

Steel In The News

A compilation of leading news items on Indian steel industry as reported in major national dailies

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HIGHLIGHTS OF THE WEEK

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RAW MATERIAL

India's NMDC halts operations at key iron ore mine after state government order

India's NMDC Ltd said it had temporarily suspended operations at a key iron ore mine in the eastern state of Chhattisgarh after the state government ordered it to do so. NMDC chairman N.Baijendra Kumar told Reuters he was unsure why Chhattisgarh had instructed it to halt operations. The 6 million tonnes per annum Becheli mine is NMDC's largest, accounting for nearly 40% of its annual production capacity. "They gave oral instructions to stop operations. We do not know what exactly is in their mind. We are waiting for their written instruction," he said. Chhattisgarh has accused NMDC, which is run by the federal government, of diverting corporate social responsibility money owed to it to Prime Minister Narendra Modi's coronavirus fund, Reuters reported last month, citing a letter sent by the state's chief minister. It also said in the letter that the iron ore miner has not paid penalties of more than 10 billion Indian rupees (\$130 million) over alleged violations and it was not keeping up with its commitments that include a housing scheme.

Source: Economic Times, June 13, 2020

COMPANY NEWS

Tata Steel introduces two new brands of coated products

Tata Steel has introduced two new brands of coated products, named GalvaRoS and Colornova, to address the unmet requirements of the emerging corporate accounts (ECAs). These products have been created to meet the evolving needs of the micro-segments, while strengthening the pillars of sustainability - economical sustainability & social sustainability, critical to growth and development, an official statement said. Sanjay S Sahni, Chief of Marketing & Sales (Branded Products & Retail), Tata Steel, said: "These new product brands are the pillars of future growth and are not only eco-friendly but also eco-effective. It will create a green, healthy and productive ecosystem of stakeholders that produces eco-friendly products to meet customer needs of today and tomorrow."

Source: Economic Times, June 13, 2020

ArcelorMittal to invest Rs 2,000 cr in Odisha, says Lakshmi Mittal

ArcelorMittal's chairman & chief executive officer Lakshmi Mittal has pledged Rs 2,000 crore investment in Odisha. Though the chief of the world's largest steel company didn't spell out the specifics, the investments are most likely to be on the iron ore mines won in the state. "We already have Rs 2,000 crore investment plan in Odisha which is on. We got one mine here at auctions which was organised very well. The auctions process you have introduced is one of the best. You have transparency in governance and that is the most important thing for us as an international company", Mittal said in a video conference with Odisha Chief Minister Naveen Patnaik. Mittal said, the company would work on the two iron ore mines- Sagasahi and Thakurani in Odisha. The steel baron admitted that even though they could not operate at peak capacity at the Hazira plant during the Covid-19 crisis, they could steel produce in Odisha and export pellets.

Source: Business Standard, June 14, 2020

Wheels India pins hopes on Railways, windmills, tractors

Wheels India Ltd. (WIL) a manufacturer of steel wheels, is betting on three

areas — Railways, windmills and agriculture tractors — to tide over the current fiscal, said a top official. “While we have been adversely affected by the lockdown, and expect a decline in the auto industry, we expect the windmill and Railway businesses to remain at about last year’s levels. Our tractor segment looks promising and the offtake is healthy,” said Srivats Ram, MD, Wheels India. “The first quarter of FY21 is almost a washout. We don’t expect Q1 to be repeated. Things should definitely improve. Despite the lockdown for two months, if we maintain last year’s levels in the windmill and tractor segments, that will be a positive,” he said.

Source: The Hindu, June 17, 2020

STEEL PERFORMANCE

Domestic sales of steel pick up; rural markets lead recovery in Unlock 1

Domestic sales of steel have picked up with the restart of industrial activities after India started exiting an extended lockdown to contain the Covid-19. Private sector steel companies, Tata Steel, JSW Steel and Jindal Steel & Power (JSPL), have seen an increase in domestic sales in June over May. For Tata Steel, domestic sales was 40 per cent of total sales in May, which increased to 50 per cent in June; for JSW Steel too, it moved from 40 per cent to over 50 per cent and for JSPL, it increased from 50 per cent to 60 per cent. T V Narendran, managing director and chief executive officer, Tata Steel, said, products sold in rural markets like tractors and motorcycles and roofing sheets were leading the recovery. JSPL managing director, V R Sharma, said that the demand was mainly coming from the infrastructure segment. “There is a huge inflow of orders. We have orders till July 31.” According to Sharma, next month, domestic sales would account for 70 per cent of total sales. The current increase in domestic sales was more than anticipated, he added.

