

# 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

April 28 – May 04, 2018

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## HIGHLIGHTS OF THE WEEK

1. India has registered a 2.46 per cent rise in crude steel production to 26.363 million tonnes in the last quarter of 2017-18.
2. Adhunik Metaliks' 270-day insolvency resolution process, which was due to end on Monday, is likely to be extended by 20-25 days.
3. The National Company Law Appellate Tribunal has stayed Vendata Resources' acquisition of Electrosteel Steels under the bankruptcy procedure following an appeal by bidder Renaissance
4. ArcelorMittal has offered to pay the Rs.8,500-crore debt of both Uttam Galva Steels and KSS Petron as a "goodwill" gesture if it is selected as the winning bidder for the stressed assets of Essar Steel.
5. Iron Ore production in India in 2017-18 crossed 200 million tonnes after seven years.

## RAW MATERIAL

### **Iron ore output crosses 200 million tonnes after 7 years**

Iron Ore production in India in 2017-18 crossed 200 million tonnes after seven years. Output reached 210 million tonnes, mostly on increased production in Odisha and Karnataka. This is 9 per cent higher than the 192 million tonnes in 2016-17. "The state-wise data is yet to be compiled. The country has produced 210 million tonnes of iron ore in 2017-18," said an official of the Federation of Indian Mineral Industries (FIMI). India had produced more than 200 million tonnes in 2010-11 at the height of a mineral boom before the clampdown on illegal mining in the country by the Supreme Court. Reduction in imports by China had also led to a slump in iron ore production.

*Source: Business Standard, May 4, 2018*

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## COMPANY NEWS

### **Adhunik Metaliks RP likely to seek more time**

In an attempt to get some additional time to arrive at a successful resolution plan in order to save Adhunik Metaliks from going into liquidation, its resolution professional is likely to move the NCLT on Tuesday to exclude the “unnecessary” days lost from the stipulated period under the insolvency resolution process. The RP for the insolvent steel maker, Sumit Binani, is likely to seek exclusion of as many as 25 days from the mandated 270-day deadline under the corporate insolvency resolution process (CIRP), a source told. The Kolkata bench of the NCLT is scheduled to hear the matter on May 1, when the fate of the Adhunik Group flagship will be decided. What is of grave concern for the bankrupt company is the fact that the mandated 270-day deadline under the CIRP expired on Sunday, and during this period no resolution plan for the insolvent company was approved by its lenders. According to the Insolvency and Bankruptcy Code (IBC) norms, an insolvent company is to be liquidated if during the moratorium of nine months no successful resolution plan is in place.

*Source: Financial Express, April 30, 2018*

## FINANCIAL

### **Adhunik Metaliks debt plan may get a breather**

Adhunik Metaliks’ 270-day insolvency resolution process, which was due to end on Monday, is likely to be extended by 20-25 days. The RP for the debt-laden company is likely to tell the NCLT during a hearing on Tuesday to deduct up to 25 days from the deadline, thus preventing the company from going into liquidation, at least for the time being. The insolvency resolution process of the Adhunik Group flagship remains stuck since no resolution plan for the bankrupt company has been approved by its lenders owing to eligibility issues under Section 29(A) of the Insolvency and Bankruptcy

Code (IBC). Adhunik MetaliksNSE 0.00 % has received two proposals, one from UK-based Liberty House and the other from Maharashtra Seamless of D P Jindal group.

*Source: The Economic Times, May 1, 2018*

### **ArcelorMittal, Numetal make their case for Essar Steel bid**

The Committee of creditors (CoC) of Essar Steel on Wednesday heard out explanations for ArcelorMittal and Numetal, the two bidders in the race for the loss-making steelmaker. Both companies made presentations to establish their eligibility to bid for the steelmaker, bankers familiar with the development told. They said both bidders were accompanied by their sets of lawyers and experts who, over the course of four hours, explained why they think they are eligible under Section 29(A) of the Insolvency and Bankruptcy Code(IBC). This, the bankers said, follows written submission by both parties earlier this week on the eligibility issue.

*Source: Financial Express, May 3, 2018*

### **Electrosteel sale to Vedanta stayed on Renaissance's plea**

The National Company Law Appellate Tribunal has stayed Vedanta Resources' acquisition of Electrosteel Steels under the bankruptcy procedure following an appeal by bidder Renaissance Steel that had questioned the evaluation process adopted by the resolution professional. The appellate tribunal on Monday ordered all parties to maintain status quo and directed resolution professional (RP) Dhaivat Anjaria to explain how Vedanta was declared the winning bidder. It also directed the committee of creditors to Electrosteel to file a comparative matrix of the bidders within 10 days.

