

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
Company News	2
Steel Performance	4
Policy	5
Miscellaneous	6

HIGHLIGHTS OF THE WEEK

1. India's crude steel output grows 4% to 9 mt in June: worldsteel
2. Steel companies push exports to clear stock
3. Tata Steel draws up plan to boost competitiveness
4. JSW Steel Q1 profit dips over 57% to Rs.1,008 crore
5. Jindal Steel & Power supplies 1.26 LT rails to Indian Railways

COMPANY NEWS

Tata Steel draws up plan to boost competitiveness

From owning rail rakes and laying slurry pipelines to building greenfield ports, Tata Steel — the country's oldest steel producer — is leaving no stone unturned to lower its logistics cost and make more competitively priced products. With a total investment of close to Rs 5,000 crore, the company has drawn up a plan to lower its logistics cost in a phased manner. "The immediate plan is to own eight to nine rail rakes. This will be done in the next one year through Tata Martrade International Logistics (TMILL), our subsidiary," T V Narendran, chief executive officer and managing director, Tata Steel, told Business Standard. TMILL is a joint venture of Tata Steel, NYK Holding (Europe) BV, and Germany-based IQ Martrade Holding und Managementgesellschaft mbH. "It is not just about lowering logistics cost, but also about assuring reliable supplies," said Narendran. Of the total cost of Rs 70,000 per annum that the company incurs, Tata Steel's logistics cost comprises 15 per cent. Apart from owning rakes via the arm, the steel producer will be building slurry pipelines from its mining locations to its steel plants to carry the raw material.

Source: Business Standard, July 28, 2019

JSW Steel Q1 profit dips over 57% to Rs.1,008 crore

JSW Steel reported a sharp fall of over 56.90 per cent to Rs 1,008 crore in its consolidated net profit during the first quarter ended June 30, due to rise in expenses. The Sajjan Jindal-led company had clocked Rs 2,339-crore net profit during the same period a year ago. In April-June 2019, the company's total expenses rose to Rs 18,164 crore from Rs 17,206 crore in the corresponding quarter of the preceding fiscal, JSW Steel said in a BSE filing.

The company also reported a fall in its total income to 19,953 crore during the quarter, as compared to Rs 20,577 crore in April-June 2018-19. Part of USD 14 billion JSW Group, JSW Steel Ltd has significant presence in sectors such as steel, energy, infrastructure, cement, and sports among others.

Source: Business Standard , July 27, 2019

Jindal Steel & Power supplies 1.26 LT rails to Indian Railways

Jindal Steel and Power Ltd (JSPL) on Wednesday said it has completed delivery of its 1.26 lakh tonne rail order from the Indian Railways. In July last year, JSPL had received from the national transporter an order of about one lakh tonne rails, which was later extended by over 26 lakh. "In a boost to Indian Railways, JSPL has successfully executed the first-ever rail order to Indian Railways on July 29, 2019. JSPL has supplied 1,26,604 tonnes of long rails to Indian Railways in record time ahead of schedule. Out of this total quantities, JSPL supplied 97,400 tonnes of long rails on April 22, 2019," the company informed the exchanges. The total value of the order was Rs 732 crore, the company said. JSPL further said it has recently won a Rs 665 crore order from Rail Vikas Nigam Ltd (RVNL), an arm of the Ministry of Railways, to supply 89,042 tonnes of UIC 60 kg IRS T-12 880 grade 13 meter rails for its upcoming projects.

Source: Economic Times, August 1, 2019

JSW on the prowl for makers of value-added steel products

JSW Steel wants to consolidate the working capital-strapped downstream or value-added steel products industry in the country through its bids for assets like Asian Colour Coated Ispat and Vardhman Industries, a senior JSW official told ET. Apart from showing keen interest in large steel companies like Bhushan Power and Steel and Monnet IspatNSE -5.59 %, the company has also kept an eye out for small assets that add value to primary steel products and earn at least 30% more in terms of margins aga in terms of margins against primary steel products like hot rolled coil. "Most of the downstream (value-added) steel companies in India and internationally are facing a working capital crunch. While this is one market where demand is growing in double digits, from the supply side the sector is not growing. That is an area where we feel, because of our market penetration and by our ability to acquire assets, we will be able to consolidate much better," Jayant Acharya, director of commerc and marketing at JSW Steel, told ET on the sidelines of the company's earnings conference on Friday, adding that

competition in that area is also moderate vis-a-vis other product areas. JSW Steel has also bid for Vardhman Industries that makes galvanised products. JSW Steel is the preferred bidder for the asset and has offered a total of Rs 63.50 crore to acquire it but the acquisition according to the company's terms is awaiting the nod of the Supreme Court.

