

Steel In The News

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

CONTENTS	Page
Highlight of the Week	2
Company News	2
Policy	5
Financial	6
Men in News	8

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

February 09- 15, 2019

HIGHLIGHTS OF THE WEEK

1. Thyssenkrupp and Tata Steel will be warned this week that EU regulators could veto their planned European steel joint venture unless they offer concessions.
2. Thyssenkrupp staff will not support Tata JV at any price
3. JSW Steel gets LoI to buy Bhushan Power and Steel
4. Essar Steel: NCLT reserves order for Ruias' plea on veto rights over resolution plan.
5. Essar case: NCLT reserves order on MSTC's plea for protection
6. The government is considering extending by four months a compliance deadline on tougher import rules for steel that are aimed at forcing automakers to use locally made alloy

COMPANY NEWS

Thyssenkrupp, Tata Steel to get EU warning on JV

Thyssenkrupp and Tata Steel will be warned this week that EU regulators could veto their planned European steel joint venture unless they offer concessions, people familiar with the matter said on Monday. The European Commission is expected to send a charge sheet known as a statement of objections to the companies, the people said. Such documents set out serious competition concerns which companies have to address with specific concessions or see their deal blocked. Thyssenkrupp said it was the group's understanding that such a statement would be sent by the European Commission in the course of the week, adding this was previously expected and would serve as the basis for further talks. "As soon as the statement of objections has arrived we will thoroughly examine the Commission's arguments," a spokesman for Thyssenkrupp said, adding the group continued to be confident that the transaction could be closed in early 2019. The JV, announced in June last year, is biggest shake-up in Europe's steel industry in more than a decade. To be named Thyssenkrupp Tata Steel, the entity will have around 48,000 workers and about \$19.2 billion in sales.

Source: Financial Express, February 12, 2019

Thyssenkrupp staff will not support Tata JV at any price

Labour leaders, who hold half the seats on Thyssenkrupp's supervisory board, will not support a planned joint venture with Tata Steel if concessions in ongoing antitrust proceedings go too far, a union representative said. Thyssenkrupp and Tata Steel are planning to combine their European steel activities to create the continent's No. 2 steelmaker after ArcelorMittal, raising concerns that far-reaching remedies are required to secure antitrust approval. The European Commission is expected to outline its competitive concerns about the merger this week, calling on the two firms to offer compromises to avert a potential veto. "We won't support a merger at any price," Markus Grolms, vice chairman of Thyssenkrupp's supervisory board and secretary at IG Metall, Germany's biggest labour union, told Reuters on Wednesday. Grolms said Thyssenkrupp's supervisory board, where labour representatives hold 10 of the 20 seats, would have to vote on the outcome of remedy negotiations between the company and the Commission. They could be outvoted by Chairwoman Martina Merz, who has a casting vote in case of a draw, but this would be unprecedented and would go against Thyssenkrupp's long-standing tradition of making large restructuring moves with labour support. Thyssenkrupp Chief Executive Guido Kerkhoff a day earlier said the Commission's statement of objections, expected at the end of the week, was not unusual given the transaction's size. He said it gave no reason for fresh concerns.

Source: Financial Express, February 14, 2019

JSW Steel gets LoI to buy Bhushan Power and Steel

JSW Steel has received a Letter of Intent (LoI) from the Insolvency Resolution Professional (IRP) of Bhushan Power and Steel, declaring it the highest bidder for the stressed asset. The letter was sent late on Tuesday, said a source close to the development. JSW Steel has to review the approved resolution plan sent along with the letter before accepting the offer. The development takes JSW Steel closer to acquiring Bhushan Power, provided there is no arbitrary insertion of clauses by the IRP or the stressed company's Committee of Creditors (CoC), he added. Once JSW Steel accepts the LoI, the IRP, in consultation with the CoC, will place the resolution plan before the NCLT for final approval. The entire process is

expected to be completed by the first week of April, the source said. Last week, the NCLAT had upheld JSW Steel's bid and turned down Tata Steel's objections to the selection process. Tata Steel had initially pipped JSW Steel to emerge as the highest bidder for Bhushan Power, which had defaulted on loans worth ₹ 47,700 crore. However, Liberty House of the UK submitted a better offer after the bidding deadline. Tata Steel moved the NCLAT against the IRP considering a bid that was submitted after the deadline. Meanwhile, JSW Steel revised its offer from ₹ 9,500 crore to ₹ 19,300 crore, and that offer was approved by the CoC with 97 per cent vote. While directing the IRP to send the JSW Steel bid for approval, the appellate authority had said the NCLT should ensure that there is no discrimination between financial and operational creditors. The case has been in the insolvency courts for the past eight months.

