# Steel In The News

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



A Weekly News Report by Joint Plant Committee

March 07 -13, 2020

# HIGHLIGHTS OF THE WEEK

1. SAIL, railways in talks for 15.5 lakh tonne rail order
2. Rourkela Steel Plant sees record output in February
3. Tata Steel to cut China dependence for inputs, eyes alternative sources
4. ArcelorMittal keeps $6.5-bn Greenfield project in K'taka 'under review'
5. Price recovery has taken a hit: Tata Steel CEO

# COMPANY NEWS

**SAIL, railways in talks for 15.5 lakh tonne rail order**

State-owned Steel Authority of India Ltd (SAIL) is in talks with the Indian Railways for an order to supply about 15.5 l lakh tonnes of rail in the next financial year, a company official said. SAIL, under the steel ministry, is the country's largest steel-making company and as per an agreement, it supplies rails to Indian Railways. The Indian Railways had placed an order with SAIL for supply of 13.5 lakh tonne rails in the current financial year. Till February 29, the company produced 11.65 lakh tonne rails, according to SAIL.

*Source: Financial Express, March 9, 2020*

**Rourkela Steel Plant sees record output in February**

The Rourkela Steel Plant (RSP) registered the highest February production of hot metal from two of its blast furnaces, officials said on Sunday. The RSP produced 2,29,704 tonnes of hot metal from Blast Furnace-5 and 82,300 tonnes from Blast Furnace-1, which are the best February productions of the respective furnaces since inception, it said in a statement. The RSP also achieved the highest February production of crude steel and saleable steel.

*Source: Financial Express, March 9, 2020*

**Tata Steel to cut China dependence for inputs, eyes alternative sources**

Tata Steel has decided to reduce its dependence on China for some key steelmaking inputs in the wake of the Covid-19 scare. The steel major said it is tapping alternative supply sources in Turkey and Brazil. Tata Steel's decision is part of an overall global trend whereby corporates are focusing on a strategy to de-risk their supply chains from China. De-risking started with the US-China trade dispute and accelerated with the spread of the coronavirus. “We reviewed the situation in China due to the virus outbreak in the initial weeks. While we do not depend on China as a market for steel, we do source some of our consumable items from it. We are thus trying alternative supply sources in places like Turkey and Brazil,” said TV Narendran, chief executive, Tata Steel. The consumables include manganese, refractory products and compounds, electrodes and rolls for steel mills. “The jury is still out on how bad the outbreak is. The virus situation is expected to play out over the next two-three weeks. We are comfortable with our supplies until April,” he added. Narendran said the additional cost of switching to new suppliers from existing approved ones is likely to be offset by the cost of any potential disruption in supplies of such consumables since they do not account for a substantial portion of steelmaking costs.

*Source: Economic Times, March 9, 2020*

**ArcelorMittal fears impact on profits, sales**

Amid the deepening fear across the world, global steel giant ArcelorMittal has expressed apprehensions of its sales and profitability getting impacted in 2020 in case the virus spreads widely through Europe, particularly in Italy. The Luxembourg-headquartered company is the world's largest steel producer with steel-making operations in 18 countries on four continents, including 46 integrated and mini-mill steel-making facilities. It recently completed acquisition of debt-ridden Essar Steel in India for about Rs 42,000 crore and has announced plans to ramp up its finished steel producing capacity in India to 8.5 million tonnes per annum by the end of 2024.

*Source: Business Standard, March 9, 2020*

**‘Tata Steel branded business will grow at 10% in FY ‘20’**

Tata Steel expects its branded steel sales to retail and MSME sector to grow by 10 per cent in the current fiscal, amid slowdown in the economy, officials said. The company’s branded products, about 4.4 million tonne, are sold through distributors and dealers network. Consumption is almost equally distributed among both retail and MSMEs. “Our branded steel business is growing at 10 per cent even though the sector is expanding by only 5 per cent,” Tata Steel chief marketing and sales (branded products) Sanjay S Sahni told PTI. “We will finish the year with a 10 per cent growth in FY’20 and we expect similar growth in the next year too,” he said. Sahni said the total distributed (branded) steel business is worth ₹20,000 crore and the company is deepening product portfolio to suit customer demand. “We will be adding three more products in the coated segment as the demand is rising,” he said.

Sahni said the coronavirus scare should end by March. Tata Steel offers hosts of brands for retail and MSMEs.

