

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

NMDC slashes iron ore prices by Rs.50 per tonne

The country's largest iron ore miner NMDC has slashed prices of lump ore and fines by Rs 50 per tonne. NMDC has reduced the price of lumps or high grade iron ore by Rs 50 to Rs 3,150 per tonne, the company informed the BSE on Monday. The price of iron ore fines, which are inferior grade ore, has also been reduced by Rs 50 to Rs 2,860 per tonne. The revised prices exclude royalty, DMF (District Mineral Fund), NMET (National Mineral Exploration Trust), cess, forest permit fee and other taxes, NMDC said, adding that the new rates are effective from March 14, 2020. This is the third price revision by NMDC in 2020. The last revision was made on January 19, when NMDC increased the price of lumps to Rs 3,200 per tonne, up Rs 400 from Rs 2,800 per tonne fixed on January 2, 2020. The price of fines was also increased by Rs 350 to Rs 2,910 per tonne from Rs 2,560 per tonne fixed by NMDC on January 2, 2020.

Source: Financial Express, March 17, 2020

JSPL bags 200 mt iron ore block in Odisha auctions

Jindal Steel and Power Ltd (JSPL) has bagged an iron ore block in the ongoing auctions in Odisha with reserves of about 200 million tonnes (MT), a source said. The iron ore block, Guali mine, is spread over 365 hectares in the Keonjhar district of the state, the source said adding that other players that bid for the said block included JSW, Adani Group, KJS Ahluwalia among others. JSPL won Guali mine on Wednesday. The mine with iron ore reserves of 198

MT has been bagged at a premium of 144 per cent," he said. Securing iron ore linkages would help the company as JSPL looks to scale up its steel making capacity in India up to 8 MTPA (million tonne per annum) in financial year 2020-21, from about 6.5 MTPA estimated to be at the end of 2019-20 fiscal. The development will allow the company to remain self-sufficient of the key raw material iron ore for years now, an expert said.

Source: Business Line, March 20, 2020

COMPANY NEWS

Tata Steel cracks down on counterfeits in Punjab

As part of its ongoing efforts to protect its brand and assets, Tata Steel, along with Punjab Police, raided the premises of Classic Wire Products in Mandi Gobindgarh, Fatehgarh Sahib, Punjab, for selling counterfeit Tata Wiron products. According to the First Information Report filed by the Mandi Gobindgarh Police Station, the raid was conducted at the counterfeiter's premises that was using the name "Tata Wire Products" without any authorisation and was involved in selling wires including barbed wires, the company said in a statement. These counterfeit wires were being sold in the market under the name 'Tata Wire Products' causing confusion in the minds of consumers. Two persons were arrested by Punjab Police and formal charges will be brought against them. Further, the police have also seized printed stationery including visiting cards, packaging materials and envelopes with 'Tata' name on them and subsequently removed the name Tata from the unauthorised display boards and hoardings. Last month, a similar raid was conducted on a retail outlet named 'A One Steel Traders' in Vasai, Palghar district of Maharashtra wherein counterfeit 'Tata Wiron' products were being sold. Tata Steel will continue to actively pursue these efforts in monitoring and acting against any such illegal activities which are impacting its assets and the brand, said Tata Steel.

Source: Business Line, March 20, 2020

Jindal Steel plans to set up plant in Jharkhand

Jindal Steel and Power Ltd (JSPL) is exploring the possibility of setting up a steep plant with capacity of 2-2.5 million tonnes (mt) per annum at Patratu in Ramgarh district of Jharkhand. At Patratu, the company currently has a wire rod mill of 0.6 mtpa and a bar mill of 1 mtpa capacity with rebar service centre. According to Hervinder Singh, President - Mining and International Projects, JSPL, the proposed brownfield project is in the "active consideration"

stage and will entail backward integration by setting up a steel making unit. "A blast furnace project in Patratu is in active consideration. The raw material is available and we want to produce steel and feed to the mills there. So, a 2-mt plant at Patratu is in strong conceiving stage. In fact, the basic engineering has already been done and we are just waiting for the right time to take off," Singh told BusinessLine on the sidelines of a seminar on infrastructure and housing organised by the Calcutta Chamber of Commerce here recently. The project, if undertaken, will require an investment of "a few thousand crores", he said. Once plans are firmed up and work begins, it will take between two and three years for the plant to become operational.

Source: Business Line, March 18, 2020

Vedanta expects output at Lanjigarh

Vedanta has said total production at its Lanjigarh alumina refinery is expected to increase to 1.8 million tonne (MT) in 2019-20 on the back of a significant improvement in operating efficiencies. The production at the Odisha-based refinery had stood at 1.5 MT in the previous financial year. "The Lanjigarh alumina refinery is set for a record performance in 2019-20 with total production expected to increase to 1.8 million tonne from 1.5 million tonne in the previous fiscal," the company said in the statement. The improvement in operational parameters has been driven by a 26 per cent reduction in caustic soda consumption and a 19 per cent decline in conversion cost. The unit has achieved a 9 per cent reduction in bauxite cost per tonne through strategic bauxite sourcing. Lanjigarh now ranks among the top 5 alumina refineries globally in terms of total energy consumption.

