

Steel In The News

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

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HIGHLIGHT

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2. Govt reaches out to Hyundai, Posco to boost production of high-grade steel
3. Tata Steel sales down 10 per cent
4. Tata Steel may sell SE Asian assets to China's Hesteel Group
5. Essar Global Repays Rs.12,000 crore to lenders, clears 80% of Group's debt.
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RAW MATERIAL**NMDC board okays Rs.1,000-cr share buyback**

The board of directors of iron ore mining major NMDC has approved a ₹ 1,000 crore share buyback plan. The buyback plan, the second one in the past three years, has been approved by the Finance Ministry. According to the proposals, the shares will be offered at ₹ 98 apiece and the record date for the process to be valid has been fixed at January 18. If the share buyback goes according to plans, the entire process is likely to be completed before March. According to the latest filings with the BSE, the promoter and promoter group — Union Government — holds 72.43 per cent of the total equity of over 316.38 crore shares, and the rest 27.57 per cent of the shares are held by the public. The share buyback plan is part of the Centre's move to buyback shares of several public sector undertakings. These include, ONGC, Oil India, BHEL, Nalco among others. The government expects to garner about ₹ 9,000 crore through the buyback offers. Eligible shareholders for the buyback plan will be sent letter of offer to participate in the buyback of over 10.2 crore fully paid-up equity shares of the company. The company had in the year 2016 also came up with a major buyback, wherein it bought back more than 80 crore shares of ₹ 1 each totalling about ₹ 7,500 crore. On Tuesday, NMDC shares closed at ₹ 94.95, down 0.11 per cent, on the BSE.

Source: Business Line, January9, 2019

COMPANY NEWS**Tata Steel sales down 10 per cent**

The company's steel production was up marginally at 3.33 mt (3.27 mt). Tata Steel has reported that its sales in December quarter were down 10 per cent at 2.97 million tonne (mt) against 3.30 mt in the same period last year. Sales at the recently acquired Bhushan Steel (Tata Steel BSL) were down at 92 lakh tonnes (1 mt) while output was up at 1.04 mt (0.96 mt). Sales volume were lower due to seasonal headwinds, particularly in terms of softer automotive demand and inventory replenishment, said the company in a statement. Sales at the Tata Steel BSL were also affected due to a softer demand, mainly in automotive and appliance segments and inventory replenishment, said the company. Its sales in Europe were down at 2.30 mt (2.44 mt) and production was down at 2.33 mt (2.67 mt). Tata Steel Europe's year-on-year production was impacted by shutdown for ongoing life extension upgradation program on one of Port Talbot's blast furnaces during Q3. The blast furnace was out of operation for the entire quarter due to the upgradation program. Performance was impacted by operational issues in Q3 in both its main steelmaking locations of IJmuiden and Port Talbot. Lower production volumes and adverse product mix will impact financial results, it said. The company's sales in South-East Asia was down at 0.58 mt (0.62 mt) and production was down 0.51 mt (0.55 mt). Production and sales volume were lower due to continued sluggishness in Singapore and Thailand markets, it said.

Source: Business Line, January9, 2019

Tata Steel may sell SE Asian assets to China's Hesteel Group

Tata Steel is said to be in talks with China's second-largest steel producer, the Hesteel group, for the sale of its assets in South East Asia. This is likely to include assets under NatSteel in Singapore, Thailand and Vietnam according to a report from S&P Global Platts which attributed to the industry sources. "We are in talks for the sale of the South East Asian assets. However, nothing has been finalised yet," a Tata Steel spokesperson said Tuesday. "The companies are in discussion," NatSteel CEO Ashish Anupam was quoted by S&P Global Platts as saying. "The companies are in discussion for various other things." He declined to comment beyond that, the report added.

Source: Economic Times, January9, 2019

Gerdau Steel India is now Arjas Steel Pvt Ltd

With the acquisition process completed, Gerdau Steel India Private Limited, with its major manufacturing plant in Anantapur, Andhra Pradesh, has officially become Arjas Steel Private Limited.

The Brazil-headquartered Gerdau S A signed an agreement to sell its entire shareholding in its Spanish subsidiary Gerdau Hungria KFT Y CIA Sociedad Regular Colectiva.

This is inclusive of the sale of 100 per cent of all operations and assets in India to Blue Coral Investments Holding Private Ltd and Mountain Peak Investment Holdings Ltd., owned and managed by ADV Partners and affiliated.

ADV Partners is an Asia focussed private equity firm with offices in Hong Kong, Singapore, Shanghai and Mumbai. The announcement was made to the markets on August 27, 2018.

