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MONTHLY REPORT

# STEEL

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JANUARY 2021

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# PORT ANALYSIS

## STEEL TRAFFIC AT INDIAN PORTS (Qty in Million Tonnes)

PORT	APR-NOV 2020	APR- NOV 2019	VARIANCE
ANGRE	0.000	0.012	-0.012
CHENNAI	1.288	1.298	-0.010
COCHIN	0.000	0.019	-0.019
DIGHI	0.000	0.013	-0.013
DAHEJ	0.072	0.127	-0.054
DHAMRA	0.889	0.658	0.231
ENNORE	0.128	0.061	0.067
GANGAVARAM	1.194	0.249	0.946
HALDIA	1.269	0.426	0.843
HAZIRA	0.450	0.168	0.283
KAKINADA	0.000	0.009	-0.009
KANDLA	0.769	0.483	0.286
KARAIKAL	0.089	0.000	0.089
KATTUPALLI	0.006	0.000	0.006
KOLKATA	0.045	0.022	0.023
KRISHNAPATNAM	0.315	0.018	0.297
MAGDALLA	0.137	0.419	-0.282
MANGALORE	0.190	0.069	0.120
MORMUGAO	1.111	0.834	0.276
MUMBAI	1.024	2.050	-1.025
MUNDRA	0.584	0.982	-0.397
PARADIP	2.244	1.086	1.157
PORT BLAIR	0.001	0.000	0.001
VISAKHAPATNAM	1.139	0.023	1.116
GRAND TOTAL	12.942	9.024	3.918

# Country-wise Steel Imports to India Apr- Nov 20 (Qty in Million Tonnes)

COUNTRY	APR-NOV 20
SOUTH KOREA	0.383
CHINA	0.226
JAPAN	0.139
TAIWAN	0.081
U.A.E.	0.074
VIETNAM	0.062
MALAYSIA	0.055
EGYPT	0.049
THAILAND	0.041
BURKINA FASO	0.023
SINGAPORE	0.021
BANGLADESH	0.018
BAHRAIN	0.008
INDONESIA	0.003

## Country-wise Steel Exports from India Apr- Nov 20 (Qty in Million Tonnes)

COUNTRY	APR-NOV 20
CHINA	3.318
VIETNAM	1.068
SINGAPORE	0.563
ITALY	0.253
U.A.E.	0.243
BELGIUM	0.232
INDONESIA	0.225
BANGLADESH	0.161
SRI LANKA	0.159
CANADA	0.093
AUSTRALIA	0.064
HONG KONG	0.060
OMAN	0.057
SAUDI ARABIA	0.054
MALAYSIA	0.049
MYANMAR (BURMA)	0.046
SOUTH AFRICA	0.044
TAIWAN	0.037
PHILIPPINES	0.029
EUROPE	0.029

## MAJOR STEEL IMPORTERS (Qty in Million Tonnes)

IMPORTER	APR- NOV 20
JINDAL INDIA LTD.	2.277
ARCELOR MITTAL	0.383
ESSAR STEEL INDIA LTD.	0.103
CHINA STEEL CORPN. INDIA PVT. LTD.	0.072
MAN INDUS. (I) LTD.	0.063
WELSPUN CORPN. LTD.	0.042
RATNAMANI METALS & TUBES LTD.	0.037
TATA STEEL LTD.	0.033
POSCO COATED STEEL LTD.	0.032
MARUTI SUZUKI AUTOMOBILES INDIA LTD.	0.031
RASHTRIYA ISPAT NIGAM LTD.	0.030
ARSHIYA LOGISTICS SERS. LTD.	0.023
EGYPTAIN SPONGE IRON & STEEL CO.	0.018
RAJASTHAN PRIME STEEL PROCESS CENTER PVT. LTD.	0.015
INDIA STEEL SUMMIT PVT. LTD.	0.014
BAOSTEEL INDIA CO. PVT. LTD.	0.013
HARIYANA SHIP BREAKERS PVT. LTD.	0.010
MANAKSIA LTD.	0.010
QATAR STEEL CO.	0.010
COLORSHINE COATED PVT. LTD.	0.009

