

# 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

### **As bauxite loses traction, Fimi seeks waiver of 15% duty on exports**

As exports of non-plant grade bauxite from the country are losing traction in the international market, Federation of Indian Mineral Industries (Fimi) has sought exemption of 15 per cent duty levied on export shipments. Indian bauxite was losing edge in seaborne trade due to the high duty. By contrast, Australia, Brazil and Malaysia were dominant players since they levied no duty while another leading producer-cum-exporter Guinea imposed a measly duty of 0.75 per cent on bauxite exports. The mineral lobby body has appealed to the Union finance ministry to exempt bauxite exports from duties. This intervention by the government will help scale up exports of non-plant

grade bauxite which has no applications in the domestic market and also bolster foreign exchange earnings, Fimi reasoned.

*Source: Business Standard, April 24, 2020*

### **No plans to scale down Coal India's FY21 production target amid subdued demand**

The government has no plans to scale down Coal India's output target of 710 million tonnes (MT) for the ongoing fiscal even though the country has more than enough stock of the dry fuel amid subdued power demand due to the coronavirus lockdown, an official said. "There are no plans to revise downwards the output target of Coal India (CIL) for the ongoing fiscal. Coal India has been given the target to produce 710 MT of coal," the official said on condition of anonymity. CIL's pithead stock was at 74 MT as on March 31, the highest ever, he added. In spite of abundance of fuel stock and subdued demand by the power sector, the company will keep producing coal as the government feels the electricity demand will pick up in the days ahead with the onset of summer. Moreover, during monsoons there is less production of coal, so this is the time when the maximum production can happen, the official explained.

*Source: Economic Times, April 20, 2020*

## **COMPANY NEWS**

### **Coronavirus lockdown: SAIL rings alarm bells over financial position**

With inventory levels at a record high and borrowings having crossed Rs 52,000 crore, public sector steel major Steel Authority of India (SAIL) is looking at renegotiating contracts and purchase orders to tide over the Covid-19 crisis. In a letter to plant and unit heads, SAIL said the slowdown has affected offtake since the beginning of March. Cash collections have fallen to record lows, without any let-up in the expenditures, the letter said. SAIL's saleable inventory level has crossed 2 million tonnes (mt) and another 0.8 mt is in process. However, company executives said this was a temporary situation and once the

commodity starts selling as customers resume operations, SAIL would be able to tide over this.

*Source: Business Standard, April 23, 2020*

### **RINL shuts down two blast furnaces at Visakhapatnam plant**

State-run steel maker RINL has shut down two blast furnaces at its Visakhapatnam plant, as a result of which the daily production level has come down to 6,000 tonnes, a source said. After shutting down the first blast furnace last month, the company has shut down the second blast furnaces also last week reducing its production further to 6,000 tonnes, a source said. There is a lack of demand in the market and given the scenario it is imperative to scale down the production, the source said. RINL, which has an installed capacity of over 7.5 million tonnes per annum (MTPA), produced about 18,000 tonnes of hot metal on a daily basis. There are three blast furnaces of 2.5 MTPA each at the plant. Keeping vital equipment like coke oven batteries, blast furnaces, among others, in running condition is very essential for steel plants.

*Source: Economic Times, April 21, 2020*

### **Tata Steel sales fall 11% to 7 million tonnes in Jan-Mar 2020; output up at 7.84 million tonne**

Tata Steel's domestic sales volume dipped 14.6% to 4.03 million tonne in Q4FY20 affected by the nationwide lockdown to contain the Covid-19 pandemic, even as it posted an 6% production growth to 4.74 million tonne (mt) during the quarter over Q4FY19. For the full year FY20, Tata Steel India achieved an 8%YoY production growth to 18.21 mt along with the best ever annual sales of 16.97 mt, supported by a ramp up of Tata Steel BSL and acquisition of Usha Martin Steel business by Tata Steel Long products, an official statement said. In particular, Tata Steel India witnessed highest ever annual sales in Branded Products and Retail segment with an increase of 8% over FY19. The company also maintained volumes in Industrial Products & Projects segment with a strong increase in sales in Oil & Gas and Industrial Pipe segment and

increased its share of high-end sales in the Automotive and Special products segment volume to 25% in FY20 from 19.5% in FY19.

