

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**

December 15-21, 2018

HIGHLIGHT

1. India's crude steel output dipped by 1.3 per cent to 8.49 million tonne (MT) in November.
2. SAIL said it achieved its "best ever" hot metal output in a single day at 55,282 tonne on Thursday.
3. Tata Steel and Thyssenkrupp AG on Monday announced the top leadership team for their proposed joint venture in Europe.
4. JSW Steel commissions pellet plant at recently-acquired Monnet Ispat
5. Thyssenkrupp has set up its technology centre in Pune, India.
6. Essar Steel Asia has no right over mortgaged asset: CoC
7. Usha Martin MD under scanner from FEMA violation

RAW MATERIAL

Iron-ore revenue: NMDC challenges K'taka demand

India's biggest iron ore miner NMDC Ltd on Monday sued Karnataka to block demands for a bigger share of revenue from the sale of iron ore from a local mine, said a senior state-level official. Rajender Kataria, the state's mining secretary, told Reuters on Monday a court will hear the matter on Jan. 10. Karnataka plans to auction the Donimalai iron ore mine as NMDC, majority owned by the Indian government, refused to pay an additional levy on ore sales from the mine, he said. NMDC, which has suspended its operations at the site due to the dispute, did not respond to an email seeking comment. Karnataka levied the additional fee when it renewed NMDC's license for the Donimalai mine last month, and the state-owned miner contested it, according to a company letter reviewed by Reuters. Following the miner's objection, the state government had threatened to cancel its lease. The mine primarily supplies ore to India's biggest domestic steelmaker JSW Steel Ltd.

Source: Financial Express, December 18, 2018

Steel companies staying off Karnata's 'overpriced' ore

Steel companies in Karnataka have urged miners and the State government to price iron ore inventory on the basis of 'value-in-use' rather than pegging to prices prevailing in other States. The Karnataka Iron and Steel Manufacturers Association has said the inventory pile-up of about two million tonne of low-grade iron ore in the State was the result of over-

pricing, given the low iron content. There has been a huge shortage of iron ore in the State after NMDC stopped supply from the Donimalai mine following the government's decision to enhance the premium to 80 per cent on lease renewal of the mine to the public sector mining major, it said. The State government and miners recently appealed to the Centre to allow iron ore exports so that the inventory can be cleared. JSW Steel, one of the largest steel companies with 12 million tonnes per annum capacity at Vijayanagar in Karnataka, has been importing iron ore from Australia and blending it with supplies from Odisha and Chhattisgarh. Seshagiri Rao, Joint Managing Director, JSW Steel, told BusinessLine that it is cheaper to import iron ore from Australia than buying it from the State if one considers 'value-to-use' pricing model. Depending on the alumina content in the ore, globally miners give up to \$20 a tonne discount. But in India the ore is hardly priced on quality and even if it is done the quality delivered is suspect, he added. Many of the small sponge iron ore manufacturers have already shut shop or are on the verge of closing down their business due to iron ore shortage in the State, he said.

Source: Business Line, December 21, 2018

COMPANY NEWS

SAIL posts highest single day hot metal output

India's largest steel maker, SAIL said it achieved its "best ever" hot metal output in a single day at 55,282 tonne on Thursday. "Steel Authority of India has clocked its best ever hot metal production in a single day at 55282 tonnes on 13th December", the PSU said in a statement on Friday.

Source: Financial Express, December 15, 2018

Tata Steel & Thyssen announce leadership team for Europe JV

Tata Steel and Thyssenkrupp AG on Monday announced the top leadership team for their proposed joint venture in Europe. Andreas Goss, currently CEO of Thyssenkrupp's Steel division, has been designated as the future CEO of the proposed JV. He will also serve as chairman of the management board of Thyssenkrupp Tata Steel BV, the proposed name of the new JV. Hans Fischer, currently CEO of Tata Steel Europe, has been named as the deputy CEO & Chief Technology Officer of the JV, an official statement said. Sandip Biswas, currently Tata Steel's Group Executive Vice President Finance will be the CFO, while Premal Desai, currently CFO of

Thyssenkrupp Steel Europe will be the Chief Strategy Officer of the JV. The two companies are slated to announce the next management level for the joint venture early in the new year. The European Commission is currently conducting an in-depth investigation into the proposed joint venture, which is subject to merger control clearance in several jurisdictions, besides the European Union. Tata Steel had recently said it expects the proposed merger related formalities to get over by March 2019. Tata Steel and Thyssenkrupp AG, had earlier in June 2018, signed definitive agreements to combine their European steel businesses in a 50:50 joint venture. The proposed new company, which will be headquartered in Amsterdam area, is tipped to be Europe's second largest steel company.

Source: Economic Times, December 18, 2018

JSW Steel commissions pellet plant at recently-acquired Monnet Ispat

JSW Steel has restarted production at the two million tonne per annum pellet plant at Monnet Ispat and Energy and ramped up the Direct Reduced Iron (DRI) production to its optimal capacity to bring down the cost. The Sajjan Jindal-owned JSW Steel along with Aion Investments acquired Monnet Ispat in September in an insolvency driven process. The combine, which was the only bidder for Monnet asset, paid Rs 2,875 crore while Monnet owed banks Rs 11,000 crore. Seshagiri Rao, Joint Managing Director, JSW Steel told Business Line that when DRI plant was operating at lower capacity Monnet was buying iron ore and pellet from open market and now the cost will come down after commissioning of the pellet plant. While DRI plant is working at its full capacity, the pellet is now operating at 60 per cent utilisation and will be ramped up progressively, he added. In the second leg, he said some of the facilities such as blast furnace, melt shop and bar mill that were shut down due to want of fund will be re-commissioned next month. In the third phase, Rao said incomplete projects including expansion of melt shop and plate mill will be taken up and the asset will turn profitable in two years.

