

Steel In The News

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

CONTENTS	Page
Highlights	2
Raw Materials	2
Company News	3
Financial	5
Steel Performance	6
Global Steel	6
Newsmaker	7

**A Weekly News Report by Joint Plant
Committee**

**October 27 – November
02, 2018**

HIGHLIGHTS

1. India's crude steel output grows 2% in Sept
2. Railways hikes freight rates for coal, ore & steel
3. Sajjan Jindal-led JSW Steel has conceded that it would pump in \$150 million (approximately Rs 10 billion) in the first tranche to set up its new steel facility in Texas.
4. Bhushan Steel posted a standalone net profit of Rs 60.7 crore for the quarter ended September 2018.
5. Essar Group to deleverage Rs.1.25 lakh-cr debt if offer for steel is accepted
6. Tata Steel to continue talks with EU for ThyssenKrupp JV
7. Tata-ThyssenKrupp JV under US lens
8. CIL, ONGC to produce coal bed methane from 10 new mines: support SAIL in one more

RAW MATERIALS

CIL, ONGC to produce coal bed methane from 10 new mines: support SAIL in one more

The Coal Ministry has identified 11 mines to produce coal bed methane (CMB). Of these, 10 will be worked on jointly by ONGC and Coal India Ltd (CIL), and the two will also work on one mine with SAIL. "In addition to the mines with CIL, the two (ONGC and CIL) will also help develop Steel Authority of India Limited's Parbatpur coal block. Here, too, ONGC will first harness the CBM," the official said. "SAIL had surrendered the Sitanala and Parbatpur coal mines this year. We levied a penalty on SAIL for not making progress on the Sitanala coal mine. But we told SAIL to keep the Parbatpur coal mine and to attempt coal extraction with the support of ONGC and CIL," he added. In its representations while surrendering the Parbatpur mine, SAIL had said there was a reduction in the area available for coal mining due to overlapping of mining area. SAIL had engaged MECON to prepare a techno commercial viability report, which declared the project

unviable. The SAIL board had then decided to return the Parbatpur mine to the Coal Ministry on March 1.

Source: Business Line, October 28, 2018

COMPANY NEWS

JSW Steel to pump in \$150mn to set up Texas plant

Sajjan Jindal-led JSW Steel on Sunday said it will pump in \$150 million (approximately Rs 10 billion) in the first tranche to set up its new steel facility in Texas, US. This is part of the \$500 million investment commitment made by the company for the steel pipes and plates facility in Texas in March this year. "JSW Steel will invest \$150 million (approximately Rs 10 billion) in the new (steel) facility at Baytown, Texas," the company said. JSW Steel (USA) Inc is setting up the technologically advanced and eco-friendly electric arc furnace, slab caster and plate mill.

Source: Business Standard, October 29, 2018

Bhushan Steel Q2 net profit at Rs.60.7 crore

Bhushan Steel posted a standalone net profit of Rs 60.7 crore for the quarter ended September 2018. The company, which was acquired by Tata Steel in May, had posted a net loss of Rs 467.43 crore in the year-ago period, Bhushan Steel said in a filing to the BSE. Its total income during July-September quarter increased to Rs 5,907.47 crore, over Rs 4,325.60 crore in the year-ago period, the filing said. Total expenses of Bhushan Steel increased to Rs 5,941.48 crore, over Rs 5,669.91 crore in the corresponding quarter of the previous fiscal.

Source: Financial Express, October 31, 2018

CoC of Bhushan Power violated Aug 6 order : Tata Steel to NCLAT

Tata Steel told the National Company Law Appellate Tribunal (NCLAT) that the committee of creditors (CoC) of Bhushan Power and Steel (BPSL) had violated its August 6 order by allowing JSW Steel to revise its bid thrice even after the deadline ended. The August 6 order of the NCLAT gave permission to all prospective bidders to improve their financial bids without changing basic parameters. Tata Steel alleged that while there were no details of upfront payment in JSW Steel's August 13 bid placed before the CoC, in the subsequent bid placed, just a day after, details were mentioned. Had there been no details with regards to the upfront payment, JSW Steel would have scored less in the evaluation matrix. By allowing JSW Steel to change its bid, the CoC gave it undue chances to revise its bid after declaring Tata Steel as the highest bidder. The two-member NCLAT bench, headed by its chairperson Justice S J Mukhopadhaya, has scheduled the matter for further hearing on December 3.

Source: Financial Express, November 2, 2018

Adani, Tata Steel to run their own wagons

Six companies may soon have their own wagons, out of the fleet of Indian Railways, specially dedicated to the freight movements. According to multiple sources, the proposals by these firms- Adani Group, JSW Cement, Jindal Steel & Power, Tata Steel, Rashmi Cement and Orissa Metaliks - under the general-purpose wagons scheme have been cleared by the railway ministry. Of the 40 rakes cleared so far, 28 per cent or 11 wagons are allotted to Goutam Adani led- Adani Logistics, while TM International Logistics – a joint venture between Tata Steel, NYK Holding (Europe) and IQ Martrade- has received nine rakes. The government has got proposals of around 126 rakes, of which around 40 are cleared. Nearly 20 are still under consideration.

