

# 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 22-28, 2018**

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## HIGHLIGHT

1. India, US unable to resolve tariff issue as Steel Ministry refuses quota restrictions.
2. India appeals against WTO dispute panel's ruling on safeguard.
3. India's steel exports hit by US tariff hike.
4. SAIL supplies 35,400 tonnes for Bogibeel Bridge.
5. Iron ore auction in Odisha put off.
6. SAIL sees stability in steel prices
7. Vedanta to invest \$300m in Electrosteel plant in Jharkhand
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10. AP CM lays stone of controversial Kapada steel plant
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## RAW MATERIAL

### **MMTC looks to firm up iron ore supplies for NINL plant**

MMTC, with a shareholding of 49.9 per cent, is the biggest equity partner in the 1.1 million tonne NINL plant, where two Odisha government PSUs hold stakes. MMTC has floated open tenders for purchase of calibrated lump ore of 63.5 per cent Fe grade from mine owners of Joda and Barbil sectors for supply of four rakes containing 16,000 tonnes of the material. MMTC has also invited Expression of Interest (EoI) from the mine owners and traders for sourcing iron ore with 62 per cent Fe content for supply of at least 80,000 tonnes per month to the NINL plant in Duburi, Odisha. NINL 's iron ore requirement is escalating as the steel maker looks to sustain its envisaged hot metal output of 3500 tonnes per day. After the blast furnace capital repair, NINL has been able to ramp up its hot metal and pig iron output significantly.

*Source: Business Standard, December 27, 2018*

### **Iron ore auction in Odisha put off**

The government has deferred the auction of two iron ore mines having reserves of 93.87 million tonnes in Odisha, according to a Mines Ministry report. The government has not given any reason for deferring the auction of

the mines. While the Chandiposhi iron ore block in Sundergarh, Odisha, has reserves of 47.07 million tonnes (MT), the Purheibahal block has reserves of 46.80 MT, the report said. The notice inviting tender for both the mines was released on February 23.

*Source: Business Line, December 26, 2018*

## COMPANY NEWS

### **SAIL supplies 35,400 tonnes for Bogibeel Bridge**

The country's largest steel maker SAIL said it has supplied 35,400 tonne of steel for the construction of Bogibeel, Asia's second-longest rail-cum-road bridge that will be opened to traffic by Prime Minister Narendra Modi on Tuesday. "SAIL has supplied TMT rebars, plates and structurals for this 4.94-km long bridge, which has composite welded steel truss girders in its structures. The 4.9 km-long Bogibeel Bridge on the Brahmaputra river has been constructed at Rs 5,900 crore. The bridge reduces travel time from Assam to Arunachal Pradesh to four hours and will cut out the detour of over 170 km via Tinsukia. It will also reduce Delhi to Dibrugarh train travel time by about three hours to 34 hours as against 37 hours currently.

*Source: Business Line, December 26, 2018*

### **SAIL sees stability in steel prices**

Any further decline in the prices of steel products does not seem feasible, according to Steel Authority of India (SAIL). "Taking a cue from the international market, the domestic steel prices, particularly for flat products, were under pressure for some time. The recent trend, both in the Chinese and other global market, is showing stability in prices. There is also an increasing trend in raw material prices, both for coal and iron ore," SAIL said. The company also stated there are strong indications that the domestic prices have already bottomed out for two reasons. Firstly, there is substantial de-stocking in the market and secondly, domestic demand is coming back on track with improvement in the liquidity position, it added.

*Source: Business Line, December 28, 2018*

### **Vedanta on expansion mode, to invest \$300m in Electrosteel plant**

Vedanta Ltd will invest \$300 million (approximately ₹ 2,100 crore) to scale up steel-making capacity of Electrosteel Steels plant in Jharkhand by an additional one million tonne (mt) per annum to 2.5 mt in next two years. According to Anil Agarwal, Founder and Executive Chairman, Vedanta Resources, plans are afoot to set up another 4-5 mt steel-making unit beside the existing Electrosteel facility at an estimated investment of \$3-4 billion (approximately ₹ 30,000 crore). Vedanta, it may be recalled, had acquired Electrosteel Steels at ₹ 5,320 crore. The company is also looking into the 'feasibility' of setting up an additional 4-5 mt plant, which is likely to be partly brownfield and partly greenfield. The company is in talks with Korean, Japanese and Chinese firms for technology and machinery for its proposed expansion. Agarwal hoped that requisite clearances for the project would be in place in six-to-eight months and it might take three-four years for it to fructify. It is also mulling a 5-mt steel plant at Bellary in Karnataka, which may entail another investment of ₹ 30,000 crore. India's largest iron ore producer and maker of various non-ferrous metals such as aluminium and zinc, Vedanta had in 2011 acquired the assets of Bellary Steel and Alloys for ₹ 220 crore through a competitive bidding process.

