

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
Financial	6
Steel Performance	8
Global	8
Miscellaneous	9

A Weekly News Report by Joint Plant
Committee

May 05-11, 2018

HIGHLIGHTS OF THE WEEK

1. Tata Steel appeals against Liberty bid
2. Jindal Steel and Power (JSPL) consolidated net loss widened to Rs. 424.7 crore for the three months ended March 31, 2018, from a net loss of Rs. 100 crore in the corresponding period last year,
3. Tata Steel Europe arm explores potential sale of non-core biz
4. JSPL has got its mix right, stock to outperform peers
5. Bombay HC bans moving of iron ore lying outside Goa mining lease areas
6. Iron ore spot markets finished mixed as mid and higher grades outperformed lower grades during the session.
7. ArcelorMittal hires Bank of America to sell steel assets
8. Finished steel exports rise 17%

RAW MATERIAL

Bombay HC bans moving of iron ore lying outside Goa mining lease areas

The Panaji bench of the Bombay High Court directed a stop to all transportation of iron ore, for which royalty had been paid to the state government, by setting aside the Goa Chief Secretary's order allowing movement of royalty-paid iron ore lying outside the mining lease areas. The order by Justice Prithviraj Chavan and Justice N.M. Jamdar, which could be seen as a setback to the state's mining industry, also directs the state government decide within four weeks as to whether it can take possession, sell and dispose the disputed iron ore to utilise the proceeds for public purpose. "The court has also asked the Indian Bureau of Mines to verify the iron ore production figures in view of large discrepancies, while also asking the state Director of Mines and Geology to take charge of mines safety, since they were no longer in possession of lease holders," petitioner and Goa Foundation founder Claude Alvares, who had filed a petition in the High Court bench seeking a stoppage to the illegal transportation of iron ore, told reporters here.

Source: Business Line, May 5, 2018

Iron Ore hits a 2-week high

Iron ore spot markets finished mixed as mid and higher grades outperformed lower grades during the session. According to Metal Bulletin, the price for benchmark

62% fines jumped 1.5% to \$67.26 a tonne, leaving it at the highest level since April 24. Higher grades also pushed higher with the price for 65% fines adding 0.5% to settle at \$85.30 a tonne. Lower grades, however, weakened with 58% fines losing 0.1% to settle at \$39.56 a tonne. The mixed performance followed a reversal in Chinese steel prices earlier in the session. The October 2018 rebar contract in Shanghai closed down 0.2% at 3,657 yuan, giving up gains achieved earlier in the day. The reversal came despite renewed signs that Chinese steel demand in strengthening. According to Reuters, citing information from Mysteel consultancy, the utilisation rate at Chinese steel mills rose to 68.92% last week, up 1.24 percentage points from the previous week. It was the highest since mid November.

Source: The Economic Times, May 9, 2018

COMPANY NEWS

Tata Steel appeals against Liberty bid

Tata Steel moved the National Company Law Appellate Tribunal (NCLAT) challenging an April 23 order of the National Company Law Tribunal which directed the committee of creditors (CoC) to consider the late bid submitted by UK-based Liberty House for Bhushan Power and Steel. NCLAT has listed the matter for hearing. Apart from Tata Steel, JSW Steel was the only bidder which had submitted a bid for the loss-making steelmaker before the deadline ended on February 8. Liberty House placed its bid for the company only on February 20 and the resolution professional Mahender Khandelwal had rejected it on the ground it had been submitted after the deadline. Liberty House challenged the RP's decision taking the matter to the Principal Bench of NCLT, New Delhi. The NCLT observed the bid by Liberty House could not be disqualified only on the grounds it had been submitted after the deadline. While Tata Steel had offered to make an upfront payment of Rs 17,000 crore to the lenders, way better than JSW Steel's offer of an upfront payment of Rs 11,000 crore. Liberty House has offered to pay bankers an amount of Rs 18,500 crore upfront though this could not be confirmed. Tata Steel's counsel had earlier argued in the tribunal Liberty House was, with a view to gaining an unfair advantage over other bidders including TSL, submitting its bid after the other bids had been opened and material information regarding these had been reported in the press.

