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

November 09 - 15, 2019

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RAW MATERIAL

Coal imports at major ports slip

Thermal coal imports fell by 17.69% to 51.10 MT at the top 12 major ports during April – October, the latest Indian Ports Association Report has said. The ports had handled 62.08 MT of thermal coal in the same period previous year.

Source: Financial Express, November 11, 2019

NMDC to supply iron ore for proposed Kapada steel plant

The Andhra Pradesh government and state owned mining major NMDC will soon sign a MoU for supply of iron ore, a critical raw material, for the proposed Kadapa Steel Plant, foundation for which is planned to be laid next month. Union Petroleum and Natural Gas Minister Dharmendra Pradhan held a meeting with Andhra Pradesh Chief Minister Y S Jagan Mohan Reddy at the Secretariat here and discussed a host of issues, including the critical iron ore linkage for the steel plant.

Source: Financial Express, November 09, 2019

KIOCL's second-quarter PAT plunges to Rs.4.07 crore

KIOCL Ltd (formerly Kudremukh Iron Ore Company Ltd), a Central public sector undertaking under the Union Steel Ministry, recorded a profit after tax of ₹4.07 crore in the second quarter of 2019-20 as against a profit of ₹49.52 crore in the corresponding period of previous fiscal. Quoting MV Subba Rao, Chairman and Managing Director of KIOCL Ltd, a company statement said that the company's profitability has been affected due to severe drop in global steel as well as pellet prices. The company is continuing to procure iron ore from different sources to reduce input raw material cost, he said, adding that it is continuously exploring new markets for sale of pellets as well as raw material sources for cost effectiveness.

Source: Business Line, November 14, 2019

Vedanta Q2 net rises 44% on one-time deferred tax cost

Vedanta maintained its Rs 8,500-crore annual capex guidance for the commodity businesses even as it lowered output forecast in a difficult year for global trade. Second-quarter profit at India's leading pure-play resources and extraction conglomerate surged 44 per cent as the company benefited from corporate tax cuts. Vedanta said it will spend the money across oil and gas, aluminium, zinc, lead, silver and copper businesses. While it has already spent Rs 3,000 crore in the first half of FY20, it has planned project investments worth Rs 5,500 crore for the second half. A significant part of the capex will come from internal accruals as Vedanta managed to generate cash flows of nearly Rs 8,300 crore. Separately, Vedanta cut production guidance across products in Zinc India and Zinc International and in its oil and gas business. These two divisions remain the highest earnings contributors for Vedanta.

Source: Economic Times, November 15, 2019

Coal mine auctions see significant variation in prices of winning bids

The auction of coal mines under the eighth, ninth and tenth round has come to a close with winning bid prices reflecting the significant variation. The highest winning bid amount from among all mines bid out, at ₹1,674 per tonne, has been quoted for the Jamkhani coal mine in Odisha by Vedanta Limited. Prakash Industries's winning bid, at ₹1,100 per tonne, for the Bhaskarpara coal mine in Gujarat has got the second-highest winning bid amount. There is a steep fall from these two exceptionally sought after mines with the winning bid amounts ranging between ₹154 to ₹230 per tonne for all the other mines auctioned. Commenting on the differences in winning bid price, Kameswara Rao, partner at PricewaterhouseCoopers (PwC) India said, “The bids are generally lower due to improved supply situation. The differences too are largely cost-reflective. The cost of underground mines and the smaller mines is high, and so the bids received are lower.”

Source: Business Line, November 15, 2019

COMPANY NEWS

Tata Steel scrip scores an upgrade on strong Q2 show, Mgmt policies

Tata Steel’s decision to get into commercial mining, higher than expected operating earnings in second quarter, management plans for working capital-led initiatives for lower inventory and to make Europe cash positive without any support from Indian business, has prompted analysts and brokerage firms to upgrade their views on the stock. In a research report after an analyst call by the management, ICICI Securities said, for Tata Steel it could be “time for a reversal”. The company will be bidding for upcoming iron ore auctions as it wants to get into commercial mining. While Tata Steel has substantial mining operation in India, it has so far been a captive miner. The latest move, promises to bring in a new revenue steam and add to its bottomline. Tata Steel has also recently bid for two chrome ore mines as replacement in its Sukhinda mines, the lease for which ends in March 2020.