Source: Business Standard, June 18, 2020

Increase domestic steel usage: Dharmendra Pradhan

Minister of Petroleum and Natural Gas & Steel, Dharmendra Pradhan has stressed on increased usage of domestic steel for meeting requirements of the oil & gas sector. Addressing a webinar on ‘Atmanirbhar Bharat: Fostering Domestic Steel Usage in Oil & Gas Sector’ on Tuesday, he said that Steel and Oil & Gas sectors have a close linkage, and it is time to take it to a new height. Urging all the organizations in the oil and gas sector to procure domestic steel rather than relying on imports, Pradhan said that domestic steel manufacturers have the capabilities to cater to the sector’s future requirement for steel. Meeting steel demand domestically and reducing

import dependence will significantly enhance employment opportunities in the sector and would also give boost to growth of MSMEs in steel sector and lead them to produce more value-added products. Oil and gas sector is one of the largest end users of steel pipes and tubes, with pipeline being the major mode of transport for petroleum, oil and lubricant products. The sector is undergoing tremendous growth, be it in refineries, pipelines, gas terminals, storage capacity, gas cylinders, retail outlets, and all these require large amount of steel, the minister said.

Source: Economic Times, June 16, 2020

Steel and cement companies to face demand contraction of more than 20% in FY 21

Domestic demand for steel and cement, two commodities that are key to undergirding physical infrastructure, is set to collapse in FY21 as India's economy heads for its first full-year contraction in nearly five decades. The fortunes of both industries are closely correlated with the rate of broader economic expansion. Steel demand locally could shrink by a fifth, and that of cement by an even steeper magnitude, compromising profitability and capacity utilization at the two industries in which India ranks second only to China on the global output leader-board. Leaders of both industries are looking at the second half of FY21 for demand revival, with government expenditure on infrastructure seen as crucial for lifting demand. "I see India getting back to normalcy, hopefully, in the second half of FY21," said JSW Steel Joint MD Seshagiri Rao. "We see traction from government-induced expenditure related to transmission, distribution, solar, metros and pipelines." Lower profitability and sales would weaken the industry's credit profile, with Icria anticipating total debt at 7 times of operating profits at steelmakers, a level last seen during the FY17 meltdown.

Source: Economic Times, June 14, 2020

Another steel plant coming up in Andhra Pradesh

After Swiss major IMR Metallurgical Resources-AG proposed to set up a 10-million-tonne capacity steel plant in Kadapa district of Andhra Pradesh, big firms like Hyundai Motors, Tata Steels and Essar Steels have come forward to partner with the state government for setting up another steel plant in the same district. While the one proposed by the Swiss company at an investment of Rs 12,000 crore would be an independent venture, the other being promoted by the state government for which the foundation stone was laid in December last year. The Kadapa Steel Plant (KSP), which would be developed by an SPV AP High Grade Steels Limited (APHGSL), would have a government equity share of Rs 500 crore. Chief Minister Y S Jagan Mohan Reddy had

announced that the KSP would be set up at a cost of Rs 15,000 crore and provide direct and indirect employment to about 25,000 people. The plant with three million tonne per annum production capacity would be completed in three years in Sunnapurallapalli village in his native Kadapa district, he said.

Source: Economic Times, June 15, 2020

FINANCIAL

Jindal Stainless CDR exit enabled business sustenance during Covid crisis: CFO, Anurag Mantri

Jindal Stainless move to restructure its financials has enabled the company to exit its corporate debt restructuring programme much ahead of time, the company's chief financial officer Anurag Mantri told ET. "A strong balance sheet with debt-equity coming down to 1.3 vs 3.2 earlier, enabled us to exit CDR just before the pandemic became widespread in India and is key to staying afloat at a time like this," Mantri said. The company's OCRPS were due in October, where a non-redemption would have let lenders convert their preference shares into equity shares. "As per the CDR signed, any further delay would have diluted our company shares to lenders. We were able to finance almost Rs 400 crores of CDR using our internal accruals, and rest with Kotak's investment. Our debt in March FY20 stands around Rs 3,655 crores from Rs 4,118 crores in FY19", Mantri said.

JSL said it has pre-compensated existing lenders to about Rs 275 crores in cash, while it has fully redeemed the outstanding OCRPS, which were issued to the lenders in June 2017 paying them around Rs 558 crores in the process.

Source: Economic Times, June 15, 2020

NMDC PBT drops by 33% to Rs.1,482 cr in Q4 PAT dips 76% to Rs.351 crore

Mining major NMDC's profit before tax (PBT) dropped by 33 per cent to Rs 1,482 crore during the fourth quarter ended March 31, 2020, from Rs 2,197 crore, a year ago. Profit after tax (PAT) dropped by 76 per cent to Rs 351 crore from Rs 1,454 crore, compared to the same period last year. NMDC's turnover during the fourth quarter was Rs 3,187 crore compared to a

turnover of Rs 3,643 crore in the corresponding period last year, a drop of 13 per cent.

Source: Business Standard, June 17, 2020