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

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HIGHLIGHTS OF THE WEEK

1. India is likely to turn a net exporter of steel this year, on the back of an improvement in international prices, led by cost-push and a slump in retail sales.
2. The steel ministry has signed a unique way-leave agreement with the railways under which slurry pipelines will be laid alongside railway tracks, a move which will bring raw material transportation costs down by 20-35% for pellet manufacturers.
3. Steel Authority of India Ltd is in talks with Japan's Nippon Steel & Sumitomo Metal Corp and Kobe Steel Ltd for potential technical agreements to help the firm expand its global footprint,
4. NMDC has invested ₹ 1,222.65 crore till September 2016 in setting up a 3 million tonnes per annum (MTPA) integrated steel plant in Nagarnar in Bastar district of Chhattisgarh.

COMPANY NEWS

SAIL in talks with Japan's Nippon Steel, Kobe for tie-ups

Steel Authority of India Ltd is in talks with Japan's Nippon Steel & Sumitomo Metal Corp and Kobe Steel Ltd for potential technical agreements to help the firm expand its global footprint, SAIL's chairman told Reuters. SAIL - which has been in the red for six quarters - may also consider buying troubled domestic steel firm assets if offered a "cheaper price", Prakash Kumar Singh said in his first official response to a government proposal that state steel, power and shipping firms take over assets of indebted private companies. India's biggest state-owned steel producer has already held an initial round of talks with Japan's top steelmakers, Singh said, adding that the steel produced through the tie-ups could be sold to defence sector. SAIL already supplies steel to the Indian navy and army, primarily for battle tanks. Separately, the company is in talks with two European steelmakers for similar partnerships, Singh said, without giving any specifics as the discussions were in initial stages. SAIL is also ironing out details with the world's biggest steel producer, ArcelorMittal, for a proposed 60 billion rupees ($884.36 million) joint venture, Singh said. SAIL has already received approval 'in principle' from the government to sell stakes in three of its loss-making units. This comes at a time when the steel sector remains in the woods, accounting for 28 percent of the banking sector's stressed loans. Recently, the steel minister said SAIL or fellow steelmaker RINL were not in a position to buy assets but they could help with "expertise" or people.

Source: The Financial Express 20th December, 2016

PROJECT

Steel Ministry, rlys in pact for slurry pipelines ; transport costs of to fall

The steel ministry has signed a unique way-leave agreement with the railways under which slurry pipelines will be laid alongside railway tracks, a move which will bring raw material transportation costs down by 20-35% for pellet manufacturers. It will also reduce pressure on the railway infrastructure and environmental degradation. A slurry pipeline is intended for transportation of iron ore fines subsequent to its conversion to iron ore concentrate in the slurry form. The transpiration of iron ore lump and fines to iron making units and ports is now done mostly through the railways from their respective linked sources. This puts pressure on the railway infrastructure. The situation is expected to aggravate considering the fact that India is looking at ramping up its installed steel capacity to 300 MT in the next 14-15 years.
Pellet manufacturing clusters are spread across mineral bearing states such as Odisha, Jharkhand, Karnataka and Goa. While it takes ₹4 for every tonne of fines transportation by road and ₹2.5 by the railways, it would be just 75 paisa per tonne for carrying fines through slurry pipelines.
The steel secretary said with hardly any inhibition, laying of slurry pipelines across the railway lines is easier compared with the national highways. The railways and state-run miner NMDC have evinced interests to put up the pipelines, which might entail around ₹ 2,000 crore of investment in the initial phase.
Source: The Financial Express 19th December, 2016

NMDC invests ₹ 1,222 crore to set up Nagarnar steel plant

State-run iron ore miner NMDC has invested ₹ 1,222.65 crore till September 2016 in setting up a 3 million tonnes per annum (MTPA) integrated steel plant in Nagarnar in Bastar district of Chhattisgarh. The plant is expected to start trial production by mid-2017. The company has completed capital expenditure of ₹ 1,434.55 crore till September 2016, of which ₹ 1,222.65 crore has been invested in Nagarnar steel plant, ₹ 17.39 crore on pellet plant at Donimalai, ₹ 75 crore in doubling of KK lines, ₹ 7.21 crore on Kumarswamy Mine and ₹ 4.76 crore in Bailadilla Deposits, the company said in a corporate presentation. NMDC has carried out pioneering exploration activity for developing iron ore mines in Karnataka in various regions like Kudremukh, Donimalai, Bababudan, Kumaraswamy and Ramandurg, it added. NMDC developed the Donimalai mine in this area to export ore to Japan and South Korea. The company has also committed contribution of ₹ 35 crore to JVs and associates and ₹ 72.50 crore in other schemes towards addition, modification and replacement of existing assets, it said. The Bailadila Deposit-4, which has mineable iron ore of around 108 MT, will entail an investment of around ₹ 1,900 crore.