*Source: Economic Times, April 22, 2020*

### **Tata Steel raises Rs.510 crore via NCDs**

Tata Steel said its committee of directors has approved allotment of non convertible debentures (NCDs) worth ₹510 crore on private placement basis. The committee of directors has today approved allotment of 5,100 unsecured, redeemable, rated, listed NCDs having face value of ₹10,00,000 each for cash aggregating to ₹510 crore, to identified investor on private placement basis," Tata Steel said in a BSE filing. The NCDs, which will carry an annual coupon rate of 7.85 per cent, are proposed to be listed on the BSE's wholesale debt market segment.

*Source: Business Line, April 22, 2020*

### **ArcelorMittal Nippon Steel India logs record output of 7.23 mt in FY20**

Less than a year after taking over the stressed Essar Steel asset, ArcelorMittal Nippon Steel India has attained record production in the financial year ended March 2020. The company has managed to achieve this despite challenging economic conditions, including the fallout of the Covid pandemic, in the March quarter. Crude steel production was up 5 per cent last fiscal at 7.23 million tonnes (mt) against 6.92 mt logged in the previous year. During the year, the company's blast furnace set a new benchmark in productivity through in-house innovation, which enabled it to operate consistently over its rated capacity. Pellet production increased 9 per cent to 11.63 mt (10.63 mt). Dilip Oommen, CEO, AM/NS India, said despite price and demand volatility, the company made strides to improve overall performance and operational efficiency. The record production would have been even better if not for the Covid impact on domestic and global steel demand towards the end of March, he added.

*Source: Business Line, April 24, 2020*

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## STEEL PERFORMANCE

### **Steel demand to contract 7.7% in 2020 over coronavirus crisis: ISA**

The Indian Steel Association (ISA), which represents major public and private sector steel companies, has forecast that steel demand would contract 7.7 per cent in 2020 in the wake of measures taken to contain the spread of Covid-19 pandemic. This is in sharp contrast to the earlier projection of 5.1 per cent growth made just a couple of months back, in February. ISA said that its earlier estimate was that steel demand would touch 106.7 million tonnes. The estimated actual in 2019 was 101.5 million tonnes in 2019. "We have now revised the steel demand forecast to 93.7 million tonnes. In other words, we estimate that the spread of the pandemic and subsequent lockdown will lead to steel demand declining by 13 million tons or by 12.2 per cent from a business as usual scenario," the association said in a statement. ISA has cautioned that its demand forecast was based on three implicit assumptions -the lockdown will not be extended beyond 40 days; that the government will come up with further fiscal stimulus, boosting demand and helping frontend stalled projects once the lockdown ends; and that the disruptions and challenges arising out of the lockdown will be overcome by early June.

*Source: Business Standard, April 20, 2020*

### **Steel demand to fall by up to 25% due to lockdown**

The nationwide lockdown triggered by the Covid-19 pandemic is taking a severe toll on steel companies with experts estimating a demand slump of up to 25%, even as rating agency Moody's has placed Tata Steel and JSW under review for a ratings downgrade. "The economy is grappling with lockdown, factory shutdowns, reduced discretionary spending, and delayed capex cycle alongside external factors such as weak global demand, supply disruptions, and worldwide financial shocks. "We expect this perfect storm to affect construction activities and automobile production, and thereby, steel demand," CrisilNSE 4.34

% said in its latest sector report. "In our baseline scenario, steel demand in India would contract 14-17% this fiscal. Extended vulnerability, on the other hand, will increase the demand contraction to 22-25%," the report added.

