

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 MATERIALS

Coronavirus lockdown may interrupt operations in 21 mines in Odisha

The outbreak of the deadly Covid-19 pandemic has queered the pitch for seamless continuity in operations of 21 iron ore, manganese and chromite mines in Odisha. The state government had recently auctioned these blocks whose leases are expected to expire by March 31, 2020. To facilitate a smooth transition in ownership of mines and their uninterrupted operations, the government, through an Ordinance, extended the validity of all statutory permits by two years. The state government too, showed alacrity in completing auction formalities well before the end of lease tenure of mines. But a nationwide lockdown to contain the spread of coronavirus and the consequential delay in paperwork needed to resume these mines is bound to delay the recommencement of the mines. Miners expect a delay of at least a month.

Source: Business Standard, March 28, 2020

Coal India logs 602 mn tonnes output for FY20, misses fiscal target

State-owned Coal India Ltd produced 602.14 million tonnes (MT) of coal in FY 2019-20, missing the target of 660 MT for the year. "The company closed the

fiscal 2019-20 with an annual coal production of 602.14 MT," the PSU said in a statement. Coal India (CIL) recorded an all-time high production of 84.36 MT in March 2020, posting 6.5 per cent growth as compared to same month a year ago. By producing 3.85 MT of coal on March 30, CIL has set up a new record for the highest-ever production in a day since its inception. Coming back strongly in the last quarter of FY2020, CIL clocked a robust 9.9 per cent production growth compared to same quarter of 2018-19. It produced 213.71 MT of coal during January-March 2020, an increase of 19.26 MT in volume terms compared to 194.45 MT that the company reported for the fourth quarter of FY2019.

Source: Business Standard, April 2, 2020

COMPANY NEWS

SAIL Bhilai Plant records a 42% growth in production of prime 260 m rail panels

Steel Authority of India's Bhilai Steel Plant recorded a 42% growth in production of prime 260-metre long rail panels in 2019-20 over 2018-19. During the same period, the plant also posted a 30% growth in overall production of prime rails. Bhilai Steel Plant, which supplies rails to the Indian Railways, ended the fiscal 2019-20 with a cumulative production of 12.85 lakh tonne of UTS 90 prime rails, thereby registering a growth of 30% over the volume of prime UTS 90 rails produced over 2018-19 when the plant had produced 9.85 lakh tonne of UTS 90 prime rails. Significantly, the share of 260 metre panel rails in total production of UTS 90 prime rails in 2019-20 also went up to 52% from 48% in 2018-19. Cumulative production of long rails in fiscal 2019-20 has been 6.66 lakh tonne as against 4.68 lakh tonne over 2018-19 resulting in a growth of 42%. Anil Kumar Chaudhary, chairman, SAIL, said SAIL is committed to fulfil the requirements of Indian Railways, adding, "SAIL and Indian Railways share a synergy of more than sixty years. We are continuously ramping up our production of rails, especially the long rails to cater to requirements of Indian Railways."

Source: Economic Times, April 02, 2020

Coronavirus: SAIL contributes Rs 30 crore to PM-CARES Fund

State-owned steel maker SAIL on Tuesday announced a Rs 30 crore financial assistance to fight the coronavirus outbreak. The amount will be given towards the

PM-CARES Fund, Steel Authority of India Ltd (SAIL) said in a statement. "SAIL has joined hands with the nation in its fight against the coronavirus disease by contributing Rs 30 crore to PM-CARES Fund. This is a humble contribution from the company and its employees in the fight against the coronavirus emergency. We stand committed to dedicate ourselves in the service of the nation in every possible way," SAIL Chairman Anil Kumar Chaudhary said in a statement. He also said that along with this, the company also scaled up and mobilised various health services in coordination with local authorities of respective state governments for fighting this medical emergency situation. SAIL's employees have also come forward and contributed one-day salary amounting to about Rs 9 crore to the PM-CARES, he said.

