

# Steel In The News

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

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A Weekly News Report by Joint Plant  
Committee

June 08 – 14, 2019

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## HIGHLIGHTS

1. Steel costs of engineering exporters to drop
2. NMDC resumes iron ore production in Chattisgarh
3. Tata Steel plans to develop 40 new product grades at Kalinganagar plant
4. JSW Steel's crude steel output up 4% in May
5. Jindal Stainless aims for 25% share of e-rickshaw market by 2021
6. Tata Sponge plans Rs.1,800-cr rights issue to retire debt

## RAW MATERIAL

### **NMDC halts iron ore production in most mines**

Barring Kumaraswamy Mines in Karnataka, production of iron ore by NMDC came to a standstill as the state-owned company halted production at Bailadilla Range in Dantewada in Chhattisgarh also due to protest by tribals. The miner is losing 70,000 tonnes of iron ore production from Chhattisgarh and already losing 0.5 million tonnes per month from Donimalai mines in Karnataka since November last year, official sources said. Earlier, NMDC suspended iron ore-mining from its Donimalai mine following the state governments decision to impose 80 percent premium on the ore sales from that mine in November, 2018. Lately, the miner suspended production at Bailadilla Complex consisting of Bacheli and Kirandul mining blocks in Chhattisgarh following the agitation by tribal groups against the iron ore mining on hills in the Deposit no.13, official sources said.

*Source: Financial Express, June 13, 2019*

### **NMDC resumes iron ore production in Chattisgarh**

NMDC resumed mining operations at Bailadila in Chhattisgarh a week after they were affected by tribal unrest. After almost a week-long agitation at Bailadila, Chhattisgarh, the mining operations at both Bailadila Mining Complexes ie Kirandul and Bacheli resumed today (Thursday),' a press release said here. CMD of NMDC Baijendra Kumar had a meeting on June 12 with the Chief Minister of Chhattisgarh Bhupesh Baghel and discussed the issue, the release said. Kumar said NMDC has received timely support from the State government and local administration and assured that the PSU would continue to focus on local

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development activities with thrust on education, health, skill development and integrated village development. He said the company would put in efforts to make up for the production loss during this period. The miner suspended production at Bailadilla Complex consisting of Bacheli and Kirandul mining blocks in Chhattisgarh following the agitation by tribal groups against the iron ore mining on hills in the deposit no.13, official sources had earlier said.

*Source: Financial Express, June 14, 2019*

## COMPANY NEWS

### **Tata Steel plans to develop 40 new product grades at Kalinganagar plant**

Reaffirming its focus on product innovation, Tata Steel plans to develop 40 new product grades at its greenfield steel project at Kalinganagar (Odisha) in this financial year. The new products are designed primarily to tap into the requirements of automotive and oil & gas industries. “One of the products we have developed is a specialized disc rim for wheels to cater to the automobile industry. Trials of the product have already begun to Tata Motors. Commercialisation of the product is expected in six months. We have also initiated talks with other auto OEMs (Original Equipment Manufacturers) like Maruti Suzuki and Toyota,” a Tata Steel source said. Initially creating a capacity to produce three million tonnes per annum (mtpa), Tata Steel is now in the midst of expanding the Kalinganagar plant's capacity to eight mtpa, pledging a Capital expenditure (capex) of Rs 23,500 crore. The five mtpa brownfield expansion includes 2.2 mtpa cold rolling complex, raw materials and related facilities. The ramp-up will tweak Tata Steel's product mix in favour of auto grade steel and branded products, retail & solutions. Tata Steel is one of the key suppliers of high-tensile and auto galvanized products. Also, the steel company is the largest supplier of skin panels. Tata Steel retained its hegemony in automotive grade steel segment, boasting of 47 per cent market share in FY19. The steel maker's focus on research and innovation has been continuous and unswerving. In Q4 of FY19, the steel monolith developed 17 products, commercializing four of them. The company's auto sales grew 21 per cent year-on-year (y-o-y) to 2.25 million tonnes (mt) in last fiscal with high end product mix improving in automotive sales. Its overall sales volumes soared 33 per cent y-o-y to 16.26 mt, gaining in market share across verticals. Branded products contributed 42.5 per cent (excluding Tata Steel BSL) to total sales.

*Source: Business Standard, June 11, 2019*

**JSW Steel's crude steel output up 4% in May**

JSW Steel on Monday reported four per cent growth in crude steel output at 1.45 million tonne during May 2019. The Sajjan Jindal-led steel player produced 1.39 MT crude steel in May 2018, JSW Steel said in a statement. Last month, the company's output of flat rolled products rose 6 per cent to 1.02 MT from 956,000 tonne in the same month last year, it said. The output of long rolled products was also up by 9 per cent at 358,000 tonne as compared to 329,000 tonne in May 2018.