Source: Economic Times, July 30, 2019

STEEL PERFORMANCE

India's crude steel output grows 4% to 9 mt in June: worldsteel

India's crude steel output rose by 4 per cent to 9.336 million tonne (MT) in June 2019 compared to the year-ago month, according to the World Steel Association. The country had produced 8.976 MT of crude steel in June 2018, the global steel body said in its report. Global steel production increased by 4.6 per cent to 158.978 MT in June 2019 compared to 152.002 MT in June 2018, it said. China's crude steel production for June 2019 was at 87.533 MT, an increase of 10 per cent compared to 79.585 MT in June 2018. Japan produced 8.789 MT of crude steel in June 2019 compared to 8.750 MT in June 2018. South Korea's crude steel production was 5.958 MT in June 2019 as against 6.116 MT in June 2018. The US produced 7.3 MT of crude steel in June 2019, an increase of 3.1 per cent compared to June 2018. In the EU, Germany's production was at 3.4 MT, Italy's at 2.1 MT, France's at 1.3 MT while Spain produced 1.2 MT in June this year. In June, while Brazil and Turkey produced 2.8 MT and 2.7 MT, respectively, the crude steel production in Ukraine was at 1.7 MT the said month. The World Steel Association (worldsteel) represents steel producers, national and regional steel industry associations, and steel research institutes. As many as 64 major steel producing countries report data to the body which represents around 85 per cent of global steel production.

Source: Financial Express, July 30, 2019

Steelmakers sound alarm over rising level of duty-free imports

Notwithstanding slowing domestic demand, steel companies have raised concerns over rising steel imports at 0 per cent duty from countries such as Japan and South Korea that have signed a free trade agreement. Steel imports in the June quarter were down 9 per cent at 1.72 million tonnes, while exports declined 27 per cent to 1.02 mt. In the financial year ended March 2019, imports were up 5 per cent at 7.84 mt, while exports plunged

34 per cent to 6.36 mt. Though, overall, steel imports to India have fallen due to weak demand, the proportion of duty-free imports has increased to 66 per cent from 60 per cent in the June quarter. Amid growing import worries, the steel industry has urged the government to keep steel out of the proposed 16-member Regional Comprehensive Economic Partnership (RCEP) negotiations, which is to begin later this week.

Source: Business Line, July 29, 2019

POLICY

Steel test waiver: India ready to study EU plea

India has said that it is ready to look into a request made by the EU for exemption of ‘low-risk’ stainless steel product imports from compulsory re-testing requirement in BIS-authorized laboratories. But it has dismissed the suggestion made by the bloc that their steel mills with ISO 9001 quality management system in place should be exempt from the requirement of factory inspections. “Regarding exemption to low-risk stainless steel products (from testing requirement in BIS-certified labs), we had a bilateral meeting with the EU delegation, and my delegation has sought information from the EU to provide a list of such products which it considers low-risk with necessary technical justification,” India’s representative said in a statement at the recent meeting of the Committee on Technical Barriers to Trade at the WTO. India has 50 carbon steel and three stainless steel products under the ambit of its quality control, and plans to add more. The EU has been demanding that India accept tests carried out in foreign accredited laboratories attesting compliance with ISO standards (Indian standards) and stop conducting factory inspections in the EU steel mills having in place quality management system (QMS) as defined in ISO 9001. In its latest submission, India rejected the request arguing that product certification was different from QMS certification. “The visit to the factory premises and verification and testing in the factory, is a part of the BIS Conformity Assessment Scheme. On the other hand, ISO 9001 certification does not cover factory testing as per Indian standards.... Hence, such inspections are essential,” India’s statement said. It was, however, pointed out that BIS Laboratory Recognition Scheme has a provision for recognition of overseas laboratories. “The recognition of the foreign laboratories will be carried out on a reciprocal and mutually beneficial basis,” the statement said. The EU has been alleging that India’s measures on steel are basically non-tariff barriers, but New Delhi has been rejecting the charge. Interestingly, countries across the globe have been taking various measures to support their

domestic steel industry. On the need for the measure and requirement of re-testing, India reiterated that the quality of stainless steel is of utmost importance as it involves public health, safety and security.

Source: Business Line, July 29, 2019

MISCELLANEOUS

Steel companies push exports to clear stock

Poor offtake from almost all segments is prompting steel companies to divert material to export markets to clear stocks. At least two major steel producers said the stock position was around 45 days against 15 days that the industry generally carries. Most of the producers said they were exporting more to bring down the inventory. Also, they were planning to advance maintenance shutdowns. Some cold rollers, on the other hand, have resorted to a production cut by around 50 per cent over the past few months. Senior Vice-President, ICRA, Jayanta Roy, pointed out that JPC figures show that the total finished steel stock at the end of April 2019 was at 9.93 million tonnes compared to 7.49 million tonnes in the previous year. At the end of May 2019, it was at 10.1 million tonnes vis-a-vis 7.4 million tonnes in 2018. Domestic steel producers are not expecting a recovery till November, which is when government spending on infrastructure is likely to be visible.

Source: Business Standard, August 2, 2019