## MAJOR STEEL EXPORTERS (Qty in Million Tonnes)

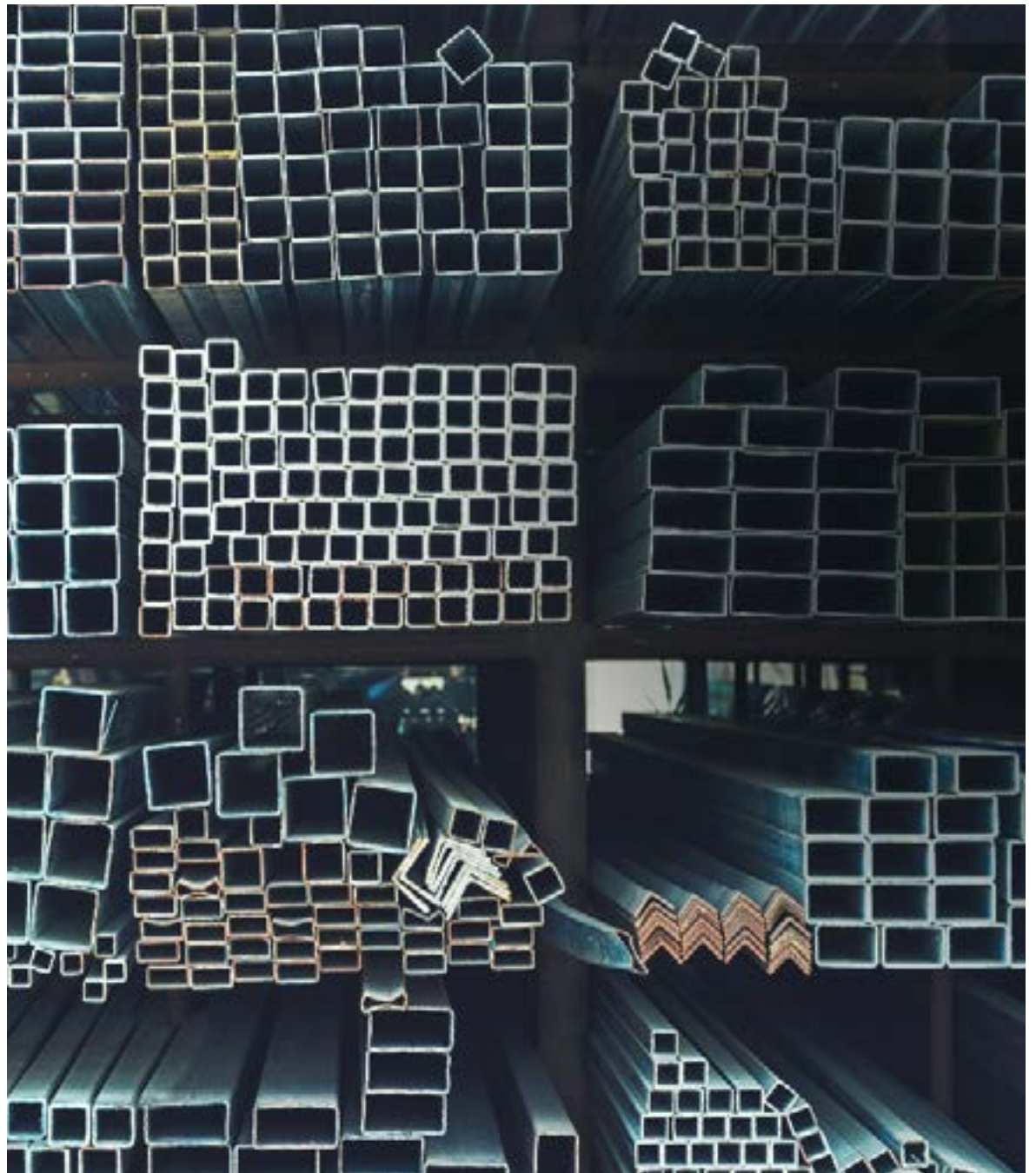
EXPORTER	APR- NOV 20
JINDAL SAW LTD.	3.370
TATA STEEL BSL LTD.	2.628
STEEL AUTHORITY OF INDIA LTD.	1.133
RASHTRIYA ISPAT NIGAM LTD.	0.808
ARCELOR MITTAL	0.205
WELSPUN CORPN. LTD.	0.140
ELECTRO STEEL LTD.	0.115
BHUSHAN POWER & STEEL LTD.	0.082
KIOCL	0.031
TATA INTL. CO. LTD.	0.030
ORISSA METALIKS PVT. LTD.	0.020
RATNAMANI METALS & TUBES LTD.	0.011
MONO STEEL INDIA LTD.	0.009
MAN INDUS. (I) LTD.	0.007
USHA MARTIN LTD.	0.001



