

# 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 OF THE WEEK

1. The government has set aside Rs.200 crore for an innovation fund to increase domestic steel production.
2. Steel Minister says sector back on track in 4 years
3. India's crude steel output up 6% in April
4. Finished steel exports drop 25%
5. The Odisha government is inviting SAIL-ArcelorMittal JV to set up an automotive grade steel plant in the state as ample land was available there.
6. NMDC eyes value addition projects for Nagarnar Plant
7. Tata Steel has placed an aggressive bid of Rs.6,000 crore to acquire Kolkata-based Usha Martin, a specialty steel producer with a production capacity of 1 million tonnes in Jamshedpur.
8. Vedanta gets management control of Electrosteel
9. Allies hit back at US with tariffs
10. China smashes steel gangs operating 4.8b yuan export scam

## RAW MATERIALS

### **Odisha rules may keep Tatas out of mine auctions**

The Odisha is likely to introduce a condition in the auction of the next few iron ore and manganese mines, effectively barring Tata Steel from participating, to ensure it does not violate the Mines and Minerals (Development and regulation Act 1957. The move comes in the wake of a court order staying action proceeding of two iron ore deposit that the steelmaker had bid for in April, Section 6 (1) 9 (b) of the Mines and Minerals Act allows a company mining rights for a mineral of upto a maximum of 10sq km in a state. Any additional allocation must be justified by the state government in writing and approved by the centre. Tata steel's iron and manganese (an associate mineral) mines in Odisha already exceed 50 sq km in area. Odisha has been home to Tata Steel's chrome, iron and manganese mines since almost a hundred years but most of these captive leases will lapse in 2030.

*Source: The Economic Times, June 5, 2018*

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## COMPANY NEWS

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### **NMDC eyes value addition projects for Nagarnar Plant**

Backed by a record performance in FY 2018, iron-ore mining major NMDC Ltd is looking at robust growth this year. The company plans to deploy a capital expenditure of about Rs.2500 crore this fiscal, up 25 per cent over the Rs.2,000 crore deployed in FY 2018. As the company plans to up mining capacity from 45 MT to 67 MT in 2022, it is looking at value-addition projects playing a bigger role in its overall business plans. NMDC has scripted a strategic management plan to address risk and opportunities. Bullish on its growth, expansion and diversification projects, N Baijendra Kumar, Chairman and Managing Director of NMDC, said: “Our value-addition projects will play an important role in the NMDC growth story. In our Diamond Jubilee year, we recorded the best-ever performance since inception. We are looking at an exciting phase ahead both in the near and long term.” In an exclusive interaction with BusinessLine, Kumar said: “NMDC’s value-added projects, including the Rs.15,525-crore Nagarnar Steel Plant in Chhattisgarh, and the pellet plant at Donimalai in Karnataka, will play an important role in the company’s business plans. The Nagarnar plant, wherein we have already invested Rs.13,000 crore is set to get commissioned later in the third quarter of the calendar year.” NMDC plans to increase its capex by about 25 per cent to Rs.2,500 crore this fiscal year in various ongoing projects. During the ongoing Diamond Jubilee celebrations, there is also a focus on capacity building.

*Source: Business Line, June 8, 2018*

### **Essar Steel to clock its best-ever performance as bidding picks up pace**

Essar Steel, one of Reserve Bank of India’s (RBI’s) first ‘Big 12’ of non-performing assets to be auctioned under the bankruptcy law, is likely to clock its best-ever performance this financial year. As the bidding process picked up pace since the process was set rolling last August, so did the company’s performance. At the time of the first round of bidding, those interested had access to the January numbers, when Essar recorded an Ebitda (operatign earnings) of Rs 1.9 billion, sales of Rs 23.8 bn and production of 540,000 tonnes.

