

# 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

### **Soaring coal stock at power plants his CCL's production**

Coal stock at the power plants, has increased to a record level, in last two quarters of 2019-20. It has increased to 35-40 Days fuel stock at power plant end, probably, the highest ever. At present, almost all power plants linked to CCL are directly or indirectly refusing to accept more coal supply. The hurdles faced by the company have reached to an unprecedented level, so much so that the power consumers have stopped making payments to CCL. However, even then CCL is pushing the coal supply to the consumer's end so as to meet its annual commitment of dispatch, production and profit. Most of the power consumers have started regulating coal supplies by filing lesser rail movement programs or by not filing rail movement programs altogether. The coal stock at CCL, which came down to lowest level of 3.1 million tonnes in Oct' 19 has again risen to more than 10 million tonnes as on date. In order to ease the stock at its end, CCL is making all out effort to maximize the dispatch, No. of railway rakes dispatched by CCL on day to day basis are one of the highest in the history. CCL has been making all-out effort to liquid at the coal stock, in-order to increase its

coal production. All arrears/allotments to the Non-Regulated Sector Consumers/Non power consumers, who consume about 20% of company's dispatch, till Jan'20 have been liquidated. To tide over the present situation of poor demand, CCL went for series of auctions during recent months but the response from the consumers was very tepid because of saturation in the market. These testing circumstances cited above are adversely affecting both production & off-take/dispatch from CCL resulting in a state where the company is finding it difficult to reach even the annual commitment of dispatch and in turn coal production.

*Source: Business Line, March 27, 2020*

## COMPANY NEWS

### **SAIL facing order cancellations, re-scheduling due to lockdown: Report**

Steel Authority of India Ltd (SAIL) has had some of its orders cancelled due to slower handling at ports because of the 21-day lockdown imposed by the central government to prevent the spread of the coronavirus in the country. The move has hit movement of goods and shipments across the country, a source, on the basis of anonymity. The country's largest state-owned steel company faced a marginal hit to production as some of its inventory was piled up at ports owing to the situation. Most steel companies have faced similar disruptions and have suspended operations at some of their plants due to the lockdown. While Tata Steel and ArcelorMittal Nippon Steel India have down streamed their production; Jindal Steel & Power is still operational. JSPL is expecting to end 2020-2021 with a production of around 8.5 million tonnes.

*Source: Business Standard, March 23, 2020*

### **JSW Steel scales down production amid COVID-19**

JSW Steel has taken the decision to scale down / suspend production to support the cause of containment of the pandemic COVID-19,

notwithstanding the exception to manufacturing units with continuous operation and the units producing essential commodities (Steel is classified as an essential commodity under the Essential Services Maintenance Act, 1981 (ESMA)).

*Source: Business Standard, March 26, 2020*

### **Coronavirus outbreak and lockdown impact weighs on steel industry**

The outbreak of COVID-19 and a lockdown to prevent the spread are threatening to impact production of steel companies. Tata Steel is closing down its downstream standalone units in Maharashtra and Uttar Pradesh in line with guidance from respective states. The main sites at Jamshedpur, Kaliganagar and Angul, however, are operational, as they are process plants and hence have permission from local authorities, said sources. One of India's largest steel makers, Tata Steel's consolidated crude steel production capacity is at 19.6 million tonnes, with manufacturing facilities in Jamshedpur in Jharkhand, Kalinganagar and Dhenkanal in Odisha, Sahibabad in Uttar Pradesh and Khopoli in Maharashtra. Apart from curbs on manufacturing units, the clampdown on logistics was taking a toll on operations. A spokesperson for ArcelorMittal Nippon Steel India (AM/NS India) said production was impacted because of COVID-19 issue, lower demand and curtailed logistics. AM/NS India's main plant is at Hazira and has a downstream facility in Pune. AM/NS India has an achievable capacity of 8.5 million tonnes. Jindal Steel & Power Managing Director V R Sharma said JSPL plants were all currently operational, however, if the situation continued for more than a week then it might impact prion, but if the situation continued for more than a week then it might impact production. JSW Steel Ltd said manufacturing operations in all of its locations have been since either scaled down or suspended. The steel companies were facing logistics issues, on one hand, and dealing with lower demand as most of the user industries were reeling from the impact of the lockdown.