Source: Financial Express, May 9, 2018

JSPL Q4 loss widens to Rs.425 crore

Jindal Steel and Power (JSPL) consolidated net loss widened to Rs. 424.7 crore for the three months ended March 31, 2018, from a net loss of Rs. 100 crore in the corresponding period last year, mainly due to higher expenses and finance costs coupled with a one-time regulatory payment. As cost of material increased to Rs. 2,992.5 crore from Rs. 2,084 crore a year ago, JSPL had to spend Rs. 437.6 crore as an 'exceptional item', compared with a gain of Rs. 253.4 crore on this account in Q4 FY17. JSPL's steel production went up 32% in the quarter to 1.72 million tonne at the consolidated level. The company's consolidated revenues stood at Rs. 8,599 crore, a rise of about 27% y-o-y.

Source: Financial Express, May 10, 2018

Tata Steel Europe arm explores potential sale of non-core biz

The European arm of Tata Steel said it is exploring potential sale of non-core businesses, to help the company focus its investment and management resources on the core strip products business and strategic markets. Tata Steel Europe said it has recently conducted a detailed portfolio review of all its businesses to assess the strategic fit and the future potential. Based on the review, we have begun a process of seeking buyers for business units which supply products to niche markets, allowing the company to continue to strengthen its focus on strategic strip products and markets, a company statement said here. The sale process will cover five business units, which includes units of Cogent, a manufacturer and processor of electrical steel based in Newport, South Wales in UK, Burlington, Canada and at Surahammar in Sweden. The sale process will also cover units of Kalzip, an aluminium roofing and cladding business based primarily in Koblenz, Germany and Firststeel which coats steel for kitchen bake ware based in Walsall, West Midlands, UK. The company's Tata Steel Istanbul Metals, a coil coating company using steel bought on the open market, based in Adapazari, Turkey and Engineering Steels Service Centre (Wolverhampton) which is a stockholder and processes engineering steels, based in Wolverhampton, West Midlands, UK will also cover sale process, the release said.

Source: Financial Express, May 9, 2018

JSPL has got its mix right, stock to outperform peers.

A robust steel cycle and timely addition of new capacities have helped the Jindal Steel and Power (JSPL) stock outperform its peers since the beginning of this year. While shares of Tata Steel and SAIL NSE 0.69 % have given negative returns, the JSPL stock has climbed 20 per cent since January. The outperformance is likely to continue because of a ramp-up in production, reducing debt, and a favourable product mix. Over the next two years, analysts expect JSPL's revenue to grow by 35 per cent and EBIDTA by 55 per cent - faster than those for most other Indian steel companies.

Source: Economic Times, May 11, 2018

Tata Steel facing trouble in Bhushan Steel takeover

Tata Steel, the successful resolution applicant for Bhushan Steel, is facing resistance in its efforts to assert control over the company's main plant at Dhenkanal in Odisha, according to people with knowledge of the development. As one of the first high-profile cases to be resolved under the Insolvency and Bankruptcy Code (IBC), how the process plays out through to takeover and recovery is being keenly watched, experts said. Representatives of Tata Steel are allegedly being intimidated by people close to the former promoter of the company, said the people cited above. They have been visiting the facility and interfering with the business, sources said. A source close to Bhushan Steel said however there was labour unrest at the plant because of fears over job losses.

Source: The Economic Times, May 9, 2018

ArcelorMittal, Numetal may get 7 days to pay dues

The committee of creditors (CoC) in the Essar Steel resolution case met on Saturday and considered giving ArcelorMittal and Numetal seven days to clear outstanding dues to become eligible. The CoC would, however, have to vote on the resolution to complete the process and notices to the companies would be issued thereafter, said sources close to the development. The voting could take place on Monday. If the resolution goes through, ArcelorMittal would have to make payments on account of Uttam Galva Steels and KSS Petron to become eligible. Numetal, too, would have to make payments to regularise the Essar account due to Rewant Ruia's exposure in the consortium, even though it is a minority and indirect interest.