*Source: Business Line, December 26, 2018*

### **Monnet Power lenders reject lone bid of JSW**

Lenders to Monnet Power have rejected the lone bid from JSW Energy, citing poor terms of the offer. "Monnet Power will go for liquidation as the bid made by JSW Energy has been rejected by 90 per cent of the lenders. JSW wanted to make the payment over the next 10 years, which was not accepted," a source in the know of the development said. Besides, the upfront cash offer of Rs 500 million in itself was not good enough, the source said. The total offer was Rs 5 billion. A JSW Energy spokesperson declined to comment. In July, the Sajjan Jindal-owned firm had acquired Monnet ispat, which was in the first list of assets identified by the RBI for debt resolution under the Insolvency & Bankruptcy Code (IBC), 2016. After defaulting on debt worth Rs.35 billion, Monnet Power, too, found its place in the second list of assets identified by the RBI in December 2017. With yet another failure, lenders are starting at an abyss with stressed assets going insolvent instead of being rescued. They are taking haircuts of 50 per cent and more for lending to the 1,000-odd assets sent to the NCLT for resolution.

*Source: Business Standard, December 25, 2018*

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## **JSW Steel seeks clarification from NCLT in Vardhman Industries deal**

JSW Steel has sought clarification from the National Company Law and Tribunal on certain operational direction made while approving its resolution plan to acquire the stressed Vardhman Industries. The resolution plan submitted by JSW Steel was approved by the Committee of Creditors of Vardhman Industries, which has been undergoing Corporate Insolvency Resolution Process under the Insolvency and Bankruptcy Code, 2016 last Thursday. Approving the resolution plan, NCLT in its order had given certain directions that could have the effect of modifying the resolution plan submitted by JSW Steel and approved by the CoC, said JSW Steel in a statement on Thursday. The directions of NCLT amounts to an amendment of the Resolution Plan submitted by it without seeking its consent. On this basis, JSW Steel proposes to seek a modification and clarification by the Tribunal or any other relevant forums, it added. Further steps to be taken by JSW Steel with respect to implementation of resolution plan will depend on the clarifications by NCLT, said JSW Steel. As per the terms of approved resolution plan, JSW Steel will infuse ₹ 63.5 crore in Vardhman Industries through equity shares or debt within 30 days from date of the NCLT order. The financial creditors will receive ₹ 62.5 crore and the operational creditors will get ₹ 1 crore for the settlement of the existing Vardhman Industries debt. As per the approved resolution plan, JSW Steel will be classified as the promoter of Vardhman Industries, it added.

*Source: Business Line, December 27, 2018*

## **POLICY**

### **Safeguard duty on steel: India appeals against WTO dispute panel's ruling**

India has challenged the World Trade Organisation (WTO) dispute panel's ruling that the country's move to impose safeguard duty on some iron and steel products was inconsistent with certain global trade norms, an official said. The appellate body and the panel are part of the WTO dispute settlement mechanism. It is a 164-member multilateral body which make rules related to global exports and imports. "On December 14, India notified the WTO's dispute settlement body of its decision to appeal to the Appellate Body on certain issues of law and legal interpretations in the panel report, the official said. The issue pertains to a case filed by Japan in December 2017 against India's decision to impose safeguard duty on some iron and steel products. The Geneva-based appellate body can uphold, modify or

reverse legal findings and conclusions of WTO's dispute panel and its reports. If the body's ruling goes against India, the country will have to comply with the order in six-seven months. Although the WTO's dispute panel ruled against India, interestingly the duty imposed by India ended in March 2019. In September 2015, India imposed provisional safeguard duty of 20 per cent on import of certain categories of steel with a view to protect domestic producers. Later, it was reduced and extended till March this year. The dispute assumes significance as India and Japan implemented a comprehensive free trade agreement in 2011. It gave easy access to Japan in the Indian steel market.