*Source: Business Standard, March 26, 2020*

## STEEL PERFORMANCE

### **Steel firms bear the brunt of Covid-19 impact, to scale down production**

Steel companies, including those under public sector, are considering to scale down production amid coronavirus outbreak, according to sources. Sajjan Jindal's JSW Steel has already announced its decision to cut production at its plants. The industry sources said top management of major players like Tata Steel, JSPL, ArcelorMittal Nippon Steel India (AMNS India) and state-owned SAIL and RINL are also discussing similar move. In many states, movement of raw material needed for Steel making is being impacted due to nationwide lockdown, they added. Employees in the industry are facing difficulties in reaching their offices. "There is no purpose of just producing and building up inventory levels. Till when the players will produce and keep on piling the output. They can't stop the blast furnaces which are supposed to function continuously, but reduce production" a source said. Those on duty at important plant locations are facing difficulties in getting their passes made by the local administration. JSW Steel, Tata Steel, JSPL, AMNS India, SAIL and RINL together produce about 45-50 per cent of the country's total steel production annually. At present, India's total installed crude capacity is at about 140 million tonne per annum.

*Source: Business Standard, March 26, 2020*

### **Demand for metals melts away forcing a rethink on smelting**

Metals majors are staring at production cutbacks following the 21-day lockdown in the wake of the Covid-19 outbreak that has sharply shrunk demand. JSW Steel, one of the country's largest private steel companies, has decided to scale down or suspend production at its units in the wake of the global pandemic. Tata Steel and SAIL, two other steel majors, are maintaining production with a skeletal workforce. Experts said Indian steel companies may have few options left in this extraordinary

situation where demand has sharply dwindled. Shutting down or ‘idling’ a blast furnace will be the last resort and companies may instead opt for maintaining plant and equipment on a standby mode with only critical operations running or advancing planned maintenance shutdowns.

*Source: Business Line, March 26, 2020*

### **JSW Steel scales down operations**

JSW Steel said it has partially shut operations at some of its plants as a precautionary measure due to the Covid-19 outbreak. Consequently, the capacity utilisation is expected to come down significantly during the lockdown period. The overall adverse impact on the operations of the company during the lockdown period and the expected financial impact cannot be ascertained at this stage, it said. The decision to partially shut down operations was taken following the call given by Prime Minister Narendra Modi for a 21-day nationwide lockdown from March 25 and the various advisories issued by local Municipal Corporations, State and Central Governments, it said.

*Source: Economic Times, March 27, 2020*

## **FINANCIAL**

### **Promoters up stake in firm as markets drop**

Indian promoters are using the drop-in equity markets as an opportunity to consolidate their holdings in group companies. This comes at a time when the Indian markets have witnessed an unprecedented correction over the last month and a half. Nifty is down 36% from recent highs and many stocks have seen significant correction. The largest quantum of buying by promoters or top management was witnessed in the Tata Group (Tata Chemicals, Tata Steel, Indian Hotels, Tata Motors, Tata Power and Tata Consumer) and the Bajaj Group (Bajaj Finance, Bajaj Finserv, Bajaj Holdings and Bajaj Auto).

*Source: The Hindu, March 27, 2020*

## METALS

### **Copper eases on hit to economy, metals demand**

Copper prices eased on Thursday as volatile markets and a hit to metals demand from the coronavirus pandemic eclipsed the boost from a massive US stimulus package. Benchmark copper on the London Metal Exchange (LME) had fallen 1.3 per cent to \$4,829 a tonne by 1210 GMT. The metal, used as a gauge of economic health, has gained about 5 per cent over the last two sessions. The US Senate passed a \$2 trillion bill aimed at helping unemployed workers and industries hurt by the coronavirus epidemic but it failed to rouse copper prices for long. “So long as measures to contain the virus remain in place across much of the globe, there is nothing that policymakers can do to reverse the falls in copper prices,” said Capital Economics assistant commodities economist Kieran Clancy.

*Source: Economic Times, March 27, 2020*