Source: Financial Express, March 14, 2020

Thermax announces 350% interim dividend

Thermax on Friday announced an interim dividend of Rs 7 per equity share of face value of Rs 2 each for 2019-20. "The Board of Directors at their meeting held today i.e. March 13, 2020 have approved payment of interim dividend of Rs 7 per equity share of face value Rs 2 each (350 per cent), for the financial year 2019-20," a BSE filing said. According to statement, the dividend will be paid to those members whose names appear in the Register of Members on March 23, 2020.

Source: Financial Express, March 14, 2020

ArcelorMittal refinances \$5-b loan availed for Essar Steel buy

ArcelorMittal Nippon Steel) Luxembourg Holding SA, the parent company of the AMNS India joint venture, in partnership with Japan-based Nippon Steel Corporation, has entered into a \$5.146-billion 10-year term loan agreement with Japan Bank for International Cooperation, MUFG Bank, Sumitomo Mitsui Banking Corporation, Mizuho Bank Europe NV and Sumitomo Mitsui Trust Bank (London branch). The proceeds of the loan will be used to refinance the entire amounts borrowed by AMNS in connection with the acquisition of ArcelorMittal Nippon Steel India (formerly Essar Steel), including the amount borrowed under the \$7-billion bridge term facilities agreement guaranteed by ArcelorMittal, said the company in a statement.

Source: Business Line, March 19, 2020

JSPL begins plan to safeguard workers at plants, offices

Jindal Steel and Power Ltd (JSPL) said several arrangements have been made at its plants and offices across India and abroad to protect employees amid the coronavirus outbreak. It has been ensured that each employee is screened for body temperature, and hand sanitisers and masks have been made available at all offices and facilities, the company said

Source: Business Standard, March 20, 2020

STEEL PERFORMANCE

COVID-19 shadow looms over April steel price hike

Steel prices, which had increased this month, are holding steady despite the coronavirus outbreak (COVID -19) which has put the global economy on the edge. However, firms are not sure whether an increase in April will be possible. In March, companies had increased prices across-the-board by Rs 500-800 a tonne, the fourth in a row, taking the price of hot rolled coil (HRC) to Rs 37,000 a tonne. The price rise in India was in line with the global trend. Chinese export HRC prices had increased from \$428 a tonne end-October to \$496 a tonne in January 2020, ICRA noted. However, since mid-January, due to a slowdown in China's steel consumption, following coronavirus outbreak, prices had witnessed a six per cent fall.

Source: Business Standard, March 14, 2020

Steel firms mull output cut amid subdued demand

The spread of coronavirus, coupled with rising threats of cheap imports from China, Japan and South Korea, has kept the lid on domestic steel prices and forced producers to consider pruning production in the short term, amid subdued demand. In a recent report, Kotak Securities has projected a price cut of Rs 1,000-1,500 per tonne in the domestic market in the first quarter of FY21. Indian steelmakers, who have hiked prices by 15% for hot-rolled coils (HRC) since November last year to Rs 37,000 per tonne now, will be forced to absorb costs until demand recovers. "Steel consumption grew by just 3.8% till February. Nobody knows what the future holds; but if the coronavirus spreads further across the country impacting manufacturing, steel industry will be highly impacted. There will be huge pressure on prices; we may have to go for production cut," said VR Sharma, managing director of Jindal Steel & Power (JSPL). Paul Bartholomew, senior managing editor at S&P Global Platts, told a television channel on Tuesday that elevated Chinese steel inventory would weigh on global prices. Already, Chinese steel prices have corrected by 6-10% in the past two months as demand dropped. Its inventory has swelled to a record level of 25 million tonne, up 34% year-on-year. Export prices of Japan have also corrected by 6% to \$475/tonne. Although domestic steel prices are still trading at discounts of 7% and 3% to the landed costs of the metal from China and Japan, respectively, the situation may change swiftly, given the rising inventory in China. Rising number of confirmed cases of coronavirus in India and persisting macroeconomic concerns may dent domestic steel consumption, according to an ICRA Report.

Source: Financial Express, March 18, 2020

Covid - 19 may put a brake on local steel price rally

The global coronavirus outbreak is likely to reign in the rally in domestic steel prices as global rates have sharply declined from their January highs. Although domestic prices have been trading at around 7% discount to landed price of imports, with Chinese mills resuming production, the pricing power of domestic steel majors may be restrained going forward, analysts said. The rising number of global cases of Coronavirus may also curb steel exports from India. "Indian steel prices have so far remained less affected by the situation in China, But with restrictions being eased in China, eventually we will feel the pressure on our prices too." Rohit Sadakka, director, India Ratings said. Domestic steel prices started to inch upwards from mid-November 2019 in line with the international prices. Over the next three months, prices rose by 9% due to over inventory levels, restocking demand and expectation of revival in economic growth on government measures. However, the spread of Coronavirus worldwide has led to a drop in prices with international rates on a decline since mid-January.