Source: Business Standard, May 7, 2018

FINANCIAL

NCLT demands written plan for Monnet Ispat

The Mumbai bench of the National Company Law Tribunal (NCLT) asked the counsels for Monnet Ispat's resolution professional (RP) and its bidder JSW Steel-Aion Investments to provide written submissions on the resolution plan. The next hearing of the case will be on May 10. The tribunal had, in its hearing last week, sought clarifications on the resolution plan. The bench had asked for clarity on the method followed for arriving at the liquidation value, payment of dues to unsecured financial creditors who have dissented, regulatory approvals required and the inclusion of certain assets of Monnet Ispat in the resolution plan. The liquidation value of the company has been pegged at Rs 2,365 crore. In January, the Mumbai bench of the NCLT had dismissed a petition by Monnet Ispat's resolution professional against the ministry of coal for issuing a termination notice of the Gare Palma mine. The government had issued the termination notice last December.

Source: Financial Express, May 5, 2018

Tata Steel Europe arm explores potential sale of non-core biz

The European arm of Tata Steel said it is exploring potential sale of non-core businesses, to help the company focus its investment and management resources on the core strip products business and strategic markets. Tata Steel Europe said it has recently conducted a detailed portfolio review of all its businesses to assess the strategic fit and the future potential. Based on the review, we have begun a process of seeking buyers for business units which supply products to niche markets, allowing the company to continue to strengthen its focus on strategic strip products and markets, a company statement said here. The sale process will cover five business units, which includes units of Cogent, a manufacturer and processor of electrical steel based in Newport, South Wales in UK, Burlington, Canada and at Surahammar in Sweden. The sale process will also cover units of Kalzip, an aluminium roofing and cladding business based primarily in Koblenz, Germany and Firststeel which coats steel for kitchen bake ware based in Walsall, West Midlands, UK. The company's Tata Steel Istanbul Metals, a coil coating company using steel bought on the open market, based in Adapazari, Turkey and Engineering Steels Service Centre (Wolverhampton) which is a stockholder and

processes engineering steels, based in Wolverhampton, West Midlands, UK will also cover sale process, the release said.

Source: Financial Express, May 9, 2018

Tata Steel facing trouble in Bhushan Steel takeover

Tata Steel, the successful resolution applicant for Bhushan Steel, is facing resistance in its efforts to assert control over the company's main plant at Dhenkanal in Odisha, according to people with knowledge of the development. As one of the first high-profile cases to be resolved under the Insolvency and Bankruptcy Code (IBC), how the process plays out through to takeover and recovery is being keenly watched, experts said. Representatives of Tata Steel are allegedly being intimidated by people close to the former promoter of the company, said the people cited above. They have been visiting the facility and interfering with the business, sources said. A source close to Bhushan Steel said however there was labour unrest at the plant because of fears over job losses.

Source: The Economic Times, May 9, 2018

ArcelorMittal hires Bank of America to sell steel assets

ArcelorMittal has hired Bank of America-Merrill Lynch to sell a number of its steel assets to secure antitrust clearance to acquire Italian peer Ilva. ArcelorMittal offered in March to sell its galvanized steel plant in Italy, as well as units in Romania, Macedonia, the Czech Republic, Luxembourg and Belgium as a concession to EU regulators for its €1.8 billion euro (£ 1.6 billion) bid for Ilva. ArcelorMittal told Reuters that it had appointed Bank of America-ML to handle the asset sale. European and Asian steelmakers will be among the likely buyers as the European Commission has said the steel plants would be sold to buyers who would continue to operate them, allowing them to compete with ArcelorMittal.