Source: Business Standard, March 31, 2020

RINL extends Rs.6.16 cr aid towards PM- CARES Fund

State-owned RINL is extending a financial assistance of Rs 6.16 crore towards the PM CARES fund to combat the coronavirus outbreak in the country, a company official said. Out of Rs 6.16 crore, Rs 1.16 crore has already been transferred to the fund, Rashtriya Ispat Nigam Ltd (RINL) chairman and managing director P K Rath said. "The country is facing a very tough time. We have joined the battle with the government to deal with this problem. Our contribution is Rs 6.16 crore to PM CARES Fund to combat the coronavirus outbreak in the country, a company official said. Out of Rs 6.16 crore, Rs 1.16 crore has already been transferred to the fund, Rashtriya Ispat Nigam Ltd (RINL) chairman and managing director P K Rath said. The country is facing a very tough time. We have joined the battle with the government to deal with this problem. Our contribution is Rs 6.16 crore to PM CARES fund for fight COVID-19. Rs 1.16 crore has already been transferred," he said. He further said that most of the staff is working from home and only necessary operations at the unit are on. Those on duty have been provided with proper safety equipment and the company's premises are being sanitized on a regular basis. Besides, the company is also distributing food packets, hygienic products such as masks, hand sanitizers and other medical facilities to the communities living near the RINL's facility in Andhra Pradesh, he said.

Source: Economic Times, April 03, 2020

Tata Steel cuts down production across all major operations in India and Europe

Tata Steel has cut down production across all its major operations in India and Europe amid the COVID -19 outbreak. In India, this includes its integrated steel plants at Jamshedpur and Kalinganagar and the Tata Steel Bhushan unit in Angul. Announcing this in an official statement on Wednesday, the company said: "Based on the specific guidance and approvals received from the relevant District Administration, the company's mining operations have been operating normally but the integrated steel facilities in Jamshedpur, Kalinganagar Angul (Tata Steel BSL and Gamahria (Tata Steel Long Products) have started reducing production levels and operations in the downstream facilities have been suspended and put on care and maintenance mode. The company also said in view of the restrictions in the despatch of finished goods and poor market conditions due to the shutdown of customer operations in automotive, construction and other segments, shipments to customers have been curtailed.

Source: Economic Times, April 02, 2020

Tatas open their vault, commit Rs 1,500 crore to fight coronavirus

Tata Trusts, the philanthropic arm of the Tata group, and Tata Sons, the group's holding company, committed Rs 1,500 crore to fight the Covid-19 crisis. "The current situation in India and across the world is of grave concern and needs immediate action. Tata Trusts and the Tata group's companies have in the past risen to the needs of the nation. At this moment, the need of the hour is greater than any other time," Ratan Tata, chairman of Tata Trusts, said in a statement. "Today, Tata Trusts continue their pledge to protect and empower all affected communities, and is committing Rs 500 crore," he added. Tata said urgent emergency resources were needed to be deployed to cope with the one of the "toughest challenges the human race will face". In a separate statement, Tata Sons Chairman N Chandrasekaran said the company had earmarked Rs 1,000 crore to battle Covid-19 and for related activities.

Source: Business Standard, March 30, 2020

JSW Group pledges Rs100 cr to PM-CARES Fund for Covid-19 relief efforts

The JSW Group said it will extend a financial assistance of Rs 100 crore to combat the deadly coronavirus. Besides, the Sajjan Jindal-led group will also provide equipment to healthcare workers to deal with the situation, and its employees will

donate one-day's salary to prevent the spread of the virus. "In light of the current COVID-19 crisis, the JSW Group has committed INR 100 crores to the Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM-CARES Fund) in support to all on-going relief efforts," JSW Group said in statement. Each employee of the JSW Group has also committed a minimum of a single day's salary as a donation to the fund, it said. Separate funds have been earmarked by the group to import ventilators to be supplied to healthcare facilities across the country, besides COVID-19 testing kits, personal protective equipment such as masks, gloves, among others, for health care workers. The statement further said that communities in and around the JSW Group facilities will be provided with staples and other essential dietary requirements.

Source: Business Standard, March 30, 2020

COVID-19: JSPL announces Rs 25 cr contribution to PM-CARES Fund

Private steel maker JSPL announced a Rs 25 crore contribution to the PM-CARES Fund to fight the outbreak of coronavirus in the country. "To support India's war against COVID-19, @ JSPLCorporate is making an immediate contribution of Rs 25 crores to the PM Cares Fund. We will continue to extend every possible support to our nation in this fight against Covid-19," JSPL Chairman Naveen Jindal said in a tweet. JSPL Foundation is providing food and other essential supplies to the local communities in the vicinity of its manufacturing locations. As part of relief, Jindal Steel and Power Ltd (JSPL) has also upgraded its hospitals to fight this pandemic by equipping them with additional ventilators and Personal Protective Equipment (PPE) kits and creating isolation wards. Moreover, JSPL has also engaged women Self Help Groups (SHGs) to manufacture over one lakh masks and distribute them to prevent the spread of coronavirus, Jindal said.