*Source: Business Line, March 11, 2020*

**ArcelorMittal keeps $6.5-bn Greenfield project in K'taka 'under review'**

ArcelorMittal, along with its partner Nippon Steel, completed the acquisition of the erstwhile Essar Steel (later change its name to AMNS India) though the insolvency route in December, 2019 for Rs 42,785 crore. Even as ArcelorMittal looks to enhance finished steel production capacity at AMNS India to more than double to 15 million tonne per annum (mtpa) through its joint venture partner Nippon Steel, it has kept its own $6.5 billion proposed greenfield steel and power project in Karanataka under review, indicating that the company would like to concentrate more on the Western market in the near-term than in the South. The world's largest steelmaker had executed with the Karnataka government a lease-cum-sale agreement for 2,643 acre of land on December 26, 2018 for its proposed 6 mtpa steel plant with a captive 750 MW power plant, but its latest annual report said, "The project is currently under review". ArcelorMittal had in June 2020 entered into a MoU with the Karanataka government for the proposed investment.

*Source: Financial Express, March 11, 2020*

**Essar to cut residual debt by 70% to Rs.12,000 crore**

The Ruia-owned Essar Group has entered the final leg of its deleveraging exercise as it plans to cut residual debt by 70 per cent to about Rs 12,000 crore post sell off of its oil and steel business. From Rs 1.83 trillion of debt in FY17, the group has brought down the debt by a staggering Rs 1.40 trillion over the last three years. Now, it plans to cut residual debt from Rs 42,000 crore to about Rs 12,000 crore, Essar Group said in a mailer sent to policymakers and bureaucrats. After the proposed reduction of debt in the power business by over 60 per cent (Rs 12,000 crore), and similar deleveraging across its portfolio businesses, Essar Group would have almost cleared all its long-term debts, said the mailer. The balance Rs 30,000 crore debt is the working capital requirement of the group in its fully operational assets. The group is poised to embark on a new phase of growth while driving growth in its existing portfolio, the mailer said.

*Source: Business Standard, March 12, 2020*

# STEEL PERFORMANCE

**Price recovery has taken a hit: Tata Steel CEO**

The steel industry is hoping to reclaim peak prices by September on the back of a demand recovery. The only chink in the story could be a spiraling coronavirus outbreak. T V Narendran, managing director and chief executive officer, Tata Steel, one of India's largest steel companies, said that prices were being pushed up every month and would have continued if the virus scare was not there. "In March too we pushed up, but customers are pushing back," he said. However, if the virus outbreak settles at this level, then by September prices should be fine, he said in response to when prices would move back to peak levels. Narendran was speaking on the sidelines CII's Annual Regional Meeting of the eastern region. Steel prices that had touched a low of Rs 32,250 a tonne in the first week of November have been on the rebound since and are currently at around Rs 37,000 a tonne. That, however, is still a long way off from last year's peak levels of Rs 46,000 a tonne. The only concern for the steel industry, Narendran explained was the inventory build-up in China, whether it would get consumed in the home market or be exported. Hence, South East Asian market, where it mostly finds home, has reacted the most and prices have dropped the there.

*Source: Business Standard, March 9, 2020*

**Dead China demand pushes Indian metal scrips deep south**

The world’s factory is in a prolonged state-monitored lockdown, with eerie silence replacing the usual cacophony of clanging metal at Chinese shop floors. It has crushed stocks of metals and miners globally since reviving plants could be as hard as halting them – something Beijing  had to do to contain the spread of Covid-19 beyond the great wall. Hnce, it is not a surprise that the Indian metals pack, which largely takes price cues from the London Metal Exchange (LME)., is in a free fall.  Tata Steel, Steel Authority of India (SAIL), JSW Steel, Hindalco, Hindustan Zinc, Vedanta. ONGC and MDC have lost heavily as question marks  loom on revival of dmand in the world’s largest manufacturing economy.

*Source: Economic Times, March 13, 2020*

# GLOBAL STEEL

**Tata Steel Europe to cut 1,250 jobs in turnaround push**

Tata Steel Europe is planning to cut 1,250 jobs as it faces “challenging circumstances” and “needs to urgently improve profitability”, Chief Executive Officer Henrik Adam said in an internal memo seen by Reuters on Tuesday. “Our financial situation is serious and there’s an urgent priority to improve the performance of the business and our cash position,” Adams said in the memo. Besides the job cuts, which would be less than half of what the company had announced last year, Tata Steel said it will not replace employees who have retired or left the company. It had in November decided to cut 3,000 jobs across its European business. The company has outlined details of a transformation program and continues to be in talks with its European works council to minimize job losses, according to the memo.

*Source: Financial Express, March 12, 2020*