*Source: Financial Express, June 12, 2019*

**Jindal Stainless aims for 25% share of e-rickshaw market by 2021**

Jindal Stainless said on Friday it is eyeing a 25 per cent e-rickshaw market share by 2021, and expects the segment to generate revenues to the tune of ₹200 crore over the next two years. Claiming to have developed the first stainless steel e-rickshaw prototype in India with superior body and chassis performance as compared to carbon steel e-rickshaws, the company is looking to tap the market in Uttar Pradesh, Delhi-NCR, West Bengal, Maharashtra and Gujarat. As a new business development initiative towards sustainable transportation, after stainless steel bus bodies and railway coaches and wagons, Jindal Stainless is now in talks with manufacturers to facilitate the rollout of stainless steel electric rickshaws (erickshaws), the company said in a statement. The company expects an annual volume demand of 13,000 tonnes from this new business development initiative by 2021, it said. "Considering the market potential that Uttar Pradesh has to offer, the State will be one of our key focus areas. We will extend our full support to e-rickshaw manufacturers in designing and developing stainless steel models that are affordable, high on RoI, and user-friendly," Jindal Stainless Managing Director Abhyuday Jindal said. He further noted that continued government subsidies will enable faster adoption and will speed up market growth.

*Source: Business Line, June 8, 2019*

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## FINANCIAL

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### **Tata Sponge plans Rs.1,800-cr rights issue to retire debt**

Tata Sponge Iron a subsidiary of Tata Steel is planning to raise up to Rs 1,800 crore through a rights issue to primarily retire existing debt early, said two people familiar with the matter. The company had raised debt to help fund its acquisition of the steel business of debt-ridden Usha Martin (UML). The board will meet on Thursday to consider the terms of the right issue, including the rights entitlement ratio, total number of shares to be issued, issue price and record date. It has already obtained approval from stock exchanges for the proposed rights issue. Tata Sponge Iron is expected to price the rights issue at about 20-25% discount to the current market price, one of the persons cited above told ET. Axis Capital, SBI Cap, Centrum Capital are helping the company to run the issuance. Individual arrangers could not be contacted immediately for comments. An email sent to the company did not elicit any response until the publication of this report.

*Source: Economic Times, June 13, 2019*

### **Jindal Stainless promoter ups stake**

Jindal Stainless on Wednesday said that Abhyuday Jindal, one of the promoters of the company, has purchased 97,000 equity shares of ₹2 each from the open market on June 10 (52,000 shares) and June 11 (45,000 shares). Following the acquisition, Abhyuday Jindal's stake in the company has increased to 0.493 per cent from 0.478 per cent. Shares of Jindal Stainless closed about 7 per cent higher at ₹38.3 over the previous day's close of ₹35.90 on the NSE. Currently, promoters hold 67.01 per cent stake in the company. Their holding has increased to 67.01 per cent from 66.52 per cent.

*Source: Business Line, June 13, 2019*

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## STEEL PERFORMANCE

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### **Steel costs of engineering exporters to drop**

In a huge relief to engineering goods exporters and others that use steel to manufacture products, steel-makers like JSW, SAIL and Tata Steel have agreed to charge these bulk consumers the same price for the raw material at which they are

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exporting it to other countries. Engineering goods exporters complain that local steel producers are charging them 15-20% more than the price at which the latter are shipping out to other countries, making their products uncompetitive in the global market. However, steel-makers contest such a claim, saying the premium could at best be 5%. The move comes at a time when an escalating global trade war between the US and China has reinforced fears of steel dumping by China. At a crucial meeting on Tuesday — attended by commerce and industry minister Piyush Goyal, steel minister Dharmendra Pradhan, top executives of steel companies, engineering goods exporters and others — it was decided that steel will be made available at this rate to only those bulk consumers who would export finished goods after value addition, and not sell these in the domestic market, said three sources who attended the meeting. The steel will be made available to these bulk consumers under an advance licence scheme. Engineering goods exports — which account for around a fourth of India's merchandise export basket — contracted by 7% year-on-year in April to \$6.7 billion, compared to a 0.6% rise in the country's overall goods exports. In FY19, engineering goods exports grew just 6.3%, against a 9% rise in the overall merchandise exports. The objective behind the latest move is to ensure that engineering goods exports double in the next five years (from around \$81 billion in FY19) and touch \$200 billion by 2030.

*Source: Financial Express, June 12, 2019*