

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 29, 2018-
January 04, 2019**

HIGHLIGHT

1. Steel consumption to grow 7% on govt. push on infra, affordable housing:ICRA
2. SAIL plans project on Posco land
3. RINL posts 29% jump in sales in April-Dec
4. JSW Steel withdraws its nominee from the board of Vardhaman Industries.
5. Gujarat tax department moves NCLT against Essar Steel's resolution professional

COMPANY NEWS

SAIL plans project on Posco land

State-run Steel Authority of India (SAIL) proposes to set up a three-million tonne per annum (mtpa) steel plant in Odisha for producing high-end flat products on the land the state had earmarked for South Korean steel major Posco's now abandoned mega steel plant. Chairman of the state-run firm Anil Kumar Chaudhary said he would soon write to Odisha chief minister Naveen Pattanaik seeking to get around 2,000-2,500 acres of land to set up the steel plant. As per the industry estimate, a three-mtpa steel plant would entail around Rs 20,000 crore investment. "All big steel firms like JSW, Tata and RINL have coast-based plant, but we don't have any. A coast-based steel plant would help us a lot," Chaudhary said, adding that the company intends to jack up its capacity to 50 mtpa by 2030-31. The Odisha government had acquired around 2,700 acres of land at Jagatsinghpur, which is barely 10 km away from Paradip port for Posco's proposed plant. Out of the acquired land, the state government had handed over 1,700 acres land to Posco. The South Korean major, however, abandoned the 12-mtpa project for want of raw material linkages. The Odisha government has already decided to give some part of the acquired land to JSW Steel. The Sajjan Jindal-led firm reportedly intends to set up a 10-mtpa steel plant there. None of SAIL's five integrated steel plants are located near the coast. Hence, its cost of transportation is higher than its peers. Meanwhile, Chaudhary said SAIL has written to ArcelorMittal to expedite the process for signing a definitive agreement for setting up the proposed joint venture for manufacturing high-end automotive steel.

Source: Financial Express, December 29, 2018

RINL posts 29% jump in sales in April-Dec

The Visakhapatnam Steel Plant, also known as Rashtriya Ispat Nigam Limited (RINL), has achieved 29 per cent growth in sales, according to Chairman and Managing Director P.K Rath. Addressing the staff of the plant on Tuesday, he said there were notable achievements in high-end, value-added steel production, increase in capacity utilisation in the new mills, improvement in power generation and handling of raw materials. He called upon the employees to primarily focus on the increase in pulverised coal injection (PCI) usage in blast furnaces. This would help reduce the cost of hot metal production and added that a PCI rate of 100 kg/ton hot metal results in savings of Rs 1,500 crores per year. He urged the employees to achieve the targets during the fourth quarter by improving the volumes. The RINL-VSP registered growth of 18 per cent, 16 per cent and 15 per cent in hot metal, liquid steel and saleable steel production respectively during April-December'18. All the steel mills also recorded notable performance during the period. On the sales front, RINL recorded 29 per cent growth at Rs 14,687 crores compared to Rs 11,395 crores during the corresponding period last year. The firm's sales volume saw a growth of eight per cent while value-added steel grew by 25 per cent.

Source: Business Line, January 2, 2018

JSW Steel withdraws its nominee from the board of Vardhaman Industries

JSW Steel has withdrawn its nominees from the board of Vardhman Industries, a steel company it acquired recently through the insolvency resolution process for Rs 62 crore. The company's move follows the National Company Law Tribunal's decision to include two fresh clauses in JSW's resolution plan for VIL, which had been approved by the insolvency court on December 19. JSW has decided to approach the NCLT seeking a modification in the order. The two clauses pertain to VIL's tax liability and receivables which JSW feels, if implemented, would mean that any additional financial gain may go to the lenders, making it a costlier purchase for JSW. "These were not part of the resolution plan for VIL that was submitted by JSW Steel and approved by the Committee of Creditors (CoC) of VIL. Hence, we are seeking a modification of the order and remain committed to the deal," a top JSW Steel official said. In a communication to the stock exchanges on Friday evening, JSW Steel said: "Acceding to the request of the Resolution Professional of Vardhman Industries Limited and

in the interest of propriety, pending appropriate clarifications/modifications to the Hon'ble NCLT's order of December 19, 2018, we have withdrawn our nominees from the Board of Vardhman Industries Limited and delivered their resignations to the Resolution Professional/Vardhman Industries Limited.” As per the NCLT order, the tax liability of VIL as on date of reference was not extinguished but is subject to approval of I-T authorities. This is contrary to other NCLT cases where the tax liability is extinguished as on the date of reference. Secondly, all receivables of VIL, as on date of admission to NCLT, will also be paid to the lenders. On seeing the order, JSW wrote to the resolution professional of VIL seeking a review.

Source: Economic Times, December 29, 2018

FINANCIAL

Gujarat tax department moves NCLT against Essar Steel’s resolution professional

The Gujarat state tax department has filed a petition against the resolution professional of Essar Steel at the Ahmedabad Bench of the National Company Law Tribunal (NCLT), seeking details of the resolution plan. The tax department, which claims to have dues of over Rs 500 crore from Essar Steel, had requested the resolution professional for a verbatim report on provisions of the resolution plan with regard to payment of its dues. However, in spite of repeated reminders, the resolution professional did not provide any information, stating reasons of confidentiality, after which the tax department filed its petition with the NCLT on December 19. The first hearing is scheduled for January 7. “Confidentiality cannot be a valid reason as the state of Gujarat is only asking for provisions of the plan relating to its own dues,” the state tax department said in the petition. Suspecting non-provision of state tax dues in the resolution plan, the Gujarat government has filed an intervention application before the NCLT to issue directions to the resolution professional for informing the state government about payment of its dues as provided in the plan.

