

Steel In The News

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

CONTENTS	Page
Highlight of the Week	2
Raw Material	2
Company News	3
Policy	5
Financial	6
Global	7
Miscellaneous	7

A Weekly News Report by Joint Plant
Committee

April 07 – 13, 2018

HIGHLIGHTS OF THE WEEK

1. Tariff hike issue: India wants amicable settlement with US
2. Steel Authority of India Ltd (SAIL), the country's largest state-owned alloy producer, failed to meet its target to supply rails for Indian Railways during the fiscal year for 2017/18, underscoring the problems of modernising the country's rail network.
3. Tata Steel would consider taking a majority stake in its planned European steel joint venture with Germany's ThyssenKrupp after the business has publicly listed
4. Country's largest iron ore miner, NMDC said it has clocked record production and sales for 2017-18 at 35.50 MT and 36.1 MT, respectively.
5. Private steel maker, JSPL has posted its highest monthly and quarterly crude steel production as of March 31 at 0.45 million tonne (MT) and 1.26 MT, respectively.
6. Vedanta's Q4 iron ore output falls
7. Twitter war has broken out between two top steel makers with ArcelorMittal questioning the selection of JSW Steel-led consortium as the winning bid for Monnet Ispat.
8. JSW Steel has strongly refuted ArcelorMittal's allegation that its winning bid for Monnet Ispat was a "mockery".

RAW MATERIAL

NMDC logs record output, sales in FY'18

Country's largest iron ore miner, NMDC said it has clocked record production and sales for 2017-18 at 35.50 MT and 36.1 MT, respectively. The production rose 4.40 per cent from 34 million tonne in 2016-17. The sales grew 1.40 per cent to 36.1 MT from 35.6 MT in the previous fiscal. "Since the company's inception this is the highest sales and production," a company official said. While in Chhattisgarh, the company produced 23.50 MT of iron ore in 2017-18, the production in Karnataka was at 12 MT. Iron ore is the main ingredient used in making steel.

Source: Financial Express, April 13, 2018

NMDC makes no changes in iron ore prices for April

The country's largest iron ore miner NMDC has left the prices of higher grade iron (lumps) unchanged at Rs 3,000 per tonne for the current month. The prices of iron ore fines too remained unaltered at Rs 2,660 per tonne for April. The prices exclude royalty, DMF (District Mineral Fund), NMET (National Mineral Exploration Trust), cess, forest permit fee and other taxes. In March, the state owned firm had slashed prices of higher grade iron (lumps) by Rs 100 to Rs 3,000 per tonne. It had also reduced the prices for iron ore fines, which are inferior grade ore, by Rs 100 to Rs 2,660 per tonne.

Source: Financial Express, April 7, 2018

Vedanta's Q4 iron ore output falls

Metal and mining giant Vedanta said its iron ore production in Goa fell 58 per cent to 1.5 MT in March quarter due to lower demand for low grade ore and closure of mining operations in the state. In Goa, production and sales during the quarter were 1.5 MT (million tonne) and 2.4 MT, respectively, the company said in filing to BSE. "The production volumes were lower year-on-year primarily due to lower demand for low grade ore and mine closure pursuant to a Supreme Court judgement," it said. The apex court in an order dated February 7, 2018 directed mining operations in Goa to stop with effect from March 16, 2018. In Karnataka, the company's iron ore production stood at 0.1 MT. During the quarter, Vedanta's pig iron production stood at 1, 82,000 tonne. Output of copper cathodes grew 3 per cent to 1, 06,000 tonne from 1, 03,000 tonne in the year-ago quarter.

Source: Business Line, April 12, 2018

COMPANY NEWS

Steel Authority of India misses target for rail supply in 2017-18

Steel Authority of India Ltd (SAIL), the country's largest state-owned alloy producer, failed to meet its target to supply rails for Indian Railways during the fiscal year for 2017/18, underscoring the problems of modernising the country's rail network. SAIL, which swung to profits in the October to December quarter after 10 straight quarterly losses, supplied 874,000 tonnes of steel in 2017/18, as against the revised target of 950,000 tonnes, according

to a document the company prepared for Ministry of Steel that was reviewed by Reuters. The 2017/18 target was lowered from 1.46 million tonnes, the initial aim for the last fiscal year. This is the third fiscal year in a row the company has missed its delivery target. Railways, which is the world's fourth-largest network, had trimmed the size of its first-ever global tender by more than 30 per cent after SAIL committed to meeting its target to supply rails for 2017/18 and 2018/19. Separately, Ashwani Lohani, the chairman of Railways, told Reuters earlier this week that the ministry was yet to finalise the supplier in the rail tender, for which another local steel firm Jindal Steel and Power Ltd, the only domestic alternative, has pitched its services. SAIL attributed the fall in supplies due to the shortages of a semi-finished product called rail blooms, the component which is rolled into rails.