Source: Business Line, December 18, 2018

FINANCIAL

Tata Steel's petition:NCLAT reserves order on Bhushan Power

The National Company Law Appellate Tribunal (NCLAT) has reserved order on Bhushan Power and Steel Ltd (BPSL), and directed both JSW Steel

and Tata Steel to file written submissions, if any, by next Wednesday. A two-member Bench headed by Justice SJ Mukhopadhaya on Thursday completed the hearing in the case filed by Tata Steel alleging that lenders of BPSL allowed rival JSW Steel to revise its bid upward twice after Tata Steel was declared the highest bidder. Initially, JSW Steel had placed a bid of ₹ 11,000 crore for BPSL while Tata Steel bid ₹ 17,000 crore. Late entrant Liberty House bid ₹ 18,500 crore. Subsequently, JSW Steel revised its bid to ₹ 19,700 crore, pipping both its rivals to win the two-thirds vote of BPSL lenders. BPSL owes over ₹ 48,500 crore to a consortium of lenders led by Punjab National Bank, and is one of the 12 large companies identified by the RBI for early resolution. It operates a 3.5 million tonne steel plant in Odisha. Meanwhile, BPSL promoter Sanjay Singal has challenged the Insolvency and Bankruptcy Code (IBC) in general and Section 29A in particular. The section bars defaulting promoters from bidding for stressed assets. Singal has also questioned the retrospective applicability of Section 29A on BPSL's resolution since an amendment was introduced in November last year, while the steel company was admitted for insolvency in July. He claims the clause violates his right to equality before law.

Source: Business Line, December 21, 2018

Essar Steel Asia says SC order no bar on its offer

Essar Steel Asia Holdings (ESAHL) argued on Monday that the Supreme Court's October order does not bar the National Company Law Tribunal or the Essar Steel lenders from considering the settlement offer proposed by it 'for and on behalf of Essar Steel'. The Ahmedabad bench of the NCLT will continue to hear arguments on Tuesday. Responding to earlier arguments made by the committee of creditors (CoC) that the SC's order only allowed for submission of plans by Arcelor and Numetal and that the one by the Ruias was beyond the SC's judgment, counsel for ESAHL, Mihir Joshi, said, "... the Supreme Court Order has only decided on the eligibility of the bidders before it." The SC order had stated that both ArcelorMittal and Numetal, who were in race to acquire Essar Steel, would have to clear any dues within two weeks to become eligible to bid for the company. Joshi argued that the SC's directions under Article 142 can only be read in the context of issues and parties before the SC and cannot adversely affect the rights of third parties which were not before the Supreme Court, such as ESAHL. He said it was 'highly unusual' for CoC to not even consider a proposal, which is higher than the best resolution plan by Rs. 12,000 crore and ensures full repayment to all the creditors.

Source: Financial Express, December 18, 2018

Essar Steel Asia has no right over mortgaged asset: CoC

Countering Essar Steel Asia's claim for a right to redeem the indolvent Essar Steel as a holding company with a 75% stake, senior counsel for the Committee of Creditors argued that it had no right over the mortgaged asset as a shareholder in the national Company Law Tribunal. Representing the CoC, senior counsel Ravi Kadam told the NCLT that the mortgaged assets belonged to the creditors and the public.

Source: Business Standard, December 19, 2018

PROJECTS**Thyssenkrupp sets up technology centre in Pune**

Thyssenkrupp has set up its technology centre in India. The Technology Center Analytics and Software Engineering (TCASE) has been opened in Pune and it will play a key role in digital transformation and serve as a knowledge hub for the group globally. The TCASE will provide high-end R&D services in the areas of AI, IoT, data analytics and software engineering. It will play a key role in Thyssenkrupp's digital transformation journey by acting as a partner and supporting digitisation projects for the group's business areas across the globe. Reinhold Achatz, CTO of Thyssenkrupp AG, said the company is going through a journey of digital transformation and the technology centre in Pune would raise the overall digital quotient of the company.

Source: Financial Express, December 20, 2018

STEEL PERFORMANCE**Crude steel output in November dips 1.3%**

India's crude steel output dipped by 1.3 per cent to 8.49 million tonne (MT) in November, according to the World Steel Association. The country had produced 8.60 MT of crude steel during the same month a year ago, the global industry body said in its latest report. In October, India registered a marginal growth in its crude steel output at 8.77MT. The country has set an

ambitious target of ramping up its production capacity to 300 MT by 2030.

Source: Financial Express, December 21, 2018

MISCELLANEOUS

Usha Martin MD under scanner from FEMA violation

The Enforcement Directorate (ED) has initiated a probe against the managing director of Usha Martin, the country's largest steel wire rope maker, in connection with alleged violations of the Foreign Exchange Management (FEMA) Act, official sources said on Friday. They said agency sleuths questioned Rajeev Jhawar, the managing director of the Kolkata-based firm, at their office in the West Bengal capital on Friday. They registered his statement under FEMA in connection with the purchase and registration of an immovable asset in Singapore in 2013 and a few other overseas transactions.

Source: Business Standard, December 15, 2018