Source: Business Line, January 10, 2019

FINANCIAL

Tata Sponge may pay UML Rs.200 cr to settle dues

Tata Sponge will pay Rs.200 cr in the form of inter corporate deposit (ICD) to Usha Martin (UML) to settle immediate dues of operational creditors and outstanding statutory dues. The amount is part of the overall sale proceeds of Rs.4,525 crore of Usha Martin's steel business to Tata Steel and will help UML meet its obligations in the interim period before the transfer of steel business is completed. Tata Sponge, a subsidiary of Tata Steel, is the latter's vehicle for acquisition of UML's steel division. State Bank of India (SBI), UML's lead lender, approved the slump sale of UML's steel business on a growing concern basis to Tata Steel and the receipt of Rs.200 crore as ICD from Tata Sponge at a meeting of its central board on December 5. UML's steel division owes Rs.634 crore to operational creditors as per the division's audited accounts placed at the company's latest board meeting on December 17, Out of the sale proceeds, Rs. 700 crore has been withheld for payment of dues on mines linked to the steel division. Thus after payment of ICD, only Rs.3,625 crore will be available for payment to secured creditors, a source close to the development said.

Source: The Economic Times, January 07, 2019

Essar Global Repays Rs.12,000 crore to lenders, clears 80% of Group's debt

Essar Global Fund's decision to repay the last tranche of the secured debt at its group entities could have a broader ramifications for Essar Steel, the conglomerate's steel making business whose future ownership would be decided by the dedicated bankruptcy court. Some in the legal circles believe in the move by Essar Group's holding company could prompt lenders to consider the group's last minute offer to repay Rs.54,389 crore and wrest back the control of the debt-laden Essar Steel, currently facing insolvency proceedings. Essar Global Fund announced it had repaid its last tranche of debt of Rs.12,000 crore to a clutch of Indian and foreign lenders. Essar Global fund invests long term capital in its portfolio of companies and holds nearly 100% stake in all its investments. In the past two years, the group has returned more than Rs.1.37 lakh crore of borrowings, mostly to the Indian banking system, Essar Global Fund said in a statement. This includes the Rs.54,389 crore the Essar Group promoters have offered for the stressed steel asset. The bankruptcy court is yet to decide the legality of the offer. The offer, if considered and accepted, would help the group retire 80% of its total debt.

Source: The Economic Times, January 08, 2019

GLOBAL STEEL

China Steel firm as PBOC eases policy

China's steel and iron futures started the week firmly, buoyed by Central Bank Policy easing and hopes that Beijing and Washington can strike a trade deal. China's central bank cut the amount of cash that banks have to hold as reserves for the fifth time, freeing up \$116 billion.

Source: The Economic Times, January 08, 2019

POLICY**Govt reaches out to Hyundai, Posco to boost production of high-grade steel**

India has approached steel-makers such as Posco and Hyundai Steel Co. to partner with its State-owned mills, as Prime Minister Narendra Modi seeks to stoke local production of high-grade steel and reduce import dependence, according to people familiar with the matter.

India is offering iron ore supplies to attract the steel-makers in South Korea and Japan, in a bid to form joint ventures with Steel Authority of India Ltd. and Rashtriya Ispat Nigam Ltd (RINL), the people said. The initial response from the South Korean steel-makers has been favourable, and partnerships are being explored in brownfield projects.

The Ministry is in talks with the two companies to explore the opportunity to invest in manufacturing value-added steel products in India, Monideepa Mukherjee, spokeswoman for the Ministry of Steel, said.

Exploratory letters of intent have already been sent to the companies and the government is keen to discuss all aspects, the sources said. The Centre's keenness to stitch together ventures with foreign mills to make automotive steel stems from the fact that its a big importer of high-grade steel, despite adequate local availability of high-grade iron ore. An increased output of these products will also aid several Japanese and South Korean automobile companies who manufacture in India.

Source: Business Line, January 10, 2019

MEN IN NEWS**KIOCL appoints new Commercial Director**

T Saminathan has been appointed as Director - Commercial of KIOCL Ltd for a period of five years.

Saminathan holds a degree in mechanical engineering and post graduate diploma in Business Management. He joined the company as a graduate engineer in the year 1986 and has more than three decades of experience in KIOCL especially in iron ore mining, beneficiation, pelletisation and pig iron making.

Prior to assuming the charge as Director (Commercial), he was General Manager - Materials, heading both the Materials and Commercial Divisions. He was instrumental in bringing tolling concept which has resulted in increased capacity utilization of pellet plant.

Saminathan has also put in system improvement in supply chain and logistics which has resulted in reduced transit and handling losses of iron ore fines, brought down inventory holding level, framed and implemented risk management policy across the organization, introduced e-procurement through service provider MSTC and started procurement through GeM portal. He is also a life member of the Indian Institute of Materials management (IIMM) and Indian Institute of Mineral Engineers (IIME).

Source: Business Line, January 10, 2019