Source: Economic Times, November 9, 2019

Tata Steel clocks higher sales in branded goods

Tata Steel has overcome the slowdown in the automotive sector by clocking higher sales in segments like industrial projects and branded products. During the April-September period of FY20, Tata Steel’s sales volumes in industrial products and projects moved up 8 per cent year-on-year (YoY). Sales growth in branded products and retail were even higher at 10 per cent YoY. The company’s crude steel production in the period under review was up13 per cent YoY with deliveries rising 6 per cent to 8.1 million tonnes.

Source: Business Standard, November 12, 2019

Jindal Stainless reports Rs.39.52-crore profit in Q2

Jindal Stainless Limited has reported a Rs 39.52 crore consolidated net profit for the second quarter of financial year 2019-2020. This reflects a turnaround from the Rs 59.44 crore loss the company reported in the corresponding quarter of the previous financial year. Consolidated total income for the period under review stood at Rs 3,298.14 crore, marginally down from Rs 3,305.22 crore reported by the company in the same period of the previous financial year. Commenting on the results, Managing Director, JSL, Abhyuday Jindal said, “Despite moderate business sentiment, JSL was able to maintain a steady performance through consistent improvement in operational parameters and internal cost efficiencies. A weak global outlook was compounded by soaring imports from Indonesia over the last few months, adding pressure on margins.”

Source: Business Line, November 12, 2019

JSW Steel output falls 13% to 12.54 LT in Oct

JSW Steel on November 12 said its crude steel production declined 13 per cent to 12.54 lakh tonne (LT) during October 2019. The company had produced 14.47 LT crude steel in October 2018, it said in a BSE filing. During the month, the production of flat rolled products fell 3 percent to 9.77 LT as against 10.11 LT in October 2018, it added. The company registered 25 percent fall in production of its long rolled products at 2.58 LT as compared to the year-ago month when it stood at 3.46 LT, it said.

Source: Financial Express, November 13, 2019

FINANCIAL

Sajjan Jindal repays Rs.342 crore to release pledged shares

Sajjan Jindal, Chairman of JSW Group, has repaid Rs 342 crore of his debt to release 1.26 crore of pledged shares in JSW Steel and 6.98 crore pledged shares of JSW Energy. Jindal has so far repaid Rs 2,700 crore of loans in three tranches. In October, Jindal, promoter the JSW Group, repaid Rs 1,200 crore of loan raised against pledging of JSW Steel and JSW Energy shares. In September, he paid RS 1,150 crore loan to release pledged shares of JSW Steel. The shares of JSW Steel and JSW Energy were beaten down due to debt concern. When share prices fall sharply, promoters who have raised money through pledged shares have to bring in more money to compensate the fall in value of pledged shares or cut their exposure by pre-paying debt. Despite the benchmark index Sensex hitting a new high, shares of JSW Steel has been languishing for long. Shares of JSW Steel has fallen from a 52-week high of Rs 354 last November to 52-week low of Rs 202 this August. The stock is currently trading at Rs 252.

Source: Business Line, November 12, 2019

STEEL PERFORMANCE

Steel companies hike prices by Rs,500-750/t for first time this fiscal

Steel manufacturers hiked prices for the first time in the last seven months in November, as the inventory at both the consumer and steel manufacturers' end shrank after the recent pick-up in demand. Most steel companies, including JSW Steel, have hiked prices of hot-rolled coil by Rs 500-Rs 750 a tonne to Rs 35,500, and TMT bars by Rs 750-Rs 1,000, depending on quality specifications. Jayant Acharya, Director (sales and marketing), JSW Steel, said, globally, steel prices have gone up by $20-$30 a tonne due to a production shut-down by most steel companies, as their selling prices had fallen below production costs.