*Source: Economic Times, April 21, 2020*

### **India's crude steel output declines 14 per cent to 8.65 MT in March: World Steel Association**

The country's crude steel output declined 14 per cent to 8.65 million tonne (MT) during March, according to a report by the World Steel Association. India has been observing a nationwide lockdown since March 25, which has impacted production, demand and supplies of steel in the country. The country had produced 10.04 MT of crude steel during the same month a year ago, the World Steel Association (worldsteel) said in its latest report. In March 2020, the global steel output was also down by 6 per cent to 147.05 MT as compared with 156.51 MT in March 2019. The global industry body said, "Due to the ongoing difficulties presented by the COVID-19 pandemic, many of this month's (March) figures are estimates from national and regional associations, which may be revised with the next month's production update." Global steel giant China also, for the first time in many months, has reported a fall in its output. The country, which has a sizeable share in global output, has produced 78.97 MT steel in March, down 1.7 per cent as compared with 80.34 MT in the corresponding month of 2019, according to data from the report.

*Source: Economic Times, April 24, 2020*

## **POLICY**

### **Covid-19 impact: Steel firms to focus on exports till demand improves**

Steel companies are likely to focus on exports until domestic demand picks up. Jayant Acharya, director (commercial, marketing, corporate

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strategy) of JSW Steel, said, "We expect domestic demand to restart gradually with segments like packaging, steel products for domestic gas distribution, infrastructure, special steel for automotive etc." For the next one to two months, the focus will be on a balance between domestic and exports, he said. Lockdown measures to contain the spread of Covid-19 pandemic had immensely affected steel customers like auto and construction segments that closed down. Being an intermediate product, dependent on derived demand, steel companies resorted to rationalising production. However, some like JSW Steel are evaluating restarting production in a phased manner. Jindal Steel and Power Managing Director V R Sharma said the company had exported 80 per cent of goods this month.

*Source: Economic Times, April 22, 2020*

### **Steel ministry extends deadline to certify steel products as BIS closes laboratories**

Ministry of steel has extended the deadline for certification of steel products to three months from April 23rd as the Bureau of Indian Standards (BIS) has shut operations and closed laboratories due to the ongoing lockdown and travel ban. "In pursuance to the notification of the steel and steel products order 2000, the date of enforcement of the following Indian standards is hereby extended by three months beyond 23rd April," the order from the ministry said. Secondary and small scale steel industry bodies supplying and purchasing ferro alloys were seeking clarity from the ministry of steel on the extension of dates for newly imposed standardisation rules on steel alloys.

*Source: Economic Times, April 22, 2020*

## **FINANCIAL**

### **Nifty Metal index tanks 6%; Jindal Steel, Tata Steel, Hindalco down over 7%**

Shares of metal companies were under pressure with Nifty Metal index falling 6 per cent on the National Stock Exchange (NSE) on Tuesday on

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concerns of weak demand due to the Covid-19 outbreak. Jindal Steel & Power (JSPL), Hindalco Industries, Tata Steel and MOIL were down more than 7 per cent, while Steel Authority of India (SAIL), Vedanta, JSW Steel, Hindustan Copper and National Aluminium Company (NALCO) were trading lower in the range of 5 per cent to 6 per cent on the NSE

*Source: Economic Times, April 22, 2020*

## METALS

### **India Lockdown: Stainless steel sector's growth in production to fall during 2020**

India's stainless steel industry has clocked a domestic melt production of 3.92 million tonnes with growth falling to 5% in 2019 as compared to 7-8% achieved in the previous years. It is estimated to further come down in 2020 due to the nationwide lockdown, said the Indian stainless steel development association (ISSDA) in a statement. "This slowdown in production, despite adequate capacity, can be attributed to a surge of almost 50% in imports of stainless steel flat products last year", said ISSDA's president, K KPahuja. It has been aided by unregulated dumping as well as Free Trade Agreements (FTAs) signed by India with ASEAN countries, much to the detriment of the domestic industry. This has, in turn, led to a significant impact on capacity utilization levels, currently at around 60%, he added.

*Source: Economic Times, April 21, 2020*