

Steel In The News

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

CONTENTS	Page
Highlights of the Week	2
Raw Materials	2
Company News	3
Policy	5
Steel Performance	5
Financial	6
Metals	6
Newsmaker	7

HIGHLIGHTS OF THE WEEK

1. Dharmendra Pradhan pushes PSUs to double sourcing of domestic steel pipes
2. Makers of sponge iron seek 30% duty on pellet exports
3. NMDC looks to restore full production in a month
4. Tata Steel resumes talks with Germany's Thyssenkrupp for possible merge
5. Tata Steel BSL Q4 results: Reports net profit of Rs 6 crore
6. Hit by Covid-19, JSW Steel seeks time to pay for Bhushan Power purchase
7. Some southern states in talks with cement, steel companies to rein in prices
8. Icria revises domestic steel industry outlook to negative from stable
9. Indian aluminium makers in good shape with rising exports and lower input costs: Crisil
10. Dilip Oommen is new President, Indian Steel Association

RAW MATERIALS

Makers of sponge iron seek 30% duty on pellet exports

Manufacturers of sponge iron have written to the Prime Minister's Office asking for a ban – or 30% duty – on the export of iron ore pellets. "To ensure normalcy in production for secondary steel producers, we recommend a levy of 30% export duty on iron ore pellets," the Chhattisgarh Sponge Iron Manufacturers' Association said in the letter. Iron ore pellets or lumps are used to make sponge iron. Steel is made using iron ore fines, scrap or sponge iron. "This is to also maintain uniform policy for all types of high-grade iron ore fines," the Chhattisgarh association said. Iron ore fines are discouraged from being exported and there should be a similar policy for iron ore pellets, the association said.

Source: Economic Times, May 22, 2020

Mineral production in India flat in March

Mineral production was flat in March 2020 as growth in iron ore, chromite and coal output was offset by a contraction in the production of natural gas, crude oil, zinc and manganese ore. According to the production data by the Mines Ministry released on Saturday, the index of mineral production of the mining and quarrying sector for March at flat 132.7 compared to the same month last year. For the whole 2019-20 year, mineral production rose by 1.7

per cent, the ministry said in a release. Coal production rose by 4.3 per cent to 958 lakh tonnes in March over the same month last year. Chromite production increased by 15.9 per cent to 582,000 tonnes and iron ore by 8.3 per cent to 204 lakh tonnes in March. The production of other important minerals showing negative growth, includes gold, manganese ore, lead, limestone, zinc, natural gas, crude, and lignite.

Source: Economic Times, May 16, 2020

NMDC looks to restore full production in a month

NMDC the country's leading miner, is seeking to restore full production within a month to help offset the impact of a 40% output cut in the initial stages of the lockdown. "We are looking to ramp up production to full capacity within a month," Sumit Deb, director (personnel) NMDC, told ET. Deb is due to take over as the next chairman in August. Although its biggest customer segment — the steel industry — has been running at less than half the capacity due to low demand from end users in auto, construction and infra, NMDC expects stocking of iron ore by steel companies in the forthcoming monsoon period. With two consecutive price cuts in April and May, NMDC has reduced iron ore rates by ₹900 per tonne and those of calibrated lump ore by ₹1,050 per tonne within a month. N Baijendra Kumar, chairman NMDC said: "The reduction in prices has given a lot of relief to the steel companies and they appreciated NMDC move at this difficult juncture." After the initial setback due to imposition of the lockdown when NMDC had to curtail production by 30-40% as its major steel industry customers cut back production by nearly half, NMDC's major customers like JSW Steel and AM/ NS India (erstwhile Essar Steel) have maintained their offtake. NMDC is also continuing with its exports to Japan and South Korea.

Source: Economic Times, May 16, 2020

COMPANY NEWS

Tata Steel resumes talks with Germany's Thyssenkrupp for possible merger

Tata Steel Europe has restarted negotiations with Germany's Thyssenkrupp for a possible merger almost a year after the two companies called off a joint venture proposal, citing the European Commission's objections. According to investment bankers, both Tata Steel and Thyssenkrupp are facing a tough financial situation and will take steps to sell some assets so that they can meet Europe's anti-

competition norms. “Since June last year, steel prices have crashed and the financial metrics of both companies have deteriorated.

Source: Business Standard. May 20, 2020

Hit by Covid-19, JSW Steel seeks time to pay for Bhushan Power purchase

JSW Steel has sought more time to make payment to banks for Bhushan Power acquisition, following the announcement of a moratorium by the Reserve Bank of India (RBI) and a steep fall in global steel prices due to the Covid-19 pandemic, say bankers. JSW Steel, which made the winning bid to acquire Bhushan Power & Steel (BPSL), says it remains committed to the acquisition. JSW offered Rs 19,700 crore to banks for BPSL, which was largely funded by taking fresh debts. After a long litigation, the National Company Law Appellate Tribunal gave its green signal in February and lenders were expecting a debt resolution in the March quarter. But as the pandemic hit the Indian economy in March, the company decided to take advantage of the RBI’s moratorium on loans and defer repayments. At the same time, a fresh petition was filed by former Bhushan Steel promoter Neeraj Singal appealing against JSW’s acquisition. It is currently pending in the Supreme Court. The litigation could delay the acquisition till the apex court makes a decision, say corporate lawyers.

