

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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HIGHLIGHT

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2. India's crude steel output remained almost flat at 8.662 million tonne (MT) during April 2019
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COMPANY NEWS

NMDC Q4 profit rises 31% to Rs.1,453 crore

State-owned miner NMDC reported an over 31 per cent rise in standalone profit at Rs 1,453.77 crore for quarter ended March 2019. The company had posted a standalone profit of Rs 1,105.85 crore in the year-ago quarter, NMDC said in a filing to the BSE. Total income during the March quarter declined to Rs 3,839.40 crore from Rs 4,053.16 crore in January-March 2018, the statement said. Total expenses for the latest quarter also fell to Rs 1,641.65 crore from Rs 2,059.84 crore in the year-ago period. The National Mineral Development Corporation (NMDC) is country's single largest iron ore producer, presently producing about 30 million tonnes of iron ore from three fully mechanised mines.

Source: Financial Express, May 29, 2019

NINL to supply steel billet to PGCIL

Public sector steel producer Neelachal Ispat Nigam (NINL) has struck a deal with Power Grid Corporation of India (PGCIL) for supply of steel billets. Initially, NINL will provide billets to PGCIL for one year. PGCIL will use the MS channels and angles produced from NINL steel billets for electrical transmission towers across the country. NINL, jointly promoted by MMTC and two Odisha government PSUs, operates a 1.1 million tonnes per annum (mtpa) steel plant at Duburi within the Kalinganagar Industrial Complex touted as the steel hub. NINL has branched into steel billets production to shore up margins. The public sector steel manufacturer is eyeing a major share in the special grade steel billet supply for the power transmission and distribution segment, which is growing in accelerated pace in the country. NINL is also going to market its own brand of TMT, wire rods and structures through conversion agents. Billets produced by NINL has already been widely accepted and has immense value.

Source: Business Standard, May 29, 2019

MMTC Q4 net profit dips 8.26% to Rs.12 cr

State-owned mining and metals firm MMTC May 30 said its net profit fell 8.26 per cent to Rs 11.76 crore in the March 2019 quarter. The company had posted a net profit of Rs 12.82 crore in the corresponding period of the previous years. Total income from operations in the reported quarter stood at Rs 7,107.66 crore, compared with Rs 3,110.71 crore in the year-ago period. Total expenses also increased to 7,082.73 crore, compared to Rs 3,098 crore, according to a regulatory filing on the BSE.

Source: Financial Express, May 31, 2019

JSW Steel Q4 net declines 48% on lower realisation, rising costs

JSW Steel has reported a 48 per cent fall in its March quarter net profit at ₹1,495 crore, against ₹2,879 crore in the same period last year, due to lower realisation and high cost of operations. Gross sales of the company climbed 7 per cent at ₹21,837 crore (₹20,442 crore). The company has announced dividend at ₹4.10 per equity share for the year ended March 31. It will also

pay a dividend at 0.01 per cent per share on the 48,54,14,604 cumulative redeemable preference shares. The total outflow on account of equity dividend, including corporate tax, will be ₹1,195 crore, against ₹933 crore paid last fiscal. Sales during the quarter stood almost flat at 4.29 million tonnes (mt), against 4.22 mt logged in the same quarter last year. Crude steel output was down 3 per cent at 4.17 mt due to the planned JSW Steel has announced plans to invest ₹5,200 crore in key downstream projects shutdown at Dolvi works. With international demand and prices improving, the company shifted its focus to overseas markets and liquidated the accumulated stocks built at the end of December quarter. This resulted in exports accounting for 22 per cent of overall sales during the quarter, it said. Despite liquidating previous quarter stock, the company has an inventory of ₹1,694 crore (₹58 crore) as of March quarter end. JSW Steel has announced plans to invest ₹5,200 crore in key downstream and cost-saving projects. It will invest ₹1,000 crore in a downstream project, ₹2,200 crore in cost-saving projects at both Dolvi and Vijayanagar, besides ₹2,000 crore in mining. With the fresh investments announced, the company will be implementing a cumulative capital expenditure of ₹48,715 crore till FY21. The company had invested ₹14,371 crore in the last two years, and plans to spend about ₹34,300 crore over the next two years, with some spillover to FY22, it said. The planned projects will be funded through a mix of debt and internal accruals. On a standalone basis, JSW Steel net profit was down 22 per cent at ₹1,745 crore, against ₹2,235 crore in the same period last year due to lower realisation and high inventory.