*Source: The Economic Times, May 3, 2018*

### **Vedanta expects to close ESL deal soon**

Vedanta Group expects the acquisition process for the debt-laden Electrosteel Steels (ESL) to be completed in the next couple of weeks,

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paving way for entry of the non-ferrous metals and oil conglomerate into steelmaking through Vedanta Star, a wholly-owned subsidiary of Vedanta. The National Company Law Appellate Tribunal (NCLAT) stayed the Electrosteel acquisition on an appeal by Renaissance Steel earlier this week. However, on Thursday, Vedanta said a Steering Committee (comprising members from Vedanta and lender banks) will continue operations at the debt-stricken company. Vedanta Resources, the parent company of Vedanta, has called a shareholders' meeting on May 18 to seek their approval for the acquisition. According to Vedanta officials, shareholder approval for the acquisition and legal challenges against it are two separate processes that could run simultaneously, media reports said.

*Source: The Economic Times, May 4, 2018*

## POLICY

### **Import duty on Indian steel: WTO to check whether US complied with rulings**

The WTO's dispute settlement body has agreed to set up a panel to determine whether the US complied with the rulings of the multi-lateral body related to imposition of high import duty on certain Indian steel products. In June 2017, India moved the World Trade Organisation (WTO) against the US, alleging that America has not complied with the rulings of the multi-lateral body related to imposition of countervailing measures on certain hot-rolled carbon steel flat products from India. India has stated that the reasonable period of time for the US to comply with the WTO's ruling had expired on April 18, 2016. After that India requested for consultations with the US under the aegis of the WTO. According to the WTO, America has said that there was no basis for suggesting that the US compliance was inadequate. The US has also stated that it was prepared to engage in the proceedings to show why India has no legal basis for its claim. In December 2014, the World Trade Organisation had ruled against the US imposing high duty on imports of certain Indian steel products.

*Source: Financial Express, May 3, 2018*

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## STEEL PERFORMANCE

### **India's crude steel output grows 2% to 26 MT in Jan-Mar**

India has registered a 2.46 per cent rise in crude steel production to 26.363 million tonnes (MT) in the last quarter of 2017-18, as per official data. The country had produced 25.729 MT during the January-March period of 2016-17, said the Joint Plant Committee (JPC). In January 2018, India's crude steel output stood at 8.778 MT as against 8.811 MT during the same month a year ago. In the following month, the production was at 8.506 MT, compared to 8.154 MT in February 2017. During last month, the output stood at 9.079 MT, higher from 8.764 MT in the same month previous fiscal, according to JPC data. Empowered by Ministry of Steel, Joint Plant Committee (JPC) is the only institution which collects data on the Indian iron and steel industry. India has set a production target of 300 MT by the year 2030.

*Source: Business Standard, April 30, 2018*

## GLOBAL

### **U.S. mulls quotas on steel, aluminum after extending deadline**

U.S. officials are pushing for quotas and “other restrictions” on steel and aluminum imports, a top trade official said after the White House announced a month-long extension of tariff exemptions for Canada, Mexico and the European Union. The decision to extend that deadline was welcomed by many of America’s trading partners, but they continued to push for permanent exemptions. President Donald Trump’s administration said in March it would impose tariffs of 25 percent on steel imports and 10 percent on aluminum in a bid to stanch imports from China, which it says had driven down prices and put U.S. companies out of business.

*Source: Financial Express, May 3, 2018*

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**MISCELLANEOUS****ArcelorMittal offers to clear dues of Uttam Galva and KSS Petron**

ArcelorMittal, the world's largest steel company, has offered to pay the Rs.8,500-crore debt of both Uttam Galva Steels and KSS Petron as a "goodwill" gesture if it is selected as the winning bidder for the stressed assets of Essar Steel. The company has already divested its stake in Uttam Galva, which had defaulted on its debt, in order to make itself eligible to bid for Essar Steel. The Insolvency and Bankruptcy Code (IBC) bars promoters of defaulting companies from bidding for stressed assets. ArcelorMittal's bid had been rejected by Essar Steel's Committee of Creditors (CoC). The National Company Law Tribunal (NCLT) observed that ArcelorMittal cannot make itself eligible under the IBC by merely selling its stake in the defaulter. ArcelorMittal previously owned a 32 per cent stake in KazStroyService in Kazakhstan, which held 100 per cent of KSS Petron, which was classified as an NPA in 2015. However, ArcelorMittal believes it has done enough to meet the eligibility criteria.

*Source: Business Line, May 4, 2018*