Source: Economic Times, March 18, 2020

FINANCIAL

Tata Steel directors approve raising Rs.670 crore via NCDs

Tata Steel said its committee of directors had approved raising Rs.670 crores through issuance of debentures. The NCDs are proposed to be listed on the wholesale debt market segment of the BSE it added. Tata Steel stocks were trading at Rs.295, up 2.86 per cent, on the BSE.

Source: Business Standard, March 14, 2020

JSW Steel misses deadline to pay Rs.19, 700 for BPSL buy

JSW Steel has decided not to make the payment of ₹19,700 crore to close the Bhushan Power and Steel without getting final nod from the Supreme Court. The deadline for paying the committed money to Committee of Creditors ended on Monday. The National Company Law Appellate Tribunal (NCLAT) had approved JSW Steel resolution plan on February 17 with the immunity from criminal proceedings being conducted by central investigating agencies on past-BPSL promoter Sanjay Singal and over riding the attachment of BPSL asset by investigating agencies. The petition also questioned NCLAT's decision to allow the winning bidder JSW Steel to retain the Ebitda of ₹3,000 crore made during the insolvency period. Following this, Singal moved the Supreme Court against the NCLAT order. Earlier this month, accepting the petition filed by BPSL promoter petition, the three-judge Supreme Court panel headed by Chief Justice SA Bobde refused to stay JSW Steel from proceeding with the acquisition.

Source: Business Line, March 17, 2020

ArcelorMittal, Nippon Steel JV ink \$5.14b agreement to refinance loan

AMNS Luxembourg Holding S.A., the joint venture between Nippon Steel Corporation and ArcelorMittal has entered into a \$5.14 billion (about Rs 38,000 crore) term loan agreement to refinance a loan taken for acquiring the erstwhile Essar Steel India, now renamed as ArcelorMittal NipponSteel India (AM/NS India). This will include the amount borrowed under the \$7 billion bridge term facilities agreement guaranteed by ArcelorMittal, the latter said in a statement on Tuesday. The rate of interest for the 10-year term loan agreement is not known as the two partners refused to disclose any further details of the agreement. "For ArcelorMittal, this can be a game-changer since they get to refinance the borrowings at low rates of interest prevalent in Japan," a Mumbai-based banking sector analyst who did not wish to be named said. An official statement from Nippon Steel said the banks involved in the 10-year term loan arrangement include, Japan Bank for International Cooperation, MUFG Bank, Ltd., Sumitomo Mitsui Banking Corporation, Mizuho

Bank Europe N.V. and Sumitomo Mitsui Trust Bank, Limited (London Branch). Industry experts believe the move will give ArcelorMittal and its partner Nippon Steel much needed headroom as far as finances are concerned since the cost of funds in Japan are lower than the rest of the world.

Source: Economic Times, March 18, 2020

GLOBAL STEEL

ArcelorMittal looks to cut production at European facilities

ArcelorMittal, the largest steel company in the world, has said it is taking steps to cut down steel production in its European operations in line with demand, due to the global outbreak of the Coronavirus, the risks associated with it and its impact on the health and safety of the company's employees. ArcelorMittal said it "takes the risks associated with the coronavirus outbreak very seriously and the safety and wellbeing of our employees is of paramount importance." At all global operations we are following government and World Health Organisation advice and guidelines in order to protect employees and prevent the spread of infection, the statement added. The company further said it will continue to monitor the evolution of the coronavirus in each of its operating markets and take decisions accordingly "to ensure the wellbeing of our employees and our ability to meet customer demand."

Source: Economic Times, March 20, 2020

MISCELLANEOUS

Steel Cos test their mettle in Covid Fight

From setting up crisis management groups (CMG) to circulating curbs on non-essential travel, disabling biometric attendance checks, thermal scanners at entry gates, restricting vendors and visitors, including prospective interview candidates, steel majors like Tata Steel, ArcelorMittal, JSW, JSPL, SAIL are leaving little to chance in the battle with the covid-19 threat. These firms operate plants, mines, stockyards and retail outlets across multiple locations in different countries and are scrambling to secure safety of personnel and maintain business continuity. All the companies have put in strict travel advisories in place, discouraging non-essential travel and this applies to both domestic and international sectors. Movement of employees by public transport, even for work related commute, is being discouraged. Instead, they are being encouraged to pool in private vehicles or being provided company

transport to minimise risk of infection. Social distancing, apart from other measures, is a key step being followed in ArcelorMittal Nippon Steel India (AM/NS India).

Source: Economic Times, March 19, 2020