Source: Business Line, February 13, 2019

Essar Steel: Ruias want in at CoC meetings

Raising fresh objections to the approval given by the Committee of Creditors (CoC) to ArcelorMittal's resolution plan for the stressed Essar Steel India Ltd (ESIL), the latter's promoters, the Ruias, have invoked their rights to participate in CoC meetings and veto the plan. Arguing in front of a two-member Ahmedabad Bench of the National Company Law Tribunal (NCLT), comprising adjudicating authorities Harihar Prakash Chaturvedi and Manorama Kumari, the counsel appearing for the Ruias said that when the resolution plan offered by ArcelorMittal was finalised, the promoters had been deprived of two rights. "One, to participate in the meeting that was called to consider the resolution plan, and second, to challenge the plan further before the appellate authority," the counsel said. "Unless I get the resolution plan, I can't have these two rights." The counsel cited the recent Supreme Court order in the Ruchi Soya case, which entitled the suspended board of the company to participate in CoC meetings and comment on the plan. The apex court had also ruled that the resolution plans should be shared with the suspended board members of the company. On these grounds, the counsel sought that ArcelorMittal's resolution plan "be sent back to CoC", and the promoters be given "a copy to make comments on it, and till then the plan should not be approved".

Source: Business Line, February 13, 2019

Essar Steel: NCLT reserves order for Ruias' plea on veto rights over resolution plan

The Ahmedabad Bench of the NCLT on Wednesday reserved its order on a plea filed by the Ruias, the promoters of the distressed Essar Steel. The promoters had sought to claim their right to participate in the meetings of Essar Steel's Committee of Creditors (CoC) and raise objections to the plan submitted by ArcelorMittal. The Counsel for the Ruias had cited the Supreme Court judgement on the Ruchi Soya Case last month and claimed and claimed the ruling would be made effective from the date of enactment of Insolvency and Bankruptcy code (IBC), since the apex court had not specified that it did not apply prospectively. The counsels appearing for the insolvency resolution professional, CoC and ArcelorMittal challenged Essar Steel's promoters' plea. The CoC argued that the plea was in direct conflict of the Supreme Court's October 2018 order.

Source: Business Line, February 14, 2019

POLICY**Govt could extend deadline for steel import rules for automakers**

The government is considering extending by four months a compliance deadline on tougher import rules for steel that are aimed at forcing automakers to use locally made alloy, said two sources familiar with the matter. Compliance to the new rules had been set for Feb. 17, which was an extension of two months, but strict adherence to the regulations would have stalled production for India's auto industry, a federal minister has warned. India's auto manufacturing sector is dominated by Maruti Suzuki, Hyundai Motor Co, Honda Motor Co and Ford Motor Co. Carmakers continue to rely on imports because they say local steel companies do not manufacture the grades they need, said Sugato Sen, deputy director general of the Society of Indian Automobile Manufacturers (SIAM). SIAM counts Maruti Suzuki, Toyota Motor Corp, Volkswagen, BMW and others as members. Auto companies want an extension until 2019.

Source: Financial Express; February 15, 2019

NCLT gets time till Feb 28 to pass judgement

In a breather of sorts, the National Company Law Appellate Tribunal (NCLAT) on Tuesday granted NCLT Ahmedabad a week more to decide on the ₹ 42,000-crore resolution plan submitted by ArcelorMittal for Essar Steel. NCLT now has time till February 19 to complete the hearing, and up to February 28 to pass a judgment. Earlier, the NCLAT had ordered NCLT to give a verdict by February 11. The hearing has been going on for over 570 days with several twist and turns. Under the Insolvency and Bankruptcy Code, the deadline for passing an order has been fixed at 270 days. As per the revised schedule, NCLT has to hear the promoters and dissenting creditors by February 19 and pass a judgement there of.