Source: Business Line, November 15, 2019

Cement and steel firms hike prices as construction demand picks up

Prices of steel and cement are showing early signs of recovery led by low inventory level at the user end and a pick-up in construction activity post-monsoon combined with festive buying. Steel companies have increased prices of flat steel in November by Rs 500-750 a tonne and long steel up to Rs 1,000 a tonne after a gap of more than seven months. Cement prices, too, moved up last month in all regions except South India, which witnessed a decline; in Central India, it stagnated. Prices in South India have persistently remained muted since the monsoon and remained so even after the festive season. The price rise in other parts of the country, especially in Gujarat, Punjab, Haryana, Uttar Pradesh, East India and some pockets in the southern belt like Chennai, Bangalore, Kochi and others, helped pull up the average prices by around four per cent post-monsoon. Sales volume in North, East and West India is much higher than South India. Recovery in steel prices is largely led by low stocks in the trade as well as higher international prices.

Source: Business Standard, November 12, 2019

Industrial production contracts 4.3% in Sept

India's industrial production shrank for the second consecutive month in September, its worst performance in the series that began April 2012, highlighting the persistent structural slowdown in the economy and firming up expectations of further monetary easing next month with scant signs of a turnaround. As per the Index of Industrial Production (IIP), factory output contracted 4.3% in September, the lowest in almost eight years in this series, which began in April 2012 (with 2011-12 as the base year) and the lowest since October 2011 when compared with the earlier series with base year 2004-05. IIP had contracted 5% in October 2011. The decline was steeper than the 1.4% reduction seen in August, suggesting that the economy may have slumped further in the second quarter of the current financial year. Industrial production grew 4.6% in September 2018. The decline was steeper than the 1.4% reduction seen in August, suggesting that the economy may have slumped further in the second quarter of the current financial year. Industrial production grew 4.6% in September 2018. Economists expect second-quarter growth — the GDP figure is to be released on November 29 — may be lower than the six-year low of 5% in the June quarter. The Reserve Bank of India (RBI) had said last month that growth may be marginally better at 5.3% in the July-September period.

Source: Economic Times, November 13, 2019

POLICY

Govt announces steel scrap recycling policy to cut imports

In a bid to ensure quality scrap for the steel industry, the Centre announced a steel scrap recycling policy that aims to cut imports, conserve resources and save energy, reports PTI. India's steel scrap imports were valued at Rs.24,500 crore in 2017-18, while the deficit was to the tune of 7 MT. National Steel Policy 2017 aims to develop a globally competitive steel industry by creating 300 MTPA production capacity by 2030 with a contribution of 35-40% from the EAF/IF route.

Source: Financial Express, November 09, 2019

Pradhan to explore steel exports during UAE visit

India plans to explore the possibility of exporting steel to Middle Eastern countries during Petroleum & Natural Gas and Steel Minister Dharmendra Pradhan's visit to Abu Dhabi this week. Pradhan will be accompanied by an official and business delegation, and will be visiting United Arab Emirates (UAE) from November 10 - 12, 2019. He has been invited by the UAE Minister of State and CEO, ADNOC, Sultan Ahmad Al Jaber, to participate in the Abu Dhabi International Petroleum Exhibition & Conference (ADIPEC). Pradhan and Jaber, will be jointly inaugurating the India Pavilions set up by Federation of Indian Petroleum Industry (FIPI), Directorate General of Hydrocarbons (DGH), and Confederation of Indian Industry (CII). During his visit, Pradhan is also scheduled to meet his UAE counterparts Suhail Mohamed Faraj Al Mazrouei, Minister of Energy and Industry, and Sultan Ahmad Al Jaber, Minister of State and ADNOC Group CEO and discuss issues of bilateral hydrocarbon as well as steel sector engagement within the overall framework of India-UAE Strategic Partnership.

