

Manufacturing comes to a near halt

More and more companies are shutting down non-essential production following the nationwide lockdown

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Manufacturing in key sectors in the country has virtually stopped, with more and more companies announcing that they are shutting down factories owing to a shortage of labour and raw materials, and a lack of logistical support amid the ongoing nationwide lockdown. The lockdown, aimed at containing the spread of the coronavirus pandemic, is also impacting their plants overseas.

Aditya Birla Group-owned Hindalco announced that it had temporarily shut down or scaled down operations at some of its aluminium and copper manufacturing facilities in line with the government's directives. Operations are being managed with minimal staff as part of the effort to practise social distancing, it said.

In the US, Hindalco's subsidiary, Novelis, has also partially shut down some of its plants as a result of the temporary shutdown of US automakers in response to the COVID-19 crisis. Aditya Birla Group's Grasim and UltraTech also said some of their plants were closed following the government orders.

While Novelis has temporarily ramped down aluminium supply for the automotive market during this period, it will continue to produce aluminium for the beverage can and specialty markets, Hindalco said.

One of India's largest steel producers, JSW Steel, said, following the clarion call given by Prime Minister on Tuesday for a 21-day nationwide lockdown and the various advisories/directives issued by local municipal corporations, state and central governments, considering the evolving scenario of complete lock-



ILLUSTRATION: BINAY SINHA

- **HINDALCO** shuts or scales down operations at its aluminium and copper manufacturing facilities; subsidiary Novelis has partially shut down some of its US plants
- **GRASIM** shuts down operations at various locations
- **ULTRATECH CEMENT** suspends operations at several locations across the country
- **KALYANI STEELS** stops production in Ginigera (Karnataka)
- **DALMIA BHARAT** suspends operations at various locations
- **PHILLIPS CARBON BLACK** suspends its manufacturing operations
- **JINDAL STAINLESS'** Jajpur plant in Odisha closed
- **EVEREADY INDUSTRIES** locks down its manufacturing facilities, corporate and sales offices

down with exception to certain specified essential activities, the manufacturing operations in all of our locations have since been either scaled down or suspended (in certain locations). "Consequently, the capacity utilisation is expected to go down significantly during this period of lockdown," the company said in an intimation to the stock exchanges.

Similarly, Jindal Stainless said its manufacturing facility at Jajpur, Odisha, has been closed with immediate effect.

Universal Cables announced that operations at its manufacturing units in Satna had been temporarily suspended with effect from the midnight of March 24, and from the morning of March 22 at the Goa unit.

Among MNCs, P&G Health said due to the lockdown orders issued by the central and state governments, its operations had been disrupted across different sites, facilities, and distribution centres in India.

CEOs said the lockdown was hitting the supply of goods from one state to the other.

For instance, Emami Agrotech, part of the Emami group, has plants in Rajasthan, Andhra Pradesh, and West Bengal, and supplies edible oils to nearly all major markets in North and South India. On account of the lockdown, the Rajasthan and Andhra Pradesh governments have ordered Emami to shut down plants, leaving only West Bengal operational till sometime back.

"The processing (in West Bengal) was on till sometime back, but due to a shortage of labourers to pack products and the unavailability of trucks to despatch material, we are in the process of shutting it down," said Aditya V Agarwal, director at the Emami group. The group's FMCG company, Emami Ltd, informed stock exchanges that to ensure utmost safety of all stakeholders including employees, the management has implemented work from home (WFH) policy for its employees across India and operations at manufacturing units would remain suspended till regulatory advisories by central/state/local authorities prevail.

As trucks are being held up at the state borders, the scarcity of drivers within the state is limiting supplies to stockists and distributors. "Even if I accept an order from a distributor, I will be facing major issues with logistics as truck drivers are not available. It is thus affecting cash flow as well," a promoter of a consumer products firm said.

The situation is no better for core industries. A leading steel producer said, on average, the company needed 500 trucks. This has now come down

to 20. "Truckers don't want to go for long-haul as dhabas (roadside restaurants) are shut," the steel company executive said. The plant has already cut production by 40-50 per cent on account of low demand from user industries and curtailed logistics.

On Tuesday, Steel Secretary Binoy Kumar wrote to the chief secretaries of all states that several steel plants across the country were facing problems with regard to the entry of workers, supply of raw materials, and despatch of finished steel.



CORONAVIRUS PANDEMIC

The Essential Services Maintenance Act (ESMA) 1981 lists any service in any establishment or undertaking dealing with the production, supply and/or distribution of coal, power, steel or fertilisers as an essential service, Kumar pointed out in the letter.

He has requested that no restrictions be imposed on operations of steel plants (both integrated steel plants, as well as induction furnace or electric arc furnace based steel plants), entry-exit of workers, movement (both rail and road, as well as through waterways/sea) of raw materials (iron ore, coal, limestone, dolomite, ferroalloys, scrap, sponge, iron ore etc) and intermediate or finished products to and from plants.

The cement sector too is staring at the suspension of operations owing to the dearth of workers and unavailability of trucks to ferry cement. "There is no point storing cement at factories and dealers. Moreover, movement is affected as trucks are unavailable to ferry the cement," said Sandip Ghose, chief operating officer at Birla Corporation.

With inputs from Dev Chatterjee and Aditi Divekar