Source: Business Standard, January 3, 2018

NCLAT tells NCLT to speed up Essar Steel insolvency case

The National Company Law Appellate Tribunal (NCLAT), in an oral order on Thursday, directed the Ahmedabad bench of the National Company Law Tribunal (NCLT) to expedite the insolvency case filed against Essar Steel (India) Ltd.

NCLAT's directive came while it was hearing the petition filed by the committee of creditors (CoC) of Essar Steel, through State Bank of India, against the resolution professional Satish Kumar Gupta and others, said two people privy to the development.

Source: Business Line, January04, 2019

Ready to pay for Adhunik Metaliks bid, Liberty House tells NCLT

Liberty House counsel on Thursday made representations before the Kolkata Bench of the National Company Law Tribunal (NCLT) that it was ready with funds to close the transaction with creditors of Adhunik Metaliks.

The counsel, however, did not mention the amount. Earlier, Liberty House had offered to pay in tranches, Rs 100 crore within 14 days from December 12, and the balance Rs 310 crore by January 15, which is the longstop date, as defined in the resolution plan.

However, the committee of creditors (CoC) had rejected the payment in instalments verbally at the tribunal. The CoC has already filed an application for liquidation but the counsel representing the committee on Thursday said it had not pressed for it as it did not want to litigate in perpetuity.

Source: Business Standard, January04, 2019

STEEL PERFORMANCE**Steel consumption to grow 7% on govt. push on infra, affordable housing:ICRA**

Domestic steel consumption is poised to increase around 7% in FY19 and FY20, ratings agency ICRA has said, paced by the government's thrust on infrastructure, affordable housing, power transmission, and the railways. The growth prospects prompted ICRA to assign a 'stable' outlook for the steel industry in its year-end assessment of the sector. However, despite robust demand, domestic steel production growth is likely to remain low at 2.5-3% in FY19 due to increased threat from cheaper imports, combined with a considerable de-growth in steel exports due to rising global trade tensions. ICRA expects domestic steelmakers to increase capacity further by about 16 million tonnes over FY19 - FY21. Additionally, with investments toward a ramp-up and debottlenecking of stressed assets taken over recently, this would lead to an industry capex estimate of ₹ 75,000-80,000 crore between FY19 and FY21. The industry's capacity utilisation level is expected to remain at a healthy 82-83% between FY19 and FY21, supported by a favourable domestic demand and low greenfield capacities coming up in the medium term. Export volumes are likely to stabilise, however, in FY20, albeit at a lower level, with domestic production slated to grow at a higher rate of around 5.5-6%, supported by healthy domestic demand, the report added. Also, flat demand growth forecast for China in CY19 would keep average international and local prices lower in FY20 than the levels in FY19, the report predicted. Elaborating on this trend, Jayanta Roy, senior vice-president ICRA said: "We believe that the steep reduction in international steel prices recently would make domestic steel imports cheaper in the coming weeks, when these shipments start hitting the Indian shore. This would in turn exert pressure on domestic steel prices in Q4 of FY2019." Chinese hot rolled coil export offers have declined from \$ 560/tonne in the first week of October to \$ 476/tonne in the first week of December.

Source: Economic Times, January 1, 2019

MEN IN NEWS**Thyssenkrupp India names Vivek Bhatia as MD and CEO**

German industrial giant thyssenkrupp Monday announced the appointment of Vivek Bhatia as the Managing Director and Chief Executive Officer of Thyssenkrupp Industries India effective from January 1, 2019. Bhatia was earlier CEO - Asia Pacific at thyssenkrupp AG, driving group activities for all thyssenkrupp companies in the region. Prior to that, he led strategy, markets and development for the Asia Pacific region for the Group and was based in Singapore. Prior to joining thyssenkrupp, Bhatia was with Boston Consulting Group, India. He had also worked for several years as a design engineer for refineries and pipelines at Engineers India Limited. Bhatia holds an MBA from IIM Calcutta, M Tech from IIT Delhi and BE from University of Delhi.

Source: Financial Express, January 1, 2019

JSPL appoints Saraf as steel business CEO

Jindal Steel and Power Limited (JSPL) on Wednesday said Sudhanshu Saraf has been appointed as CEO of its steel business with immediate effect. Saraf succeeds N.A. Ansari, who was elevated to the post of Joint Managing Director, the company said in a statement. “The appointment of Sudhanshu Saraf as CEO- Steel Business comes along with the elevation of Naushad Akhter Ansari as Joint Managing Director of JSPL.

Source: Financial Express, January 3, 2018

JSPL named Naushad Ansari as joint MD

Steel maker Jindal Steel and Power Ltd (JSPL) Tuesday named Naushad Akhter Ansari as the Joint Managing Director of the company with immediate effect. Earlier, Ansari was the CEO of company's steel business. Ansari joined JSPL group as Executive Director at Patratu unit in September 2008. During his tenure at Patratu, he commissioned two rolling mills of combined capacity of 1.6 MTPA (million tonne per annum).

Source: Financial Express, January 2, 2018