Source: Economic Times, March 30, 2020

STEEL PERFORMANCE

Steel demand headed for a slump; prices, margins to fall

Domestic steel demand is likely to see a sharp dive in the first quarter of the coming fiscal due to stalled factories and production cutbacks across major user industries like auto and construction, Icra said. The rating agency has also lowered its forecast for steel demand growth for 2020-21 as the country has imposed a nationwide lockdown to contain the spread of the Covid-19 pandemic. "We

estimate steel demand to grow by 2-3% in FY21,” Icria's senior vice president Jayanta Roy said. Against this, domestic steel consumption grew by 3.8% in FY20. With poor demand likely to pull down steel prices and factories running at lower capacities, steelmakers' profitability is also expected to come under pressure. “Steel Industry growth is closely linked to that of a country's GDP,” the agency said. “With GDP growth rate being revised downward by nearly 4.5% in Q1FY21, domestic steel consumption growth is also expected to come down.” Icria's parent Moody's Investors Service on Service more than halved the country's 2020 growth forecast to 2.5% from 5.3% earlier. Icria expects benchmark hot rolled coil (HRC) steel prices, which had increased to Rs 38,000 per tonne in the past five months, to fall to Rs 36,500 next month. Meanwhile, steelmakers have scaled down output and are maintaining plant and equipment on standby mode with minimal workforce amidst the lockdown.

Source: Economic Times, March 30, 2020

Steel companies slash production in view Covid-19 epidemic

The country's largest public sector steelmaker Steel Authority of India (SAIL) has pruned production by half amid nil demand from both the end-users and traders in view of the Covid-19 epidemic. Others, including the private sector's Tata Steel have also cut production, although the extent of reduction is not immediately clear. “The cut in production is about 50% across the plants as there is no off-take of finished steel. The inventory during March 2020 itself has gone up by about 3 lakh tonnes because of postponement/ cancellation of orders by end consumers as well as traders,” SAIL chairman Anil Kumar Chaudhary told FE. SAIL had produced 11.84 million tonne in the first three quarters of 2019-20 and posted a net profit of Rs 704 crore. It has around 20 MT crude steel-making capacity across five integrated steel plants. All steel stocks ended in the red in the Bombay Stock Exchange (BSE) between 1.22% and 14.42%. In a statement, Tata Steel also said based on the specific guidance and approvals received from the relevant district administration, the company's mining operations have been operating normally but the integrated steel facilities in Jamshedpur, Kalinganagar Angul (Tata Steel BSL) and Gamahria (Tata Steel Long Products) have started reducing production levels and operations in the downstream facilities have been suspended and put on care and maintenance mode.

Source: Economic Times, April 01, 2020

FINANCIAL**SAIL shares decline on weak demand outlook; JSPL tanks 10%, SAIL falls 4%**

Shares of steel manufactures were under pressure on Wednesday and fell by up to 10 per cent on the National Stock Exchange (NSE) on concerns that the first quarter of the current financial year (Q1FY21) could be a record-low quarter in terms of sales and operating profit on the back of exceptionally weak demand. Jindal Steel & Power (JSPL) shares were locked in 10 per cent lower circuit at Rs 74.30, its lowest level since January 10, 2017 on the NSE. In the past two months, the stock has plunged 56 per cent, as compared to 25 per cent decline in the Nifty 50 index. A combined 12 million shares have already changed hands on the counter and there were pending sell orders for 727,384 shares on the NSE and BSE. Steel Authority of India (SAIL), JSW Steel, and Tata Steel were down in the range of 3 per cent to 4 per cent, against 2.2 per cent fall in the Nifty Metal index. Despite getting exemption under the ESMA (Essential Services Maintenance Act), analysts expect all major steel plants to reduce operations significantly over the next 7-10 days. The rising cases of coronavirus across the globe would remain a key variable to monitor as it may impact the demand for globally traded commodities.

Source: Business Standard, April 02, 2020