*Source: Business Standard, June 7, 2018*

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## PROJECTS

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### **Centre sets aside Rs.200 crore for innovation in steel sector**

The government has set aside Rs.200 crore for an innovation fund to increase domestic steel production. Announcing a slew of measures to support the steel industry at an event organised by Steel Re-Rollers Association of Maharashtra (SRAM), Chaudhary Birender Singh, Union Minister of Steel, said that India has huge scope to develop its infrastructure. The target is to increase steel capacity to 300 mt by 2030 from the current levels of 160-170 mt per year. The Steel Ministry has further decided to boost the Micro, Small and Medium Enterprises industry by using steel produced by them in government-backed infrastructure projects. MSMEs contribute about 57 per cent of the country's steel requirements. The Steel Re-Rollers Association of Maharashtra said that the government would be able to save Rs.10,000 crore annually by using steel made by MSMEs in all government infrastructure projects. Aruna Sharma, Steel Secretary, said that an innovative project of waste-to-wealth, which uses the iron-ore fines and coal fines (waste) in steel making, would reduce costs by Rs.5,000 per tonne for the MSME Steel Sector.

*Source: Business Line, June 8, 2018*

### **Odisha willing to offer land for SAIL-ArcelorMittal unit**

The Odisha government today said it is inviting SAIL-ArcelorMittal JV to set up an automotive grade steel plant in the state as ample land was available there. Steel Authority of India Limited (SAILNSE -2.17 %) recently responding to the state's request wrote a letter to Odisha Principal Industry Secretary Sanjeev Chopra, saying they would keep the eastern state in mind while zeroing in on the location for the proposed steel plant.

*Source: Financial Express, June 8, 2018*

### **Vedanta gets management control of Electrosteel**

India's dedicated bankruptcy resolution programme, which seeks to untangle billions of dollars stuck in bad loans, recorded its second-biggest successful recovery to date after global resources major VedantaNSE -0.20 % acquired management control of Electrosteel Steels Ltd (ESL) and named a new board to run the distressed steelmaker. Vedanta has deposited Rs 5,320 crore

in an escrow account of ESL for 90 per cent equity in the bankrupt alloy maker. This is the second successful resolution of a stressed steel asset after Tata Steel acquired Bhushan Steel. The Anil Agarwal-owned company has nominated Rashmi Mohanty, P K Mukherjee (former Sesa Goa MD) and Naveen Singhal, who is currently CEO of Vedanta Sesa Goa Iron Ore, as its nominee directors on the reconstituted board of ESL. Vedanta's move followed the National Company Law Appellate Tribunal (NCLAT) order on May 30: It allowed Vedanta to acquire ESL by depositing the upfront payment to the Committee of Creditors (CoC). ESL has outstanding dues of Rs 14,177.3 crore. According to the resolution plan, Vedanta Star Limited (VSL), a wholly owned subsidiary of Vedanta, will take 90 per cent stake in ESL. Investment from VSL in ESL will come as a combination of Rs 1,765 crore as equity and Rs 3,555 crore as inter corporate loans.

*Source: The Economic Times, June 5, 2018*

## FINANCIAL

### **Miglani family offers to repay entire dues of Uttam Galva**

The Miglani family, promoters of Uttam Galva Steels (UGSL), has agreed to repay the 100 per cent dues of the company and its subsidiaries to lenders, thus saving it from going under the hammer in the National Company Law Tribunal under the Insolvency and Bankruptcy Code. The tribunal will hear the offer made by the Miglani family on Wednesday. UGSL owes Rs 62 billion to 18 banks and has been facing insolvency and bankruptcy proceedings at the NCLT, Mumbai, since last year. However, the firm is not admitted under the Corporate Insolvency Resolution Process yet. In April, promoters of UGSL had offered lenders a one-time-settlement amount of Rs 28.85 billion, but State Bank of India rejected the offer, stating that it would only agree to an out-of-court settlement if 100 per cent of the default amount was paid. "We would fight against everyone to gain control over the company," said a source close to the Miglani family. The offer will help the Miglani family to gain control of the company as they had bought back co-promoter ArcelorMittal's 29 per cent stake in the company for Rs 1 per share in February. ArcelorMittal, co-promoter of UGSL, had sold its shares in Uttam Galva so as to become eligible to bid for much bigger rival - Essar Steel. But its offer for Essar Steel was rejected by the resolution professional as it owned stake in two bank defaulters in India. While ArcelorMittal held a direct stake in Uttam Galva, ArcelorMittal's promoter, LN Mittal, personally

held a 33 per cent stake in KSS of Kazakhstan. KSS, in turn, held a 33 per cent stake in KSS Petron in India, which is also facing bankruptcy proceedings.

