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

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HIGHLIGHTS OF THE WEEK

1. Steel PSUs contribute over Rs250 crore to PM-CARES Fund
2. JSPL crude steel output in 2019-20 grows 12%
3. Production at SAIL, Tata Steel plants down by 50%, amid coronavirus lockdown: sources.
4. JSW prepares to restart full-scale production after lockdown ends on April 14th
5. Domestic steel price outlook bleak amid coronavirus pandemic disruption
6. Steel Ministry seeks help over disruptions caused by COVID – 19
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RAW MATERIALS

Covid 19: Coal India arms set up 1,509 isolation beds in 8 states

State-owned CIL's subsidiaries have set up 1,509 isolation beds in eight states in the fight against the Covid-19 pandemic, an official said. The eight coal-bearing states are Jharkhand, West Bengal, Odisha, Madhya Pradesh, Uttar Pradesh, Chhattisgarh, Maharashtra and Assam.

Of the 1509 beds, Coal India arm Mahanadi Coalfields Ltd (MCL) has set up the maximum 664 beds at its hospitals in places like Bhubaneswar, Angul, Jharsuguda, Sambalpur and Sundargarh in the state of Odisha. Besides, Northern Coalfields Ltd (NCL) has come up with 200 isolation beds in Madhya Pradesh and Uttar Pradesh. Bharat Coking Coal Ltd (BCCL) has set up 100 beds, Central Coalfields Ltd (CCL) 180 beds, Eastern Coalfields Ltd (ECL) 144 beds, South Eastern Coalfields Ltd (SEC) 132 beds, Western Coalfields Ltd (WCL) 75 beds and North Eastern Coalfields Ltd (NECL) 14 beds. The subsidiaries have also distributed more than 3.3 lakh face masks to people in and around the coal mines, the official added. ECL has distributed the maximum 76,367 masks, followed by NCL (66,847), SECL (64,536) and WCL (52,613), among others.

Source: Business Line, April 5, 2020

COMPANY NEWS

Production at SAIL, Tata Steel plants down by 50%, amid coronavirus lockdown: sources

State-owned Steel Authority of India Ltd (SAIL) and private player Tata Steel both contribute about 20 per cent to India's total steel production. As per industry sources, SAIL and Tata Steel have scaled down production by about 50 per cent. The companies have taken the decision because of the reduced demand in the market after the lockdown, which has impacted logistics movement, the sources said adding that buyers are also reluctant in placing orders. The company had however not provided any figures with respect to reduced production levels. While a SAIL official confirmed reducing output by about 50 per cent over phone, an e-mail query sent to Tata Steel remained unanswered. SAIL has five integrated steel plants in Odisha, Jharkhand and Chhattisgarh. Tata Steel has two plants in Odisha and Jharkhand.

Source: The Deccan Herald, April 7, 2020

JSW prepares to restart full-scale production after lockdown ends on April 14th

JSW Steel said that it is preparing to restart production at all its facilities in the next few days even as its peers, including Tata Steel and SAIL, remain rather circumspect about running their factories at full tilt anytime soon. "The company is making all preparations to recommence operations at all locations on lifting of the lockdown in the next few days," said an official statement announcing JSW Steel's production details in FY20. This comes after the company informed the exchanges on M arch 25 that it was scaling down/suspending production across units. Tata Steel, which has curtailed production at its plants in Jamshedpur, Kalinganagar and Angul, said it would not comment at this stage. Anil Chaudhary chairman of SAIL said We would wait for an official announcement on the lifting of the of the lockdown before taking any steps to revive production. SAIL will calibrate its plan for ramping up production depending on whether the exit from lockdown is in phases. Experts agree that steel plants, which operate large blast furnaces, cannot be turned on and off in a short span of time, unlike the more flexible gas-based plants or electric arc furnace units. "A steel plant is a massive entity, much like an elephant. So it takes time to move, either way," a steel industry analyst said.