Source: Business Line, February 13, 2019

FINANCIAL

SC clears deck for Arcelor's Essar bid

The Supreme Court (SC) on Monday dismissed a plea by 28 operational creditors of Essar Steel seeking to be heard by the National Company Law Tribunal (NCLT) before any decision was taken on ArcelorMittal's bid for the company. The court also rejected their plea seeking a stay on the National Company Law Appellate Tribunal's (NCLAT's) order asking the NCLT Ahmedabad Bench to take a decision on ArcelorMittal's bid by February 11. Now, the NCLT will be able to decide the fate of ArcelorMittal's bid quickly. The court was of the opinion that the promoters of Essar Steel were acting through the operational creditors to delay the insolvency process. It said 571 days had passed since the insolvency process began for Essar Steel, and it must not be delayed. The deadline for an insolvency process is 270 days. Operational creditors such as Indian Oil Corporation and the Gujarat government had moved court, claiming dues of Rs 3,500 crore and Rs 500 crore, respectively. In its order, the NCLAT had said only a representative of the operational creditors could be given the opportunity to raise any objections to ArcelorMittal's resolution plan for Essar Steel.

Source: Business Standard, February 12, 2019

Essar case: NCLT reserves order on MSTC's plea for protection

The Ahmedabad Bench of the NCLT on Tuesday reserved its order on a plea by MSTC Ltd and asked the company to make a written submission by Thursday. State-run MSTC had sought protection from the NCLT over its commercial deal with the Insolvency Resolution Professional (IRP) to meet the operational requirements for running Essar Steel's plant during the interim period of its resolution process. MSTC's counsel claimed that according to its contract with the suspended management of ESIL, it was identified to purchase critical raw material directly from sellers abroad. The counsel said the company continued to provide this facility to the IRP in "good faith" to help keep the plant running. The counsel sought a firm commitment on the quantity that was sourced for the plant "in good faith" be lifted post decision by the tribunal irrespective of the approval or rejection of the resolution plan.

Source: Business Line, February 13, 2019

Essar Steel case: NCLT reserves order on Rs.42,000-cr ArcelorMittal resolution plan

The Ahmedabad bench of the National Company Law Tribunal (NCLT) on Thursday concluded the hearing on the ₹ 42,000-crore ArcelorMittal resolution plan for the distressed Essar Steel India Ltd (ESIL), but reserved its judgement. The two-judge bench comprising members Harihar Prakash Chaturvedi and Manorama Kumari asked all sides, including applicant ArcelorMittal, the Committee of Creditors and the Resolution Professional (RP), to make written submissions by February 18. The case marks a landmark for the Insolvency and Bankruptcy Code (IBC). Essar Steel was put on the first list of 12 top corporate defaulters referred for insolvency proceedings. However, the long-drawn litigation over 18 months in the case has meant that the 270-day time frame for resolution has been breached. On Thursday, the hearing concluded after the counsels for Essar Steel's RP, the CoC and ArcelorMittal made their final arguments. The tribunal also reserved its order on pleas by operational creditors, unsecured lender Standard Chartered Bank and firms seeking operational claims in the interim of corporate insolvency resolution process. ArcelorMittal's plan, which was approved by a majority of the CoC, is pending NCLT approval. Counsel

appearing for the RP said, “We have seen the plan, verified it and demonstrated before the tribunal that it is in compliance with the norms under the IBC as well as the Supreme Court’s directions.”

Source: Business Line, February 15, 2019

NEWSMAKER

Tata Steel UK CEO Bimlendra Jha resigns

Tata Steel UK CEO Bimlendra Jha has resigned from the post, a source said. “Bimlendra Jha, the CEO of Tata Steel UK, has resigned. Ashish Anupam of NatSteel Holdings will be looking after the business,” the source said. The source, however, did not divulge information about the reason for the resignation. Tata Steel is in the process of merging its European operations with German steel major Thyssenkrupp AG to create a 50-50 joint venture. The proposed new company will be positioned as a leading pan-European high-quality flat steel producer with a strong focus on performance, quality and technology leadership. In October 2018, the EU launched an “in-depth investigation” to assess if the joint venture would breach the bloc’s merger regulations and reduce competition.

Source: Business Line, February 14, 2019