Source: Business Line, May 25, 2019

Despite slump in auto market, Wheels India nets Rs.20-cr profit

Amid a slump in the domestic automobile market, Wheels India, a leading manufacturer of steel wheels for trucks, recorded a net profit of ₹19.7 crore for the fourth quarter of FY2019, a marginal increase from ₹19.5 crore registered for the corresponding quarter in the previous fiscal. Revenue from standalone operations for the quarter stood at ₹855 crore — up by 21 per cent from the previous year's ₹705 crore. For the full year, the company's revenue stood at ₹3,189 crore (₹2,517 crore), while net profit for the period was at ₹75.7 crore (₹71.8 crore). Wheels India's export income increased

from ₹384 crore in 2017-18 to ₹608 crore in 2018-19. “But we expect exports to remain flat during FY19-20,” said Srivats Ram, MD, Wheels India Ltd. On domestic front, Ram said the demand is muted since the middle of last fiscal which is expected to improve with the new government which is expected to focus on infrastructure development. “The slowdown in the domestic market was so sudden and by the time it started (from November), most of our capex was already committed,” said Ram. Wheels India made a capex of ₹144 crore during the previous financial year and also started operations in two new plants.

Source: Business Line, May 30, 2019

FINANCIAL

Tata Steel’s Rs.805-cr bid for Bhushan Energy gets nod

The National Company Law Tribunal (NCLT) on Thursday approved Tata Steel’s Rs 805-crore bid for Bhushan Energy, a unit that belonged to the Delhi-based Singal family. Bhushan Energy would be Tata Steel’s second acquisition of an insolvent firm from the Singal family. In May last year, Tata Steel had acquired Bhushan Steel for Rs 35,200 crore through the Insolvency and Bankruptcy Code (IBC) route. On a petition moved by State Bank of India, insolvency proceedings against Bhushan Energy under Section 7 of the Code was admitted by the NCLT’s principal Bench on January 8, 2018. Incorporated in 2005, Bhushan Energy is based in Dhenkanal, Odisha. It operates 485 MW of thermal power, developed in two phases, and supplies the entire generation to Bhushan Steel for use in its integrated steel plant, as per a power purchase agreement (PPA) signed between the two firms. Bhushan Energy reported a gross debt of Rs 2,336 crore in FY16 and posted a net loss of Rs 229 crore on revenues of Rs 622 crore in the same period, Capitaline data showed. During the course of the insolvency proceedings against the company, Bhushan Energy’s promoters objected initiation of the proceedings saying the company has been in troubled waters because of cancellation of its captive coal mine, which forced it to depend on spot market for purchase of coal. This completely eroded the company’s profitability and the financial distress further

compounded due to deteriorating situation of the power sector, it argued. The NCLT in its order, however, rejected the objection.

Source: Financial Express, May 31, 2019

STEEL PERFORMANCE

India's crude steel output almost flat at 8.66MT in April

India's crude steel output remained almost flat at 8.662 million tonne (MT) during April 2019, according to official data. The domestic crude steel production stood at 8.653MT during April 2018, according to a report by the Joint Plant Committee (JPC), which comes under the Ministry of Steel. "Crude steel production stood at 8,662 MT in April 2019 up by 0.1% over April 2018", the report said. State-run Steel Authority of Indian Ltd., Rashtriya Ispat Nigam Ltd, along with private firms Tata Steel, Essar Steel, JSW Steel and Jindal Steel & Power produced 5.082MT and the remaining 3.58MT came from other producers, it added. During April this year, the production of hot metal was 1.4% down at 5.825 MT, against 5.907MT in April 2018. The output of pig iron grew 3.9% to 0.537 MT in April, compared with about 0.517 MT in the same month a year ago.

Source: Financial Express, May 28. 2019

Domestic steel output grows just 1.5% in April

India's steel production increased a modest 1.5% year-on-year in April to 8.8 million tonnes (mt) even as global crude steel output went up 6.4% to 156.7 mt, according to the World Steel Association (WSA). While this was the second time in four months that India reversed the trend of a fall in production seen in January and March 2019, the pace of steel output growth lagged the global average. The global figure is based on the data of 64 countries reporting to the Brussels based WSA. India's production figures were more or less in line with those of its Asian peers.

Source: Economic Times, May 29. 2019

Steel firms may go for price hike in June

A cost push might lead to a rise in prices of flat steel products next month, say companies in the sector. “Iron ore prices are up by Rs 450 a tonne and coking coal by about 5 per cent over the last couple of months. There will be some impact on pricing,” said a primary steel producer. Mining companies raised ore prices by Rs 400-600 a tonne in February. Seaborne prices have been rallying due to a supply disruption in Brazil, a major producer. In the past two months, global iron ore prices have moved up by around \$20 a tonne to \$108 a tonne. Coking coal cost for domestic blast furnaces in the fourth quarter of 2018-19 had seen increases of Rs 800 a tonne, compared to the earlier quarter, ratings agency Icria said in its April report. This had increased steel making cost by around Rs 630 a tonne. If an increase does happen, it would be the second one in this calendar year. In February, there was a rise of around Rs 500 a tonne. Though small, the hike had stemmed the downtrend in prices since since November. Around 60 per cent of steel consumption is accounted for by the infrastructure and construction segments. The growth in steel consumption has therefore largely been supported by these segments, despite the slowing of automobile sales.