Source: Economic Times , April 8, 2020

JSPL crude steel output in 2019-20 grows 12%

Jindal Steel and Power Ltd (JSPL) on Friday said its annual crude steel production and sales figure for the fiscal year ended March 31, 2020 stood at 8.17 million tonne (MT) and 7.92 MT, respectively. In 2018-19 fiscal, the consolidated steel production of the company stood at 7.30 MT, while, sales were at 7.22 MT, JSPL said in a statement. According to JSPL, this is the "highest annual crude steel production and sales figure". During fiscal year 2019-20, JSPL registered a growth of 12 per cent in output, while the sales have registered a rise of 10 per cent. In Oman, the company's subsidiary Jindal Shadeed Iron and Steel (JSIS), produced 1.87 MT steel, up 9 per cent, and sales were at 1.88 MT, higher by 4 per cent. The company further said it operates the country's only private sector rail mill at Raigarh plant. The rail mill has clocked record production of 5.7 lakh tonne during financial year 2019-20. The plate mill in Raigarh has also achieved ever highest production at 9.47 lakh tonnes during the FY20, it said.

Source: Financial Express, April 4, 2020

STEEL PERFORMANCE

Steel Ministry seeks help over disruptions caused by COVID – 19

The domestic steel sector will need a clutch of fiscal incentives, including tax cuts and exemptions, to recover from the disruption caused by the coronavirus pandemic, according to Boston Consulting Group (BCG). With the rapid spread of Covid-19, demand in the sector has plummeted, requiring production cuts of up to 50%. Most large integrated steel plants in the country have been forced to maintain their critical units on a 'standby' mode. To understand what would be required what would be required to help the industry ramp up production once the lockdown period is over, the steel ministry is seeking the help of experts. BCG, a consultant to the ministry, made a presentation on this on Tuesday. It suggested tax cuts and exemptions on infra spending, rasing depreciation limits and moratorium on interest payment, among other steps. According to BCG, slow pickup in the auto and construction sectors and a step-up in discretionary spending on healthcare and well being will pose a challenge to steel demand. Also, bottlenecks in logistics, like higher handling charges and stranded load, could pose problems for a rapid scale up in supply chain after the lockdown ends.

Source: Economic Times, April 10, 2020

Steel PSUs contribute over Rs250 crore to PM-CARES Fund

Steel PSUs have contributed over Rs 250 crore towards the PM-CARES Fund to combat the coronavirus pandemic. As per official data, miner NMDC has made the highest contribution among steel PSUs at Rs 155 crore. MOIL, another mining company under the administrative control of the Ministry of Steel, has donated Rs 48 crore. Steel makers Steel Authority of India Ltd (SAIL) and Rashtriya Ispat Nigam Ltd (RINL) have given Rs 30 crore and Rs 6.16 crore respectively to the Prime Minister's Citizen Assistance and Relief in Emergency Situation (PM-CARES) Fund. MOIL, another mining company under the administrative control of the Ministry of Steel, has donated Rs 48 crore. Steel makers Steel Authority of India Ltd (SAIL) and Rashtriya Ispat Nigam Ltd (RINL) have given Rs 30 crore and Rs 6.16 crore respectively to the Prime Minister's Citizen Assistance and Relief in Emergency Situation (PM-CARES) Fund. Pellet maker KIOCL has deposited an amount of Rs 10.10 crore into the fund. Consultancy firm Mecon has made a contribution of Rs 7.75 crore, while e-commerce firm MSTC and Ferro Scrap Nigam Ltd (FSNL) have given Rs 5.54 crore and Rs 5 crore.