Source: Business Line, November 11, 2019

Steel ministry tells state governments to jack up scrap steel capacity

On the heels of rolling out the scrap steel policy, Union ministry of steel will go all out to work in tandem with state governments to create steel clusters in micro, small and medium enterprises (MSME) sector. The idea is to ensure quality scrap for steel industry that would minimise the need for expensive imports. Currently, the state governments have different criteria to categorise the treatment of hazardous and other environmental waste. This anomaly would end as the Centre would soon have a single uniform category in place to mark their environmental pollution value. India had been paying as much as Rs. 24,500 crore to import its 7-million tonne deficit, as in 2017-2018, of scrap steel, despite the fact that country has a huge unorganised pool of unprofessionally-run scrap processing outfits far and wide.

Source: Financial Express, November 15, 2019

METALS

Hindalco Q2 profit declines 33% to s.974 crore on lower realisation

Hindalco Industries, an Aditya Birla Group company, has reported that its consolidated net profit in September quarter including that of Utkal Alumina was down 33 per cent at Rs 974 crore against Rs 1,448 crore registered last year due to lower realisation. Revenue in the quarter under review was plunged nine per cent to Rs 29,657 crore (Rs 32,507 crore). EBITDA dipped eight per cent to Rs 3,918 crore against Rs 4,276 crore logged in same period last year. Alumina (including Utkal) production was down 6.67 lakh tonnes against 7.01 lakh tonnes logged last year while aluminium output was up marginally at 3.30 lakh tonnes (3.26 lakh tonnes)

Source: Business Line, November 12, 2019

Aluminium demand dips 6% in Sep qtr

Global headwinds and a slowing economy led to the domestic aluminium demand falling 6 per cent during the September quarter to 0.96 million tonnes (mt). Domestic demand has grown a marginal 0.1 per cent year-to-date. Firm demand in aluminium consumption has been one of the bright spots for domestic producers, helping them combat headwinds like tepid LME (London Metal Exchange) prices. Prices on the LME slumped 14 per cent to $1,762 per tonne at September end, compared to last year. Of late, Indian aluminium demand is aligning with the global demand, where growth is expected to fall 0.4 per cent in CY19, the lowest since the global financial crisis of 2008. Global markets are projected to witness a deficit of 1.2 mt in calendar 2019, 0.1 mt shy of the 1.3 mt recorded in CY18.

Source: Business Standard, November 13, 2019

RAILWAY

Railway coach making chugs past slowdown

The rolling stock production units of the Indian Railways seem to have beaten the slowdown in manufacturing activities with 50% of the target for the fiscal year achieved by the end of the second quarter. The Indian Railways manufactured 4,182 coaches till the end of October 2019, officials said, as against 3,241 units built a year ago. The production target for 2019-20 is 8,026 units and 5,771 of these are to be Linke Hoffmann Busch (LHB) coaches. The production units have manufactured 3,235 LHB coaches so far. “The LHB coach production is on fast track, while manufacturing in other sectors of the economy is down,” a railway board official said, refusing to be identified. Data accessed by ET shows that the Indian Railways has to replace around 45,000 conventional Integral Coach Factory (ICF) carriages with LHB coaches in five to seven years. “All mainline mail trains will be replaced with LHB coaches,” the official said.

Source: Economic Times, November 9, 2019

Despite nixing busy season fee, Railways loading at 9-year low

Despite scrapping the 15 per cent busy season surcharge, the Indian Railways has seen an eight per cent drop in cargo loading this October against the same period last fiscal. This is the sharpest decline in the last nine years. In September, the Railways scrapped the 15 per cent busy season surcharge, which would have kicked in from October 1, to make it cheaper for customers to move cargo by the rail mode, and also attract more rail cargo. The Railways had moved 93.82 million tonne of coal, iron ore, cement, an over eight per cent dip against the same period last year. Also, the drop in net tonne kilometre — a productivity parameter that measures both the loading and distance moved by a commodity — has been sharper at over 11 per cent. This means that not only is the loading down, the distance of cargo movement was also lower. Among the commodities that saw lower cargo movement in October 2019 include: coal (12.5 per cent), raw material for steel plants except iron ore (almost 8 per cent), domestic container

Source: Business Line, November 14, 2019