each at at ₹ 98 per share for an aggregate consideration not exceeding ₹ 1,000 crore. The company has already initiated the process of buyback. Billionaire Anil Agarwal-owned Vedanta reported a 21-per cent fall in December quarter net profit at ₹ 1,574 crore against ₹ 1,994 crore posted in the corresponding quarter previous fiscal due to higher cost and lower realisation across business. Net sales were down three per cent at ₹ 23,669 crore (₹ 24,361 crore) due to shut-down of copper smelter at Thoothukudi and lower commodity prices, partially offset by currency depreciation and higher volumes at electrosteel and aluminium business.

Source: Business Line, February 1, 2019

Tata Steel part-exits S-E Asia business in $327-million deal

TS Global Holdings Pte, a wholly-owned subsidiary of Tata Steel, has formed a joint venture with the Chinese government-owned HBIS Group and divested a 70 per cent stake in its South-East Asia business to the new entity for $327 million (about ₹ 2,322 crore). Under the deal, Tata Steel will divest its entire stake in Singapore-based NatSteel Holdings Pte and Tata Steel Thailand to a joint venture company in which HBIS Group will hold the controlling stake of 70 per cent and Tata Steel will own the balance 30 per cent. The deal, which was signed in Beijing on Monday, will be completed in three-four months. The Singapore and Thai companies' revenues of ₹ 5,181 crore and ₹ 4,361 crore, respectively, accounted for 4 per cent and 3 per cent of Tata Steel's group revenue and their net worth is ₹ 1,039 crore and ₹ 1,303 crore, respectively. Tata Steel has been trying to trim its debt of over ₹ 1-lakh crore, and the deal will help transfer 70 per cent of the debt piled up in its South-East Asian operations. The new joint venture company will have an enterprise value of $685 million (about ₹ 4,800 crore) and debt of $150 million (about ₹ 1,000 crore). TV Narendran, Managing Director, Tata Steel, said the definitive agreement offers the South-East Asia business a robust growth opportunity with access to resources, technical expertise and HBIS' regional understanding. Formed in 2008, HBIS Group is among the world's largest steelmakers, with a production capacity of 46 million tonnes. It is a leading player in China's home appliance and automotive steel sector, and supplies steel for nuclear power, marine engineering, bridges and construction. The company's revenues stand at over $40 billion and its assets exceed $50 billion. HBIS Group ranks 239th in the Fortune Global 500 list.

Source: Business Line, January 29, 2019

JSW Steel, trading firm Duferco in talks for cash-for-steel prepayment deal

Indian conglomerate JSW Steel and global trading firm Duferco are in advanced talks on a five-year cash-for-steel prepayment deal, four sources familiar with the matter said. The two sources said the deal, expected to be signed this quarter, would be worth about $600 million. Switzerland-based Duferco, backed by banks, would provide the cash to be repaid with physical steel.

Source: Business Standard, January 30, 2019

PROJECTS

Tata Steel restarts blast furnace at UK steelworks

Tata Steel on Tuesday marked a new start at one of the UK's largest steelworks at Port Talbot in Wales with the relaunch of a blast furnace at a cost of "tens of millions of pounds". The life extension project of Blast Furnace 5, described by the Indian steel giant as the "biggest single investment" in its European operations in over five years, is seen as a critical part of its long-term strategy to strengthen its operations in the UK. "This project demonstrates our commitment to building a stronger and more sustainable steelmaking business in the UK, now and in the future," said

Hans Fischer, Chief Executive of Tata Steel's European operations. In reference to the impact of Brexit on the company's operations, he said that Tata Steel would hope for a last-minute deal that does not result in a hard Brexit. Fischer noted, "When you look to our production, more than 70 percent stays in the UK. So directly the impact of Brexit is maybe not that big. But if our customers are impacted very heavily then that immediately leads to a disturbance in the supply chain and that immediately leads to disturbances in our productions as well. In the short term that's what I'm really worried about". Tuesday's furnace restart, attended by Welsh First Minister Mark Drakeford, is expected to extend the operational life of one of two blast furnaces at the plant. Tata Steel said engineers drained the giant furnace last year in order to carry out vital engineering work, extending its life by five to seven years. Following the relighting of the furnace, the first iron has now been produced and turned into a finished steel product before being delivered to a manufacturing business in the UK. Once the heart of the furnace, which is normally more than 1,200 degrees Celsius, cooled in 2018, skilled engineers replaced part of the heat resistant interior and vital structural parts. "The waste gas and dust extraction system was also replaced. The final part of the process involved the hot blast main being opened, injecting air at 1,100 degrees Celsius, bringing the furnace roaring back to life," said Tata Steel in a statement. This project had been announced in June 2018, alongside the announcement of definitive agreements being signed by Germany's ThyssenKrupp and Tata Steel to form a joint venture of their European steel businesses. Tata Steel is one of Europe's leading steel producers, with steelmaking in the Netherlands and the UK and manufacturing plants across Europe. The company claims to supply "high-quality" steel products across different markets such as construction and infrastructure, automotive, packaging and engineering.