Source: Business Standard, November 2, 2018

FINANCIAL

Railways hikes freight rates for coal, ore & steel

The Railways has revised its tariffs for bulk commodities such as coal, iron ore and steel, which could raise costs for power producers and steel and its user industries. The national transporter also removed surge pricing on certain categories for premium trains, making passenger travel cheaper on those trains. The increase in freight rate is 8.75%, which will net the railways at least Rs 3,300 crore as additional freight revenue in the current financial year.

Source: Economic Times, November 1, 2018

Essar Group to deleverage Rs.1.25 lakh-cr debt if offer for steel is accepted

Ruia-family owned Essar Group would deleverage about Rs 1.25 lakh crore of debt – the largest by any corporate if its offer to repay lenders of Essar Steel in full is accepted, company sources said. Last week, the Committee of Essar Steel Creditors picked world's largest steelmaker ArcelorMittal's Rs 42,000 crore takeover offer over the company promoter's Rs 54,389 crore proposal to pay off all of the lenders' dues. Essar plans to legally challenge the decision as it believes its offer would ensure 100 per cent recovery for lenders while accepting ArcelorMittal's offer would entail a haircut, sources said. If the offer for Essar Steel is accepted, the deleveraging would total to Rs 1.25 lakh crore, they said. This is over 85 per cent of total group liabilities.

Source: Financial Express, October 29, 2018

STEEL PERFORMANCE

India's crude steel output grows 2% in Sept

India's crude steel production rose 2.1 per cent to reach 8.520 million tonnes (MT) in September 2018, global steel body worldsteel said in a report. The country had produced 8.345 MT steel during the same month last year, the World Steel Association (worldsteel) said. According to the report, India's steel output during January-September 2018 was 6.1 per cent higher at 79.660 MT, as against 75.048 MT during the corresponding period of 2017. Japan has reported a 2.4 per cent contraction in output at 8.418 MT in September 2018, compared to 8.626 MT during the same month last year. In the first nine months of 2018, Japan's steel output reported a marginal growth of 0.4 per cent to 78.615 MT from 78.266 MT in the year-ago period. China maintained its position as the world leader in crude steel production during the last month and in the January-September period of 2018.

Source: Financial Express, October 30, 2018

GLOBAL STEEL

Tata-ThyssenKrupp JV under US lens

The European Union on Tuesday launched an in-depth probe into the the proposed creation of a joint venture between Tata Steel and Germany's ThyssenKrupp, saying it could reduce competition. "At this stage, the commission is concerned that, following the transaction, customers would face a reduced choice in suppliers, as well as higher prices", the European Commission, the bloc's executive arm said in a statement.

Source: Business Line, October 31, 2018

Tata Steel to continue talks with EU for ThyssenKrupp JV

Tata Steel on Wednesday said it would continue discussions with the European Union (EU) on proposed joint venture (JV) with ThyssenKrupp. The statement comes a day after the EU launched an in depth investigation to assess if Tata Steel's proposed JV with German steel giant ThyssenKrupp

would breach the bloc's merger regulations and reduce competition. "The proposed JV is subject to merger control clearance in several jurisdictions, including the European Union, and until the completion of the JV process, ThyssenKrupp Steel Europe and Tata Steel in Europe will operate as separate firms and as competitors," Tata Steel said.

Source: Economic Times, November 1, 2018

Steel industry needs more curbs: ThyssenKrupp CEO

Steelmakers in China and the rest of the world need to do more to reduce overcapacity, according to Guido Kerkhoff, chief executive officer of Germany's ThyssenKrupp AG. While China has made good progress in curbing over-production, there's room for even more cuts, Kerkhoff told reporters in a group interview in Shanghai on Saturday. The biggest steelmaking nation has reshaped the industry in the past three years by closing plants, tightening environmental controls and imposing targeted production curbs. China's steel exports have dropped to the lowest levels in five years, buoying world prices and cementing the sector's recovery after a devastating crisis at the end of 2015. While the industry has since enjoyed a relatively benign few years, risks are rising amid global trade tensions in which steel has been a leading target. The World Steel Association predicts a slowing of demand next year as China's growth declines.

Source: Business Standard, October 28, 2018

NEWSMAKER

Ex-Hyundai executive Srivastava joins JSW

Rakesh Srivastava, ex Director - Marketing and Sales at Hyundai Motor India Ltd (HMIL), has joined JSW Group's leadership team that's bringing out electric vehicles (EVs) by 2020. Sources close to the development confirmed that Srivastava has joined JSW from Monday as a director, and his job will be to steer the 'future mobility' plan of the Sajjan Jindal Group company.

Source: Business Line, October 30, 2018