Source: Economic Times, April 5, 2020

Domestic steel price outlook bleak amid coronavirus pandemic disruption

The outlook for domestic steel prices, which has largely remained firm until third week of March, now appears bleak. Domestic steel prices, which had been trading at a premium to international prices, will face pressure as the lockdown is leading to build up of inventories. Care Ratings says the performance of domestic steel makers is likely to be impacted in Q1FY21 because of the Covid-19 pandemic and the 21-day nationwide lockdown. Just a few days before the lockdown, steel prices in March had corrected merely 2 per cent, while those in the Far East countries had cooled off by 6 per cent on an average. This had already led to domestic prices trading at 2 per cent premium to the landed price of steel from Far East countries, according to analysts' data. Global prices have softened further since then. On April 3, the free-on-board China hot-rolled coil (HRC) prices on the London Metal Exchange (LME) were another 4 per cent lower as compared to prices on March 23. As customers negotiate and renew contracts, it will soon reflect in revenues of steel companies. Even as this was putting pressure on pricing, the impact of lockdown on demand and rise in inventories are likely to put further pressure on domestic steel prices. The impact on performance will not only be led by demand loss and realisations, but also pressure on margins. Profit margins are expected to fall, led by higher input prices and weaker steel pricing. According to analysts, the aggressive bidding in mine auctions in Odisha will keep iron ore costs high in the near term. The normalising situation in China means that Chinese demand for iron ore and coal will start rising, thereby keeping input prices steady. Thus, while realisations take a hit, pressure on margins may intensify.

Source: Business Standard, April 5, 2020

FINANCIAL

Uttam Galva defaults on Rs.664-cr loan; ArcelorMittal, SBI among creditors

The coronavirus (Covid-19) pandemic and the resultant shutdown have started impacting companies with Uttam Galva Steels (UGSL) defaulting Rs 664 crore to its lenders. Apart from state-owned banks, ArcelorMittal is one of the top creditors of the company. UGSL, which shut its plants and operations after the lockdown was announced last month, said it has an outstanding of Rs 1,008 crore to its creditors. A company source said the default is "technical in nature" and blamed the ongoing lockdown for it. Operations had to be shut after it was unable to procure raw materials from suppliers due to the lockdown, said company sources. State Bank of India, Oriental Bank of Commerce, Indian Overseas Bank and Vijaya Bank also have exposure to the company. A large part of Uttam Galva's loans was taken over by ArcelorMittal from public sector banks after it made the bid for Essar Steel in 2018 and later won it after a long-drawn legal battle. The loans were taken over by ArcelorMittal India Private Limited (AMIPL), which had paid off Rs 4,922 crore to the secured financial lenders of UGSL to clear the overdue principal amount as on September 30, 2018, and interest due as on October 17, 2018.

Source: Business Standard, April 8, 2020

JSPL promoter companies repay Rs 391 crore debt

Three promoter companies of JSPL have repaid an amount totalling Rs 391 crore to the lenders, said a company official. The companies are Opelina Sustainable Services Ltd, OPJ Trading Private Ltd and Gagan Infra Energy Ltd. "These promoter companies have repaid loans of around Rs 391 crore out of total debt amount Rs 747 crore as on December 3, 2019," the official said. The said promoter companies "With this repayment, the current debt at promoter level under loan against shares stands at only Rs 356 crore," he said. Part of the USD 25-billion OP Jindal Group, JSPL has presence in steel, power, mining and infrastructure sectors.

Source: Economic Times, April 10, 2020

MISCELLANEOUS

Railways deal coronavirus' disruption of global trade to weigh on Concor

The Container Corporation of India (Concor) stock has shed 49 per cent since the highs of February on worries related to the purchase of land from the railways and the disruption caused by the outbreak of Covid-19 on global trade. Even before the current meltdown, the stock was on a downtrend due to a possible Rs 8,000-crore deal with the Indian Railways, which entails buying the latter's land on which the containerised cargo transporter operates a majority of its terminals. The immediate impact, however, is from the demand slowdown due to disruption of the export-import trade which accounts for a majority of Concor's revenues. Analysts at ICICI Securities have lowered their volume estimates for 2020-21 and 2021-22 by 6 per cent each. The other worry for the company, which dominates the country's container rail freight business, is higher competitive pressure from the road segment.

Source: Business Standard, April 7, 2020.