Source: Financial Express, January 30, 2019

KIOCL to set up DI spun pipe plant

To meet the demand for DI (ductile iron) spun pipes in the country, KIOCL Ltd is thinking of setting up a DI pipe plant in Mangaluru. Speaking at the inauguration of the 1.3-MW solar plant at KIOCL’s blast furnace unit in Mangaluru on Wednesday, Chaudhary Birender Singh, Union Steel Minister, said only two-three industries produce DI pipes in the country at present. DI pipes are in good demand in various sectors, including in the laying of gas pipelines and water pipelines across the country. Though KIOCL came out with an idea of setting up a DI pipe plant two decades ago, it did not take shape. He said that KIOCL is now planning to set up a DI pipe plant with an annual production capacity of 5 lakh tonnes. Establishment of such a plant would help generate a turnover of ₹ 1,000 crore in the beginning. This kind of project will create more jobs, he said. Apart from this, he said, KIOCL's blast furnace unit in Mangaluru will be renovated. The government wants to see that the blast furnace unit, which is idle for so many years, becomes functional. For the functioning of blast furnace unit, coke oven battery is to be placed. He said all the above works would require an investment of around ₹ 820 crore. Thanking the Karnataka government for recommending an iron ore block for mining to KIOCL Ltd in Devadari range of Bellary, he requested it to expedite the statutory clearance for the project. After the statutory clearance and the operation of Devadari mines, KIOCL is planning to set up 2 million tonnes per annum (MTPA) benefication and 2 MTPA pelletisation plant. This project will provide employment opportunity for more than 2,000 people, he said.

Source: Business Line,, January 31, 2019

FINANCIAL

NCLT Bench rejects Ruias' offer for Essar Steel

In a major setback for the Ruias, the promoters of Essar Steel India Ltd (ESIL), the Ahmedabad Bench of the National Company Law Tribunal (NCLT) on Tuesday rejected their plea seeking to be allowed to place an offer for resolution of the beleaguered steel company. Rejecting the Interlocutory Application (IA) 430 by Essar Steel Asia Holdings Ltd (ESAHL) as non-maintainable, the two-member Bench held that ESAHL did not have a locus standi to make an offer for debt resolution as a resolution applicant. Earlier, ESAHL had asserted its right to redeem ESIL for ₹ 54,389 crore in a settlement offer. But ESIL's Committee of Creditors (CoC), Insolvency Resolution Professional (IRP) Satish Kumar Gupta and rival bidder ArcelorMittal had argued against ESAHL's offer, terming it non-maintainable and challenging its locus standi. Reading from the operative part of the order, the Bench said: "We do not find any irregularity or illegality in the decision of the resolution professionaland the CoC in not considering the settlement plan (of Essar shareholders).” The SBI-led lenders had voted in favour of ArcelorMittal’s offer of ₹ 42,000 crore. On Tuesday, the IA 430 was rejected by NCLT Ahmedabad on the grounds that it was not maintainable under Section 60(5) of the IBC. As per the order, the scope of the settlement proposal under Section 60(5) would not be proper when a specific provision under Section 12A had already been incorporated.

Source: Business Line, January 30, 2019

JSW- Vardhaman bid: Insolvency plans in limbo even after the NCLT approval

Lenders insert a clause claiming rights on ₹ 50 crore receivable; process delayed. Notwithstanding the slow progress in insolvency proceedings frustrating bankers, there are many cases languishing even after they get NCLT’s approval. Take the case of JSW Steel’s bid for Vardhman Industries. The resolution plan approved by the National Company Law Tribunal in December has an insertion stating that the lenders will have claim on ₹ 50 crore receivable of Vardhman in addition to the bid amount paid by JSW Steel. Similarly, the approved plan has left it to the Income Tax department to waive off the ₹ 8-crore claim on the company. Objecting to both the insertions, JSW Steel has already withdrawn its nominee from Vardhman board. JSW Steel had agreed to pay ₹ 62.5 crore to the financial lenders and ₹ 1 crore for operational creditor. It has also agreed to infuse ₹ 63.5 crore as equity or debt in the stressed company. The additional ₹ 50 crore, which the company has to receive from its vendors/suppliers, would have accrued to JSW Steel had the new clause was not inserted. Both the demands in Vardhman case are contrary to other NCLT cases where the tax liability is extinguished as on the date of reference. Seshagiri Rao, Joint Managing Director, JSW Steel, said the company is waiting for NCLT’s direction on operational guidance and the deal is subject to clarification on the contentious issues.