Source: Financial Express, April 13, 2018

Tata Steel may take majority stake in tie-up with ThyssenKrupp

Tata Steel would consider taking a majority stake in its planned European steel joint venture with Germany's ThyssenKrupp after the business has publicly listed, according to two sources. Tata's willingness to increase its holding is a sign of its commitment to expanding its steel empire globally. This had been questioned by investors and analysts in recent years after the company, under former group boss Cyrus Mistry, put its British steel assets up for sale following years of losses. Such a development in the planned joint venture would fit with ThyssenKrupp's strategy of reducing exposure to steelmaking to concentrate on manufacturing high-margin industrial and technology goods. "ThyssenKrupp is looking to exit the sector while Tata is looking to stay and grow," said one of the sources. Tata Steel and ThyssenKrupp declined to comment. Investors expect a flotation of the business, something that both companies have said could happen.

Source: Business Standard, April 10, 2018

JSW Steel, AION win bid to acquire Monnet Ispat

JSW Steel has strongly refuted ArcelorMittal's allegation that its winning bid for Monnet Ispat was a "mockery" as JSW Steel and Monnet Ispat promoters are related. Speaking on the day JSW Steel received and accepted the Letter of Intent (LoI) for Monnet Ispat, Seshagiri Rao, joint MD, JSW Steel, said the allegations have "no substance" and dismissed them as "acts of frustration" by ArcelorMittal. The resolution professionals (RP) for both Monnet Ispat and Bhushan Steel have said that JSW Steel is eligible as a resolution applicant as per the provisions of Section 29(A) of Insolvency and

Bankruptcy Code,2016. According to section 29A of the IBC, besides undischarged insolvents, wilful defaulters among others, the clause J of the section also bars persons or entities connected to a person disqualified under the section. “JSW has not invested in Monnet, neither has Monnet invested in JSW Steel,” Rao added.

Source: Economic Times, April 13, 2018

JSPL posts record crude steel production in March

Private steel maker, JSPL posted its highest monthly and quarterly crude steel production as of March 31 at 0.45 million tonne (MT) and 1.26 MT, respectively. The figures do not include the crude steel production at Jindal Shadeed, Oman, Jindal Steel and Power Limited (JSPL) said in a statement. In India, the company has two integrated steel plants in Raigarh and Angul where it produces steel. While the production during January-March was 38 per cent higher from 1.26 MT the company produced in the year-ago quarter, the output in March was 55 per cent higher at 0.29 MT during the same month a year ago.

Source: Financial Express, April 10, 2018

Bhushan’s resolution plan ‘discriminatory’: L&T

Larsen & Toubro Ltd (L&T), which is an operational creditor to Bhushan Steel Ltd, termed the resolution plan of debt-ridden firm as “discriminatory” and “arbitrary” saying its Rs. 900 crore outstanding has not been given due priority by the Committee of Creditors. L&T, through its counsel claimed it to be an “operational secured creditor” of Bhushan Steel as it has also contributed into the company by providing plants and machinery, like the other secured creditors of the debt-ridden firm and sought a higher preference in repayment of dues before NCLT. According to senior advocate Mukul Rohatgi, appearing for L&T, only Rs.1,299 crore has been allotted for the operational creditors under the resolution plan.

Source: Business Line, April 10, 2018

POLICY

India to flag steel duty issue at Trade Policy Forum meet with US

India will take up the issue of duty hike on certain steel and aluminium products by the US at the Trade Policy Forum (TPF) meeting on April 10, a

commerce ministry official has said. Other issues, including greater market access for certain fruits like mangoes as well as visa related matters, will also figure in the meeting of senior officials of India and the US, the official said.

Source: The Economic Times, April 9, 2018

Tariff hike issue: India wants amicable settlement with US

India is in favour of an amicable settlement to the issue of increased import tariffs on Indian steel and aluminium by the US as it does not want to indulge in a trade war with the country. “The issue of raised tariffs on steel and aluminium will be discussed at length at the Indo-US Trade Policy Forum meeting on Tuesday in New Delhi, but we don’t know yet what the US expects in return if it were to withdraw the duty hike. We will approach the matter with an open mind as we do not want a trade war with the country which is an important trade partner,” a government official told BusinessLine. Last month, the US had imposed a 25 per cent levy on steel and 10 per cent on aluminium on a handful of countries, including India and China, ostensibly to protect US national security and economic interests. The move, however, is being seen as one which is primarily aimed against China.

