

# Steel In The News

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

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## HIGHLIGHTS

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2. China steel prices extend losses on worries over slower demand
3. JSW to raise Rs.3.5kcr to fund BPSL buy
4. Tata Steel bags PM's Trophy

## COMPANY NEWS

### **Thyssenkrupp, Tata Steel near decision on JV board: Sources**

Germany's Thyssenkrupp and India's Tata Steel are close to deciding who will lead their planned European steel joint venture, four people familiar with the matter said on Friday. Settling on the venture's leadership has been delayed by a strategy crisis and change of CEO at the German industrial conglomerate, which has said it would split into two companies. The holdup has riled the Thyssenkrupp workforce. A labour leader on Wednesday said there would be "trouble" if the matter was not resolved soon. Andreas Goss, head of Thyssenkrupp's steel unit, is the front runner to become chief executive of the combined entity, which will be Europe's second-largest steelmaker after ArcelorMittal, the people said. The new company will have around 48,000 workers and about 17 billion euros (\$19.4 billion) in sales, with production facilities in Germany, the Netherlands and Britain. Goss, seen as well connected in the industry, has led Thyssenkrupp's steel division since 2014. The unit's adjusted operating profit rose by 26 percent to 687 million euros over the past financial year. Hans Fischer, chief executive of Tata Steel's European subsidiary, is also likely to join the venture's management board, the people said, adding it was unclear how many seats the board would have. Thyssenkrupp and Tata Steel in June said the joint venture's management board would consist of six members, shared equally between both groups. That number could be reduced to four to give a more focused structure to the entity, which will be called Thyssenkrupp Tata Steel, the people said.

*Source: Business Standard, December 09, 2018*

### **Tata Sponge calls EGM tomorrow on Pref Share to promoter Tata Steel**

Tata Sponge Iron Limited (TSIL) has called an extraordinary general meeting (EGM) on December 14 to seek approval for issue of preference shares on private placement basis to its promoter, Tata Steel for upto Rs.1,000 crore. Tata Steel recently announced TSIL as its vehicle for

acquisition of Usha Martin's steel business in a deal size of Rs. 4,300-4,700 crore. The transaction, which will mark TSIL's entry into the steel sector, was approved by the Competition Commission of India on Tuesday. TSIL had in an earlier notification of exchanges, said it would raise capital through a combination of a rights issue of Rs.1,800 crore, external borrowings up to Rs.2,500 crore, apart from the NCRPS to fund the acquisition.

*Source: Economic Times, December 13, 2018*

### **Topworth Steels promoters arrested: released on bail**

The police have arrested the Mumbai-based promoters of Topworth Steels and Power — Abhay and Surendra Lodha — for dishonouring a cheque worth ₹ 10 crore issued to its creditors. Abhay and Surendra were later released on bail after submitting an affidavit to honour the commitment. Earlier, the Mumbai Metropolitan Magistrate Court had also issued arrest warrants against the Topworth Group of Companies and its directors for dishonouring a number of cheques, totalling ₹ 47 crore. If convicted, a lawyer said the directors face up to two years imprisonment, and will be liable to pay compensation of twice the dishonoured cheque amount to creditors. The Topworth Group and its directors are already being probed by the CBI for using fraudulent letters of credit to dupe banks of ₹ 137 crore. The complaint with the CBI was filed by the State Bank of India, Bank of Baroda and UCO Bank. Following this, the CBI in July conducted searches across 17 locations including Mumbai, Raigarh and Amravati where the company had offices.

*Source: Business Line, December 13, 2018*

## **FINANCIAL**

### **JSW to raise Rs.3.5kcr to fund BPSL buy**

JSW Steel is seeking to garner up to Rs.3,500 crore in a local bond sale as part of a broader, dedicated fund raising to finance the buyout of Bhushan Power & Steel (BPSL), the future ownership of which would be decided by court appeals. To part finance the Rs.19,500 crore acquisition, JSW Steel plans to sell about Rs.3,000-3,500 crore of bonds locally and the Mumbai-based steelmaker is in talks with foreign lenders such as, Credit Suisse, Deutsche Bank and Standard Chartered, three people familiar with the matter told ET.

*Source: Economic Times, December 10, 2018*

**Steel firms to cut prices by up to Rs.1,500 a tone**

Steel Companies are likely to drop prices of flat products by up to Rs 1,500 a tonne in one of the steepest downward revisions this financial year. It is likely to be made official on Monday. The possible drop is on the back of a global softening of prices, sliding exports from India and rising imports from FTA countries such as Korea and Japan. Globally, steel prices have corrected with China recording its highest monthly production at 82.5 million tonnes (mt) as against an average 70-73 mt. With limited countries to supply the excess production to, what with the trade wars, it is pushing into India's export markets, pointed out a producer. Even as export markets are getting limited for domestic producers, imports from FTA countries have continued to be on the rise, resulting in excess material in the domestic market. During April to September, imports from FTA countries increased 61 per cent against a 39 per cent from non-FTA countries. Exports to FTA countries during the same period rose 1.2 per cent. Even as the FTA countries are selling here, Indian producers can't take advantage of the markets because it's largely guarded by the home trading houses. If the imports are sorted, the Indian market would be protected, a producer said. Producers, however, believe the demand factor in India hasn't changed but it's the global phenomenon taking its toll on India.