Source: Business Line, January 30, 2019

NCLAT declines plea of Essar Steel operational creditor

A day after National Company Law Tribunal's Ahmedabad bench rejected Essar Steel promoters bid to regain the bankrupt steel firm, one operational creditor Kamaljeet Singh Ahluwalia moved National Company Law Appellate Tribunal (NCLAT) requesting it to direct the adjudicating authority to hear his plea ahead of finalising on ArcelorMittal's resolution plan. The two-member NCLAT bench, headed by Justice S J Mukhopadhaya, did not entertain the plea and said that there could be no hearing on the issue before it till the time NCLT decides on the Essar Steel resolution. It said the appeal could be listed on February 4. Abhishek Manu Singhvi, who was also present in the court room on behalf of ArcelorMittal, said such move by the operational creditor was 'to derail the (resolution) process'. On January 23, NCLAT asked NCLT's Ahmedabad bench to pass an order by January 31 on Essar Steel's resolution plan. It also said that if the NCLT bench failed to pass any order by that day, it would pass an order on the next date of hearing, slated on February 4. Against his claim of Rs 41.14 crore from Essar Steel, Ahluwalia's admitted amount is Rs 25.92 crore, as per the operational creditors' list shown in the Essar Steel website. "Operational creditors should not go and cry in the street. Otherwise, we will have to look into the matter," the NCLAT bench observed, adding that any successful resolution applicant should not 'kill them'. The bench said that the interest of the Essar Steel's operational creditors would be protected in the same fashion as it was ordered in the Binani Cement matter.

Source: Financial Express, January 31, 2019

STEEL PERFORMANCE

Steel Minister urges KIOCL to tap potential of Chabahar Port

The Union Steel Minister, Chaudhary Birender Singh has sought the involvement of KIOCL Ltd (formerly Kudremukh Iron Ore Company Ltd) in exploring the potential of Chabahar Port in Iran. In a chat with presspersons after inaugurating the 1.3-MW solar plant at KIOCL's blast furnace unit in Mangaluru on Wednesday, Singh said that Chabahar Port has a lot of meaning in the context of KIOCL. Stating that a sense of involvement is required from the company in this matter, he said the Steel Secretary is keen to know what kind of participation KIOCL can have with Chabahar Port. Asked what exactly KIOCL can do in Chabahar, Singh said pellet production is the main area of business of KIOCL. The company can explore other possibilities when it gets connected with the activities of the Chabahar Port. The company can think of setting up a pellet plant there, if there is a scope for that. Since India is the second largest producer of steel in the world and Iran is the nearest destination for KIOCL it will be a win-win situation for both the countries, he said.

Source: Business Line,, January 31, 2019

Steel Ministry to set up Safety Directorate

The Steel Ministry will soon set up a Safety Directorate that will oversee the safety standards in the steel industry. Speaking after the Parliamentary Consultative Committee meeting in Goa, Steel Minister Birender Singh said the safety directorate would be operational soon. Singh also said that a National Scrap Policy is also being drafted, which will be ready in a few months. This will make available nearly 7 million tonne scrap in the country. At present, the requirement of scrap is around 8.3 million tonnes and most of it is met with scrap imports. PTI adds: To ensure that there is no massive shortage of iron ore and coal from 2020 when the captive mining leases expire, the government is looking at mining of these resources in the North-East States, Singh said. Most of the captive iron ore and coking coal mining leases, mainly in Goa Karnataka, will expire in 2020, which may lead to supply shortages, the Minister said, and called for exploration on a war-footing in other areas where good quantity of iron ore/coal is available. "Some kind of exploration on a prototype basis has already taken place in the North-East and if exploration on a large scale takes place, then we may have some good raw material," Singh said. The Minister also said an additional secretary is looking into measures to reopen the closed mines in Odisha, Karnataka and Jharkhand. "Odisha Mineral Development Corporation has some of the best iron ore and coal mines), but they are closed now. We are taking efforts to come out of the legal bottlenecks under which we re-allot or transfer those mines so that those mines become functional by again and to our plants," Singh said.

Source: Business Line, January 29, 2019