# GOVT DECISION TO DROP OUT OF RCEP WILL BENEFIT STEEL COS



Any multilateral free-trade pacts including China will pose a major threat for domestic steel producers: India Ratings



The government's decision not to sign the Regional Comprehensive Economic Partnership comes as a major relief for steel sector. In recent past, the Indian steel market is flooded with cheap imports from RCEP members such as China, South Korea, Japan and Vietnam. Any multilateral free-trade agreements including China would pose a major threat for domestic steel producers. Indian producers can effectively seek benefits of such partnerships only if adequate safeguard mechanisms are in place, said an India Ratings report. India already has trade agreements in place with ASEAN countries, Japan and South Korea which could be leveraged for relevance in the Asian steel market through negotiation and collaboration. Moreover, Indian steel producers have reliance on exports and opting out should not materially impact long-term investments and export plans under National Steel Policy 2017. Significant capacity expansion plans in India are largely based upon a healthy medium-to long-term demand outlook. India Ratings expects long-term domestic steel demand growth should remain robust at about 7 per cent, supported by healthy economic growth and gross fixed capital formation.

## China steel capacity

Allowing China to tap the Indian market duty-free could be perilous, given the large size of its capacity which can create a large imbalance in domestic demand-supply dynamics. China's total steel capacity and their domestic steel consumption is about 10 times of India and about half of the total world. Hence any minor demand or supply fluctuations in China result in serious implications for the global steel dynamics. Additionally, China government's stimulus measures including export incentives to its steel industry further pose risk of China dumping steel globally. India being the largest steel market after China becomes an important destination for China to dump its oversupply, despite India having sufficient capacity to meet its requirements. Compared to China, India's overall cost of steel deliveries is estimated to be higher by about \$40 a tonne due to the cost disadvantages of about \$90 a tonne such as inferior logistics and infrastructure, higher royalty and tax burden on mining, expensive power and cost of capital. India also has high reliance on imported coking coal for its blast furnace route steel producers which poses raw material availability and price risks, constraining India's steel sector competitiveness. However, India too has cost advantage of about \$50 a tonne mainly in the form of its cheap iron ore and labour availability.

Source: The Hindu Business Line



# JSPL POSTS 30% RISE IN PRODUCTION AND SALES UP BY 25% IN DECEMBER 2020



During the month under review, its standalone sales were at 7.11 LT, as against 5.67 LT in December 2019

JSPL said the company recorded its highest ever production and sales numbers in December 2020, as well as in the October-December period



Private steel maker Jindal Steel and Power Ltd (JSPL) on Monday posted a record 30% jump in its standalone production and 25% growth in sales during December 2020. The company's total production from its plants in India was at 7.27 lakh tonne (LT) in December, up from 5.59 LT during the same month in 2019, JSPL said in a statement. During the month under review, its standalone sales were at 7.11 LT, as against 5.67 LT in December 2019. On a month-on-month basis, the production at 7.27 LT was over 18% higher from 6.14 LT in November 2020. At 7.11 LT the sales in December 2020 were 26% up compared to 5.65 LT in November 2020. For October-December 2020, the company has posted 19.26 LT standalone production, up 20% from 16.10 LT in the same period in 2019. During the period under review, the sales were at 18.76 LT, registering a rise of 12 compared to 16.71 LT in October-December 2019. In the statement, JSPL said the company recorded its highest ever production and sales numbers in December 2020, as well as in the October-December period. "We are proud of our dedicated workforce who achieved such an extraordinary increase in the production with existing capacity by way of optimizing various operating parameters without any Capex. We will achieve even greater heights in times to come," JSPL Managing Director (MD) V R Sharma said. Part of the OP Jindal Group, JSPL has presence in steel, power, mining and infrastructure sectors.

Source: Livemint



## STEEL SECTOR SEEKS RELIEF IN CUSTOMS DUTY ON KEY RAW MATERIALS



The basic customs import duty on anthracite coal is 2.5 per cent. The availability of the said item in “good quality” is declining in the country and the steel industry may have to become totally dependent on import of these on a regular basis, the body said while suggesting a reduction in import duty to nil.