Source: Business Standard, May 29, 2019

Experts say steel demand may grow 6-8% in FY20

Amid concerns about sluggish steel demand and dumping threat from China, domestic steel may register a growth of 6-8 per cent in the current financial year, experts said on May 28. The sector remained bullish on domestic demand for the current financial year amid short term concerns on sluggishness and dumping threat from China, JSW Steel president (Operations) Partha Sengupta said on the sidelines of The Metals Conclave organised by the Bengal Chamber of Commerce and Industry. The Institute for Steel Development & Growth (INSDAG) was also of the view that the sector will script a growth of 7-8 per cent during the fiscal. "The central government has been focusing on infrastructural projects like Sagarmala, Smart Cities and the new government would stick to its focus. I think steel demand is expected to grow by 7- 8 per cent in 2019-20," INSDAG Director General Sushim Banerjee said. NMDC's former chief Rana Som said the

steel companies should expand with equity capital rather on debt fund. He also said the PSU land bank should be made available for expansion of the private sector. The government should also take a view on long term contracts for iron-ore if it wants to achieve the steel production target of 300 million by 2030, he said.

Source: Financial Express, May 29, 2019

GLOBAL STEEL

China's crude steel production went up 12.7% in April. South Korea's crude steel production grew 1.4%

China led the list as its crude steel production went up 12.7% in April to 85 mt. Elsewhere in Asia, South Korea's crude steel production increased 1.4% to 6 mt while Japan registered a 0.8% decline to 8.6 mt. In the US, crude steel output jumped 7.3% to 7.4 mt. Crude steel production in Ukraine was 1.9 mt in April, up 12.6% in a year, while Russia's crude steel output went down 8.3% to 5.6 mt. Brazil's crude steel production during the month was 2.9 mt, down 1.9%. Turkey's crude steel production was 3 mt, up 2.6% year-on-year. Across the EU, major steel producing countries reported decline in crude steel output in April.

Source: Economic Times, May 29, 2019

China's iron ore wobbles on concerns of supply, trade fees

China's iron ore futures swung from gains to losses, with market participants worried about the dwindling supply at the country's major ports, and cautious at the same time as regulators have sought to curb speculative trading. The most-traded iron ore for September delivery on the Dalian Commodity Exchange (DCE) ended the session down 0.5% at 737 yuan (\$106.73) a tonne, after rising as much as 1.2% in early trade. The day's trade volume, however, was 32% lower compared with Wednesday's level, with the increase in transaction fees announced early this week by the DCE scheduled to take effect on Thursday. Analysts and traders say the DCE move is aimed at reining in speculative buying and selling. Last week the bourse asked its members to trade "rationally" after noting large fluctuations

in the futures prices of iron ore and coke. However, while market participants were quick to cash in on gains and seem to have begun limiting their transactions, “iron ore prices will likely remain strong because of tight supply”, said a trader based in Beijing. Supply of iron ore, a steel-making feedstock, at major trading ports in China such as Rizhao and Qingdao were “running at critical levels”, said Darren Toh, a data scientist with Singapore-based steel and iron ore data analytics company Tivlon Technologies.

Source: Financial Express, May 31, 2019

ArcelorMittal cuts production as demand slumps in Europe

ArcelorMittal shares fell the most in two years after announcing that its cutting steel production across its European plants to cope with weak demand and rising imports. The world’s largest steelmaker will reduce primary production in Dunkirk, France and Eisenhuettenstadt, Germany, according to a statement on Wednesday. It will also cut output in Bremen, Germany and extend a stoppage planned in Asturias, Spain in the fourth quarter. The company didn’t provide any numbers on how much output will be curbed, only saying that it would “align its production to the current market demand.” The shares lost as much as 7.3 per cent, the biggest intraday drop since May 2017. The stock traded at 13.35 euros as of 9:09 a.m. in Amsterdam. Steelmakers Thyssenkrupp AG, Voestalpine AG and Kloeckner & Co. lost more than 2 per cent. This is again a hard decision for us to have taken but given the level of weakness in the market, we feel it is the prudent course of action,” said Geert van Poelvoorde, the chief executive officer for the company’s flat products division in Europe. “This will be a temporary measure that will be reversed when market conditions improve” This is the second time this month that ArcelorMittal has announced production cuts.

Source: Business Line, May 30, 2019