Source: Business Line, April 10, 2018

FINANCIAL

Buy of Electrosteel Steels a sound deal

We view Vedanta’s (Vedl’s) acquisition of Electrosteel steels (ELSS) as value accretive in the near term as : (i) \$ 513 EV/tonne is significantly lower compared to recent transactions; and (ii) acquisition cost is 30-35% lower than capital expenditure incurred for 2.51 mtpa plant. There is a significant potential for performance improvement post completion of project and capacity ramp-up. We perceive it as prudent capital allocation as returns to VEDL’s shareholders are likely to be in excess of 20%, assuming Ebitda/t of Rs. 6,500 from fully ramped up operations. Maintain Buy with Rs. 425 target price.

Source: Financial Express, April 10, 2018

Essar Steel case: NCLT asks bidders to make written submissions

A marathon hearing for the Essar Steel insolvency case at the Ahmedabad Bench of National Company Law Tribunal (NCLT) concluded with the bench asking the bidders to submit their written submission and circulate it amongst themselves by Monday. In the fray for the bankrupt steel maker, Numetal and ArcelorMittal defended their eligibility, which was rejected by the Resolution Professional on the grounds of non-compliance to a few provisions of the Insolvency and Bankruptcy Code, 2016 (IBC). Counsels of Resolution Professional (RP), Committee of Creditors (CoC), Numetal and ArcelorMittal made their concluding arguments. Appearing for Numetal, Mihir Thakore challenged its disqualification in the first round of bidding, which was held on February 12 and asserted that ArcelorMittal has to pay its dues to another defaulter Uttam Galva before submitting bids for Essar Steel.

Source: Business Line, April 7, 2018

GLOBAL**Thyssenkrupp to decide on Tata Steel by June**

Thyssenkrupp AG said it expects to decide on the planned merger with Tata Steel Ltd.'s European steel businesses by the end of June, missing a previous goal of signing early this year. Due diligence work on the deal is almost completed and "we expect that the boards will decide on the joint venture within the first half of this year," Thyssenkrupp said. The firms are working out details of the joint venture, which was announced last year and would consolidate the units into Europe's No. 2 steelmaker. A plan to give Tata's Dutch plant certain operational privileges after the merger had become a sticking point for Thyssenkrupp, sources said.

Source: Business Standard, April 13, 2018

MISCELLANEOUS**Essar Steel: ArcelorMittal raises issue of capacity concentration if JSW wins bid**

As the battle for the stressed assets of Essar Steel gets fiercer, ArcelorMittal is now claiming that JSW Steel's bid could come in for scrutiny from the

Competition Commission of India. “If JSW Steel wins the bid for Essar Steel, it will have 41 per cent of the flat-rolled coil market in India, and the top three players — JSW Steel, Tata Steel and SAIL — will command 90 per cent of the flat-rolled business. This kind of concentration is not really in the best interest of the country, and the competition authority would naturally look at it,” Brian Aranha, Executive President, ArcelorMittal, told. JSW has bid for Essar Steel by joining hands with Russia’s VTB Bank-promoted Numetal. Aranha said that JSW would take charge of Essar Steel as the operator, as the bank (VTB) is not likely to run the steel plant. A senior JSW Steel official declined to respond beyond saying ArcelorMittal’s allegations were “baseless and unfounded”.

Source: Business Line, April 9, 2018

Steel war: JSW, ArcelorMittal spar on Twitter

Twitter war has broken out between two top steel makers with ArcelorMittal questioning the selection of JSW Steel-led consortium as the winning bid for Monnet Ispat. Taking a swipe at JSW Steel promoter Sajjan Jindal, the world's largest steel producer in a tweet said: “Interesting what decision is being taken on Monnet today given it’s clear JSW runs afoul of (Section) 29A (of IBC) as they are related to the existing promoter...who is making the mockery here?” The tweet was in response to Jindal's earlier comment that ArcelorMittal is not eligible to bid for Essar Steel as it was a promoter of Uttam Galva which has defaulted on its loan. Selling Uttam Galva stake just to make itself eligible for Essar Steel bidding is a mockery of law, Jindal had earlier said without naming ArcelorMittal and Uttam Galva. ArcelorMittal is engaged in an intense competition with VTB Bank-promoted consortium Numetal Mauritius to acquire stressed Essar Steel asset. Incidentally, JSW Steel has also joined hands at the last moment with Numetal to bid for Essar Steel, thus, competing with ArcelorMittal directly.

Source: Business Line, April 12, 2018