Source: Business Standard 10th May'18

NCLAT asks Bhushan CoC to consider Liberty House bid

The National Company Law Appellate Tribunal (NCLAT) on Wednesday asked Bhushan Power and Steel's lenders to consider the bid submitted by Liberty House, but directed them not to disclose the identity of the highest bidder till the appellate tribunal decides on Tata Steel's petition. Tata Steel had, on Tuesday, moved the NCLAT challenging an April 23 order of the National Company Law

Tribunal (NCLT) which directed the committee of creditors (CoC) to consider the late bid submitted by UK-based Liberty House for Bhushan Power and Steel. Hearing the plea, the two-member bench of the NCLAT, headed by chairman Justice SJ Mukhopadhaya, however, refused Tata Steel's appeal to direct the CoC not to "decide on anything" in the meantime. The appellate tribunal said, "Let the CoC apply their mind; but they should not announce the highest bidder and keep it in a sealed envelope".

Source: Financial Express May 10, 2018

STEEL PERFORMANCE

Finished steel exports rise 17%

India's total export of finished steel increased by 16.7 per cent to 9.621 million tonnes (MT) in 2017-18, according to an official data. The country had exported 8.242 MT finished steel during 2016-17 fiscal, the Joint Plant Committee (JPC) said in a report. "Export of total finished steel was up by 16.7 per cent in April-March 2017-18 at 9.621 MT over same period of last year, in which contribution of the non-alloy steel segment stood at 8.727 MT, while the rest was the contribution of the alloy steel segment including stainless steel," the JPC report said.

Source: Financial Express, May 7, 2018

GLOBAL

China to suspend checks on U.S. scrap metal shipments, halting imports

The North American unit of a Chinese customs inspection firm said it would suspend checks on cargoes of scrap metal from the United States for a month from Friday, effectively halting all imports of U.S. scrap. The suspension comes amid a broad crackdown on pollution in China and stricter regulation around waste imports. It poses a serious headache for China's scrap buyers: the United States is a major source of scrap metal for China and top supplier of scrap copper. In a notice to customers dated May 3, reviewed by Reuters, China Certification and Inspection Group (CCIC) North America said it would stop processing applications and issuing certificates for scrap material shipments from May 4 to June 4.

Source: Financial Express, May 5, 2018

China to open up more futures markets as iron ore goes global

China plans to open more of its futures contracts to foreign investors, a senior official said as Beijing launched its “internationalised” iron ore contract, part of a bid to boost its sway over pricing of major commodity imports. Global merchants Glencore (GLEN.L) and Trafigura [TRAFG.UL] were among the first foreign firms to trade iron ore although they have long had access to the contract through local entities. The change means foreign companies will be able to trade directly, opening the market to more participants. Iron ore is the second commodity China has opened to outside investors following the launching of a crude oil futures contract in March that aims to compete with rival global benchmarks. The move is expected to increase trading in the Dalian Commodity Exchange’s iron ore contract, which was launched in 2013 and is already among China’s most liquid derivatives, with volumes far surpassing shipments of global seaborne iron ore trade.

Source: Financial Express, May 5, 2018

MISCELLANEOUS

NCLT reserves judgment on Monnet Ispat resolution plan

The Mumbai bench of the National Company Law Tribunal (NCLT) reserved its judgment on JSW Steel-Aion Investment’s resolution plan for Monnet Ispat after legal counsels for the company’s operational creditors filed a plea saying that they have not been notified about details of the plan. Monnet Ispat owes around Rs. 440 crore to its operational creditors, while dues to the secured financial creditors are around Rs. 9,000 crore. Lenders are expected to receive around Rs. 2,750 crore once the resolution plan is approved. The total value of the resolution plan is around Rs. 3,750 crore, which includes some investment in Monnet Ispat’s plant. Last week, the tribunal had asked the counsels for Monnet Ispat’s resolution professional (RP) and the bidder to submit written submissions on the resolution plan. In April, the bench had asked for clarity on the method followed for arriving at the liquidation value, payment of dues to unsecured financial creditors who have dissented, regulatory approvals required and the inclusion of certain assets of Monnet Ispat in the resolution plan, especially the Gare Palma coal mine, the licence of which was cancelled by the government.

Source: Financial Express, May 11, 2018