The domestic steel industry is seeking reduction in basic customs duty on key raw materials like anthracite coal, metallurgical coke, coking coal, and graphite electrode in the upcoming Budget. The non-availability of these items in good quality and quantity hinders the growth of the steel industry, industry body Confederation of Indian Industry (CII) said in its Budget recommendations for the sector. The basic customs import duty on anthracite coal is 2.5 per cent. The availability of the said item in “good quality” is declining in the country and the steel industry may have to become totally dependent on import of these on a regular basis, the body said while suggesting a reduction in import duty to nil. For metallurgical coke, CII has suggested cutting the import duty to 2.5 per cent, from 5 per cent at present. “Low ash metallurgical coke, HS Code 2704, is a key raw material in steel (making) accounting for almost 46 per cent of the total raw material cost. Reduction in duty will help the domestic steel industry to be cost-competitive,” it said. In its recommendations, CII has also suggested removing the import duty on coking coal. The duty on import of coking coal at present is 2.5 per cent. The industry body said the domestic supply of coking coal is not sufficient. Hence, to meet the domestic requirement, it has to be imported. Therefore, the duty should be reduced to nil. “The reduction will also help to rationalise the duty structure on met Coke, which is the end product of coking coal,” it added. CII further said graphite electrode is a major consumable in steel making. The Indian steel producers are bound to import graphite electrodes as almost 60 per cent of domestic production of graphite electrode is exported, creating a shortage in the domestic market. “High duty merely increases the cost burden,” it said, adding that it should be reduced to nil from 7.5 per cent at present.

Source: Economic Times



## INDIAN STEEL ASSOCIATION SEEKS TEMPORARY BAN ON IRON ORE EXPORTS TO STABILIZE RISING STEEL PRICES



Steel Industry body, Indian Steel Association has written to the prime minister's office seeking a temporary ban on iron ore exports to ease domestic supply and bring down the prices.

Steel Industry body, Indian Steel Association has written to the prime minister's office seeking a temporary ban on iron ore exports to ease domestic supply and bring down the prices. "A temporary ban of Iron Ore export for a 6-month period till the situation stabilises is the need of the hour. This will help the domestic steel industry by increasing the availability of Iron ore in the country," said ISA's secretary-general, Bhaskar Chatterjee in a letter addressed to P. K. Mishra, principal secretary to the Prime Minister, dated 27th of December. The only comparative advantage Indian steel Industry has over its global peers is availability of local iron ore. Unfortunately, the acute shortage of iron ore aggravated the problems of Indian steel industry further affecting the steel production, Chatterjee said. The Indian steel industry is currently facing very testing times as the iron ore supply has been badly squeezed and at the same time, the prices of iron ore have shown an unprecedented rise in both national and international markets, added Chatterjee. "The limited supply and rising prices of iron ore, which is the basic raw material for making steel, has also led to high steel prices," Chatterjee said. In the past few weeks several steel-consuming industries like the engineering exporters, forging industry bodies have raised voices against the sharp price hike in the market and have urged the government to intervene. According to analysts, domestic hot-rolled coil prices are quoting at a two-year high of Rs 49,000-50,000 per tonne. Supporting the current steel price hikes, the industry body said that the Indian steel prices even though has gone up is still at a discount to that of international prices. "As India is an open economy, the steel prices in India move in sympathy with the international prices," Chatterjee said. The primary reason behind the adjustment of prices has been on account of the sharp rise in the main raw