*Source: Business Line, December 27, 2018*

### **India, US unable to resolve tariff issue as Steel Ministry refuses quota restrictions**

The Steel Ministry has refused to accept any quantitative restrictions on export of steel and aluminium to the US making it difficult for the Commerce Ministry to convince Washington to withdraw the penal duties imposed on the metals earlier this year, a government official said. India's export of steel to the US has already started taking a hit, although export of aluminium is stable, according to government calculations. "The US is not willing to consider any option other than the quantitative restrictions on imports at levels suggested by it. The Steel Ministry, on the other hand, is refusing to accept any such restrictions. The Commerce Ministry is, therefore, in a difficult spot as imposing retaliatory duties against the US may have diplomatic implications," a government official told BusinessLine. Last week, India deferred its decision to implement retaliatory duties against the US for the fourth time. The Indian steel industry has also been hit due to a counter levy of import quotas by the European Union. "There is a noticeable glut in the international market which has led to cross dumping of finished products into the country predominantly from South Asian countries and China. The supplies earlier targeted to the European Union are now getting diverted to other markets including India," a steel industry association representative said.

*Source: Business Line, December 27, 2018*

## PROJECTS

### **AP CM lays stone of controversial Kapada steel plant**

Andhra Pradesh Chief Minister N Chandrababau Naidu has laid the foundation stone at Maremma Kambaladinne village in Mylavaram mandal of Kadapa district, for the construction of a steel plant. The laying of the foundation for the plant assumes importance not only because it is being taken up by the State government instead of the Centre, but also due to the friction between both the governments over the unkept assurance regarding ‘special status’ for the State. The construction of the steel plant was part of the promises made post the bifurcation of the State in 2014. Naidu said that this move and the commencement of work at Amaravati earlier today for the State Secretariat buildings are two landmarks of his tenure. While seeking cooperation from local leaders for land acquisition, he said work at the plant will commence within three months.

*Source: Business Line, December 28, 2018*

## STEEL PERFORMANCE

### **India’s steel exports hit by US tariff hike**

The effect of the trade war unleashed by US President Donald Trump early this year is beginning to impact the external trade numbers of countries across the globe. An analysis of the effects of the import tariff hike by the US on India’s steel sector shows that while exports have taken a hit, domestic steel prices have not. The US hiked import tariffs on aluminium and steel by 10 per cent and 25 per cent respectively effective March 23. Within a few months, countries such as Japan and Thailand were exempt (partially or fully) from the hikes. But India could not get a relaxation despite considerable efforts to negotiate with the US. However, nine months after the imposition of the new tariffs, there has been no significant direct impact on India due to the small share of our exports to the US. But there has been an indirect impact- steel-exporting countries, unable to export to US due to the steep tariff, have been dumping steel in India, changing the dynamics of the steel economy in the country.

*Source: Business Line, December 24, 2018*

## **Steel firms face margin pressure on input costs**

While domestic demand for steel is seen growing 6 to 7 per cent in 2019, the margins of large producers could come under pressure due to higher input costs. Firms need to watch currency fluctuation, cheaper import, and volatile coking coal prices, said industry officials. JSW Steel, Tata Steel, Jindal Steel & Power, and two state-owned entities, Steel Authority of India and Rashtriya Ispat Nigam are the large producers. Iron ore and coking coal are the two key raw materials in the making of steel, together more than half the total cost. Since April, the global price of coking coal has oscillated between 180 and \$225 a tonne. The rupee was 74 to a dollar in October, after weakening from 65 in April, and is now about 70. Globally, hot-rolled coil is \$480 a tonne at present, down from the government-set minimum import price of \$489. The domestic price of HR coil is \$580-600 a tonne. If the landed price of steel levels up to the domestic price amid the tariff war, trade opportunities will emerge for global markets, creating stiff competition for domestic players, said industry officials. Though 2019 is also a general election year for India. “There won’t be any new projects announced for a span of three to four months ahead of elections but, overall, I don’t see steel demand getting affected as ongoing projects will continue. There is a sizable requirement for steel that will continue to come,” said Sushim Banerjee, director-general at the Institute of Steel Development & Growth.

*Source: Business Standard, December 22, 2018*