Source: The Financial Express 19th December, 2016

FINANCIAL

JSPL lines up Rs 8k-cr investment for Odisha

Navin Jindal-owned Jindal Steel and Power Ltd (JSPL) has lined up Rs 8,000-crore additional investment for its Odisha operations. The money will be spend on addition of a blast furnace to take its Angul steel plant capacity to 6-million tonne, setting up of a cement plant, laying of slurry pipeline to carry iron ore from mines to steel plant and setting up of a pellet plant. At present, JSPL has a two million tonne steel making facility at Angul through sponge iron route. To produce sponge iron, the company had set up a DRI plant based on coal gasification technology, the first of its kind in the country, that aimed to use locally available high ash coal for direct reduction of iron. It has already invested more than Rs 30,000 crore on the project. In fact, the company proposed to produce six million tonne steel at the location based on this coal gasification technology imported from Lurgi, South Africa. Instead of sponge iron route, it has decided to go for blast furnace route to scale up steel capacity to 6 million tonne. For the purpose it is putting up a 4,554 cu mtr blast furnace, claimed to be largest in the country with a capacity to produce 11,000 tonne of steel per day.
The blast furnace is expected to be ready for commissioning by the end of the current financial year. So also other associated facilities, such as coke oven to produce metallurgical coke and BoF (basic oxygen furnace) plants, the work on which are in progress.
The capacity of steel melting shop is also being enhanced with addition of a furnace of 3 million tonne capacity.

Source: Business Standard 20th December, 2016

STEEL PERFORMANCE

Import Costs give Steelmakers chance to raise prices up to ₹6,500 per tonne

Come New Year, domestic steel players could be looking at perhaps the single largest price hike in the last five years. With the gap between imported and domestic steel prices widening to 18%, steel majors are now in a position to raise prices by nearly ₹ 6,500 per tonne. While it would help offset a sharp spike in coal costs that have seen production costs shoot up since July, low demand at home and impact of demonetisation could force companies to initially seek a somewhat lower price increase of ₹ 3,000-4,000 per tonne. Benchmark global steel prices are now at $523 per tonne)f.o.b) China and rfuling well above the reference price of $ 474 per tonne fixed by government. Adding local transport charges and taxes, price comes to around ₹43,040 per tonne, whereas the landed cost is

₹37,500 per tonne. It is similar in case of products from Japan or Korea, where the base price is higher at $560 per tonne. The possibility of raising prices by nearly ₹6,000-6,500 per tonne is being tempered by the fact that domestic steel demand remains weak and companies may not be able to passs on the hike entirely. Further, demonetisation has also impacted retail demand in the steel sector. Additionally, coking coal prices are seeing a correction from $300 per tonne to $ 265 per tonne now. This is generally followed by a correction in global steel prices too. Hence steel companies said they would like to keep a watch on prices over the next fortnight before deciding on the quantum of price hike.

Source: The Economic Times 17th December, 2016

Steel prices to go up by ₹6,000 a tonne in Jan

Steel prices are set to go up by ₹6,000 a tonne in January with the sharp increase in coking coal price and other operational costs. Incidentally, the global steel prices are also set to increase, leaving enough room for domestic steel producers to hike prices despite weak demand. In December, steel companies such as JSW Steel, Tata Steel, Essar Steel and SAIL hiked prices by ₹3,000 a tonne to ₹36,000-₹38,000. In fact, steel prices are on rising trend since July on hopes that the good monsoon will revive rural demand and better spending power in the hands of government employees with payment of the Seventh Pay Commission arrears. The hike in prices comes when the steel demand, particularly in construction and infrastructure sectors, have taken a hit following demonetisation of high value currency by the government.

Source: Business Line 19th December, 2016

MISCELLANEOUS

India may turn net steel exporter

India is likely to turn a net exporter of steel this year, on the back of an improvement in international prices, led by cost-push and a slump in retail sales, courtesy demonetisation. During April-November, exports increased 53 per cent over the same period last year to 4.24 million tonnes (mt). Imports, on the other hand, dropped 39 per cent to 4.73 mt. Given that there is still a quarter to go, the sector is expecting exports to surpass imports. The previous year saw a record level of imports at 12.7 mt while exports were at 4.6-4.7 mt. Cost-push has elevated prices in the international market. Last year was a bad cycle, said Jayant Acharya, director (commercial & marketing) at JSW Steel. Coking coal prices have been surging for a while now. 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.

The increase in input cost is reflecting in steel prices. In the past three months, international steel prices have increased by more than $100 a tonne. Sushim Banerjee, director-general of Institute for Steel Development & Growth, said major international markets had imposed anti-dumping duty against China, which in turn, was helping India. Cheap imports from China, South Korea and Japan had put the industry in dire straits, not only in India but globally. The situation prompted the Indian government to come out with a slew of trade measures – safeguard duty, minimum import price and anti-dumping duty – to support the industry, towards the end of 2015.

Source: Business Standard 22nd December, 2016