material cost which is iron ore and its overall shortage besides surging global steel prices, the letter said. NMDC a PSU Company has increased prices of iron ore lumps (0-10 mm Fe 64 from Rs 1960 (as on 15th June 2020) to Rs 4610 per ton (as on 22nd December 2020) in the last six months. The increase is 135%. "Each Rs 1000 increase in iron ore prices impacts the minimum Rs 2000 per tonne in steel making," Chatterjee said. As per the industry body, iron ore production in April to October 2020 was at 92.08 million tonnes, and has witnessed a sharp de-growth of 30 % over the same period last year. Odisha contributes over 50% of the country's annual iron ore output. In the first five months of the fiscal year, i.e., for the period April to August 2020, the Odisha iron ore dispatches have been roughly 15 million tonnes (MT), a fall of nearly 60% compared to the 35 MT in 2019. "The shortage in Odisha has been mainly on account of the change in hands of the expired iron ore leases and numerous evacuation issues," The letter said. The industry body also highlights that the export of iron ore has jumped by 70% during the same period of a shortage in the domestic market, and around 92% has been to China. "On the export front, we find that Indian Iron ore exports have surged 70.3 per cent to 29.2 million tonnes (MT) in the first half of the current fiscal compared with the corresponding period a year ago," the letter said. About 92 per cent of the exports were directed towards China during this period - the very period during which India and China had a violent border stand-off in eastern Ladakh and when Chinese products were subject to a barrage of restrictions including the ban on apps, Chatterjee added. "Implement quick policy measures for easing the supply of Iron ore situation, especially Odisha, where the State Government miners, like OMC and IDCOL may be directed to prioritise supply to domestic end-users over exporters by limiting the daily tonnage to exporters and diverting the major quantity to domestic steel manufacturers," Chatterjee said in the letter. In addition to policy changes, ISA urged the government to restrict e-auction of iron ore by OMC, OMDC and IDC for the end-users in India either for Pellets or Steel manufacture.

Source: Economic Times



## AMNS KEEN ON EXPANDING PRODUCTION CAPACITY TO 8.5 MT: ADITYA MITTAL



AMNS is also planning to develop its downstream capabilities and improve its capacity to produce higher value added auto products as well as introducing other high-value products from the ArcelorMittal range.

Steelmaker ArcelorMittal Nippon Steel is keen on expanding its current capacity to around 8.5 million tonnes per annum from its current level of 7.5 mt by debottlenecking its existing operations in the coming years. “Our long-term production intentions to reach between 12 and 15 million tonnes of annual production still stands. In the short-term, the focus will be on debottlenecking our existing operations so we can increase annual production to around 8.5 million tonnes,” said the company’s Chairman Aditya Mittal to his colleagues on the occasion of celebrating the company’s one year anniversary. The same time last year, in what was called as one of long-pending acquisitions, ArcelorMittal and Nippon Steel’s joint venture, AMNS India acquired the bankrupt Essar Steel India Limited for Rs 42,000 crore that entered insolvency court in 2017. “We are currently working on further growing our production, and I expect we will be able to provide some further details on how we plan to do this next year,” Mittal said. AMNS is also planning to develop its downstream capabilities and improve its capacity to produce higher value added auto products as well as introducing other high-value products from the ArcelorMittal range “When it comes to technological prowess, innovation and R&D, I truly believe our capabilities are unmatched in the global steel industry,” said Mittal, adding that it provides AMNS India with a real competitive advantage and a powerful tool to implement the strategy to achieve its vision of becoming a ‘new type of steel company’ for India. The slowdown following the March lockdown was safely and efficiently managed, as was the ramp up as lockdown measures eased, enabling us

to be back at full production levels by mid-May, only six weeks after the lockdown was originally initiated, Mittal said. "In November the company set a new monthly production record in Hazira. On the sales and marketing side, the national network of retail outlets, Hypermart, was extended, and two new high-strength steel brands, Stallion and Maximus, were launched," said the chairman. ArcelorMittal has now set a net zero 2050 target and is constantly trialing technologies that will reduce emissions, he added. "While this may not feel like the most pressing issue in India today, if we are to set new standards in Indian steelmaking we need to be as conscious of the long-term trends which will shape our industry as we are of the short-term challenges which occupy our thoughts daily," Mittal said.

Source: Economic Times



## **REPORTS FOR JANUARY 2021**

**J. M. Baxi & Co. Monthly Agri Products Update**

**J. M. Baxi & Co. Monthly Automotive Logistics Update**

**J. M. Baxi & Co. Monthly Cement Update**

**J. M. Baxi & Co. Monthly Chemical Update**

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Research Cell,

J. M. Baxi & Co., Godrej Coliseum,  
Office No. 801, 8th floor, "C" wing,  
Behind Everard Nagar, Off. Somaiya  
Road, Sion.  
Mumbai - 400022 INDIA

Contact Details:

Tel: 022 61077100 Ext 161/145,  
Mob: 091-7506004224 /  
7045659111  
E-mail: [jmbreports@jmbaxi.com](mailto:jmbreports@jmbaxi.com),  
Website: [www.jmbaxi.com](http://www.jmbaxi.com)