Source: Business Standard. May 21, 2020

Tata Steel BSL Q4 results: Reports net profit of Rs 6 crore

Tata Steel Ltd reported a consolidated net profit of Rs 5.93 crore for the quarter ended March 31. However, the company had posted a consolidated net loss of Rs 212.41 crore in the year-ago period, Tata Steel BSL Ltd said in a filing to the BSE. The company's consolidated total income declined to Rs 4,288.87 crore, over Rs 5,547.71 crore in the year-ago period, the filing said. The company's management believes that there may not be significant impact of the COVID-19 pandemic on the financial position and performance of the Tata group in the long term, the filing said.

Source: Economic Times, May 20, 2020

POLICY

Dharmendra Pradhan pushes PSUs to double sourcing of domestic steel pipes

Oil minister Dharmendra Pradhan on Thursday asked state-run companies under his ministry to double sourcing of domestic steel pipes to about four lakh tonne worth an estimated of Rs.4000 crore for their pipeline projects by the end of current financial year. According to Pradhan gas utility GAIL is processing line pipe tenders worth over Rs 1,000 crore requiring one lakh tonne of steel by September for manufacturing 800 km of pipes by domestic bidders. This quantity is expected to be doubled by the end of the current financial year to boost 'Make in India' initiative and boost the move towards self-reliance.

Source: Times of India, May 22, 2020

Some southern states in talks with cement, steel companies to rein in prices

Alarmed by a sharp spike in cement and steel prices at a time when the construction industry is preparing to resume operations after weeks of national lockdown, most southern states have initiated negotiations with producers to rein in prices. While the Karnataka government has ordered price caps on cement prices by responding to the construction industry pleas, others like Telangana and Andhra Pradesh are engaged in parleys with cement and steel producers to rationalise prices. Prices of cement and steel have gone up by 40%-50% in the past few weeks.

Source: Economic Times, May 16, 2020

STEEL PERFORMANCE

Icra revises domestic steel industry outlook to negative from stable

India's domestic steel demand is expected to remain subdued until the Covid-19 pandemic is brought under control. This follows the back-to-back extensions of the lockdown, till May 31, Icra said in its report. Early indications of an unprecedented demand slowdown are visible in the official data for March and April, which point to a steep year on year (YoY) contraction in steel demand of 22 per cent and 91 per cent, respectively. As per Icra's latest report on the sector, domestic demand is

estimated to decline by 20 per cent in FY2021, which will be the sharpest fall on record. Consequently, the ratings agency's outlook on the domestic steel industry has been revised to negative from stable. Icra's analysis suggests that the steel demand "hotspots" are overlapping with the Covid-19 hotspots, which would hurt the recovery of steel demand over the near term. Key steel consuming states of Maharashtra, Gujarat, Delhi, Tamil Nadu, Andhra Pradesh, Telangana, Rajasthan and Punjab have a sizeable portion of their population living in districts marked as red zones. With around 51 per cent of the urban population living in red zones, steel demand from the construction and real-estate sectors could take some time to return to the pre-Covid-19 levels, limiting the possibility of a steep rebound in domestic steel demand.

Source: Business Standard, May 19, 2020

FINANCIAL

Share market update: Metal shares shine; Tata Steel gains 3%

Shares of APL Apollo Tubes (up 3.36 per cent) , Tata Steel (up 2.68 per cent) , Steel SAuthority of India (up 2.41 per cent) , Jindal Steel & Power (up 1.8 per cent) , Hindalco Industries (up 1.79 per cent) , Welspun Corp (up 1.49 per cent) , JSW Steel (up 0.53 per cent) , Hindustan Copper (up 0.2 per cent) and National Aluminium Company (up 0.18 per cent) were among the top gainers.

Source: Economic Times, May 20, 2020

METALS

Indian aluminium makers in good shape with rising exports and lower input costs: Crisil

Indian aluminium makers will sail through the impacts of the viral disruption smoothly with rising aluminium exports, lower input costs and cost efficiency strategies followed by the industry, said a recent sector report by CrisilNSE -0.54 %. "The domestic sales loss has been offset by companies adroitly exporting more, thanks to high cost-competitiveness that stems from improved sourcing and lower input costs," said the report. Aluminium price in FY 2021 started with 4-year lows of \$1,450 per tonne on the London Metal Exchange, and domestic demand evaporated because of the Covid-19 pandemic-driven lockdown. While that will squeeze bottom lines this fiscal, efficient cost structure and adequate cash would

buffer credit profiles and help them weather the viral disruption, said the report by rating agency Crisil. The lockdown has not affected production because aluminium is an essential commodity. However, domestic demand largely from the power transmission, automobiles and construction sectors has plummeted.

Source: Economic Times, May 21, 2020

NEWSMAKER

Dilip Oommen is new President, Indian Steel Association

Dilip Oommen, CEO, Arcelor Mittal Nippon Steel India (AM/NS India) has taken over as President of the Indian Steel Association (ISA). He was unanimously appointed to the position for the next two years. This was decided in an extraordinary board meeting of ISA. Oommen's appointment comes in the wake of the recent resignation of T V Narendran managing director of Tata Steel from the position of President, ISA. Oommen, a veteran of the steel industry with more than 37 years of experience, is an alumnus of Indian Institute of Technology, Kharagpur.

Source: Economic Times, May 19, 2020