*Source: Business Standard, December 10, 2018*

**China steel prices extend losses on worries over slower demand**

Chinese steel futures fell for a third session in a row on concerns, slower demand will persist next year, with prices of steelmaking raw materials iron ore, coking coal and coke also retreating. Underlining weaker consumption, leading steelmaker Baoshan Iron & Steel Co Ltd said on Monday it would cut prices of its key products for January delivery. The price of construction-used rebar on the Shanghai Futures Exchange was down 1.3 percent at 3,300 yuan (\$480) a tonne by 0206 GMT. Hot rolled coil, used in manufacturing, slid 1.4 percent to 3,266 yuan. And if China's steel exports remain weak, "that will increase risks of oversupply in the domestic market," she said. China's steel shipments dropped nearly 9 percent to 63.78 million tonnes in January-November. The drop in steel prices came even as the top steelmaking city of Tangshan ordered steel mills and other industrial plants to make further output cuts this month as part of emergency measures to fight smog. The most-traded iron ore on the Dalian Commodity Exchange eased 0.2 percent to 471 yuan a tonne and coking coal fell 0.9 percent to 1,430 yuan. Coke tumbled 3.1 percent to 1,951 yuan per tonne, pulling back after recent gains including a more than 5 percent spike. Spot iron ore for delivery to China was unchanged at \$66.90 a tonne on Monday, according to SteelHome consultancy.

*Source: Financial Express, December 12, 2018*

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## POLICY

### **Arcelor: Holding firm's offer on Essar violates SC order**

While Essar Steel's hearing in the Ahmedabad bench of the National Company Law Tribunal (NCLT) was deferred till December 13, the insolvent company's committee of creditors (CoC) on Monday argued that the settlement proposal made by its 72 per cent holding company — Essar Steel Asia Holding Ltd (ESAHL) — violated the Supreme Court (SC)'s recent ruling, and is hence non-maintainable. Apart from the CoC, senior counsels of LN Mittal-led ArcelorMittal and resolution professional (RP) Satish Kumar Gupta argued that the Supreme Court order dated October 4, 2018, had only allowed ArcelorMittal and Numetal to resubmit resolution plans for acquiring Essar Steel. But it was subject to clearing pending dues while Vedanta's offer was to be considered too. The counsels argued that the order prompted NCLT and CoC to consider plans submitted by only ArcelorMittal and Numetal within a stipulated period of eight weeks from the time of resubmission. ESAHL's settlement offer was "non-maintainable." The two-member bench of adjudicating authorities Harihar Prakash Chaturvedi and Manorama Kumari deferred the hearing till December 13.

*Source: Business Standard, December 11, 2018*

## STEEL PERFORMANCE

### **Tata Steel bags PM's Trophy**

Tata Steel Limited has been declared as the winner of the Prime Minister's Trophy for the 'Best Performing Integrated Steel Plant' in the country for the performance year 2016-17. This makes it the fourth consecutive year for Tata Steel being honored with this coveted award.

Since the inception of this award in 1992-93, Tata Steel has been recognized as the best integrated steel plant 13 times, having won the PM's Trophy (PMT) 11 times and received the Certificate for Excellence twice.

During the PMT assessment for 2016-17, the company went through a rigorous assessment by a panel of distinguished judges covering various

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aspects such as strategy, leadership, CSR, safety, financial prudence, sustainability, choice of technology and efficiency of operation. An independent agency (CII) led assessment was also carried out on the Company's systems & processes.

*Source: The Pioneer, December 14, 2018*

### **Stainless steel players pin hopes on 'Smart Cities' for a consumption boost**

Stainless steel players have pinned their hopes on urban consumption and central infrastructure initiatives such as 'Smart Cities', to boost the country's consumption levels. The industry, which has a combined installed capacity of about five million tonnes, is faced with challenges from cheap imports of products from neighbouring countries. This poses a threat on the economic viability of operations and sustenance of the units, which are currently operating at an average 60-65 per cent capacity. On the sidelines of an awareness programme in Ahmedabad on Friday, K KPahuja, President, Indian Stainless Steel Development Association (ISSDA), stated that India's per capita stainless steel consumption stands at a meagre 2.2 kg, compared to the global average of 6 kg and 10 kg in China. There are two main challenges that our industry faces. First is the shortage of raw materials such as stainless steel scrap and ferro nickel. Both have to be imported with a duty of 2.5 % each. Secondly, we face trade issues because India has a Free Trade Agreement with two of the major Stainless Steel producers," said Pahuja. The largest consuming segment remains utensils and kitchenwares, with about 50 per cent share in the overall consumption in the country. But the architecture, building, and construction segment along with automotive, railways, and transport are emerging as the fastest growing segments for stainless steel consumption.

*Source: Business Line, December 08, 2018*

## **MISCELLANEOUS**

### **'Steel Cos import more ore despite pileup in Karnataka'**

Karnataka iron ore producers are sitting on around 5.5 million tonnes of idle iron ore capacity despite state-run NMDC temporarily closing its Donimalai mine due to increasing imports by steel players, industry insiders said, denying any scarcity of the mineral. Rising imports have even forced NMDC, the country's largest iron ore producer, to cut prices as it led to a piling up of the mineral in the state, they said. Without naming JSW Steel, which has Karnataka's largest steel plant of 12 mt annual capacity in Vijayanagar, a senior executive of a natural resources major accused "a

major steel player in Vijayanagar” of importing at a time when about 6 mt of iron ore remains unsold in the state, allegedly spending more in the short term but depressing prices in the long run. Sales of NMDC, formerly National Mineral Development Corporation, in Karnataka had started dipping from April, and the staterun miner cut the price of lump iron ore by Rs.300 per tonne in December and that for fines by Rs.200 per tonne. The price cut was in line with a global softening of iron ore prices from \$74/tonne to \$64/tonne following a fall in steel prices. Domestic steel players have cut prices of hot rolled steel coils by Rs.1,500 per tonne. To be sure, on a net level, NMDC had increased average price of iron ore by Rs.500 per tonne between April and December.

*Source: Economic Times, December 08, 2018*