*Source: Business Standard, June 6, 2018*

### **With Rs.6,000-cr bid, Tata Steel leads race to buy Usha Martin**

Tata Steel has placed an aggressive bid of Rs.6,000 crore to acquire Kolkata-based Usha Martin, a specialty steel producer with a production capacity of 1 million tonnes in Jamshedpur. The promoters of Usha Martin are selling the steel business to pare the Group's debt. Anil Agarwal-owned Vedanta, which has entered the steel business with the recent acquisition of Electrosteel through the NCLT-driven insolvency process, is also believed to be in the race to acquire Usha Martin. Usha Martin is one of the largest wire-rope manufacturers in the world and leading specialty steel manufacturer in India. The company set up its first long product plant in 1974 near Jamshedpur. Though the price being quoted is a bit high, it makes business sense as Tata Steel can work out synergies given that the Usha Martin facility is close to its mother plant in Jamshedpur, said an analyst. Tata Steel can enhance its profit margin by ramping up the production at Usha Martin, diverting a portion of its 10-mt capacity in Jamshedpur to produce specialty steel, he added. With a history of over 50 years, Usha Martin also has a global base for wire rope manufacturing with facilities in the UK, Dubai and Bangkok.

*Source: Business Line, June 8, 2018*

### **Electrosteel Steels allots equity shares worth Rs 74 billion to lenders**

Electrosteel Steels, which is undergoing insolvency resolution process, said that it has allotted equity shares to its lenders following conversion of loan of about Rs 74 billion. The company has allotted nearly 7.4 billion equity shares to 26 lenders, out of which the country's largest lender State Bank of India got 271,61,79,203 equity shares. "The company has issued and allotted 7,399,132,055 equity shares of Rs 10 each on a preferential/private placement basis to financial creditors of the company...pursuant to conversion of loan equivalent to Rs 73,991,320,550 in terms of Resolution Plan approved by National Company Law Tribunal- Kolkata Bench," Electrosteel Steels said in a regulatory filing. The company had spelled out steps to be taken for completion of its takeover by Vedanta Star Ltd and subsequent delisting from stock exchanges

*Source: Business Standard, June 7, 2018*

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**AdhunikMetaliks case: NCLT reserves order on extra time**

The Kolkata bench of the National Company Law Tribunal (NCLT) reserved its order over the issue of exclusion of requisite number of days from the mandated 270-day deadline under the insolvency resolution process for AdhunikMetaliks. Resolution professional (RP) SumitBinani urged the tribunal to exclude around 20 days from the stipulated 270-day deadline so that in this additional time the revised resolution plan of UK-based Liberty House could be considered. Earlier, the committee of creditors (CoC) had identified Liberty House as the highest bidder (H1). Notably, for the debt-laden steelmaker, the stipulated deadline under the corporate insolvency resolution process (CIRP) expired on April 29, and during this period no resolution plan for the company was approved by its CoC. In his submission before a division bench of the tribunal, advocate Sidhartha Sharma, appearing on behalf of the RP on May 11, had said, “A lot of time has been lost while negotiating with Liberty House. The company has taken time to clarify its stand as an eligible resolution applicant under Section 29A of the IBC.” There are only two resolution applicants — Liberty House and Maharashtra Seamless of the DP Jindal Group. The former’s offer currently stands around Rs 600 crore, sources said.

*Source: Financial Express, June 7, 2018*

**STEEL PERFORMANCE****Steel Minister says sector back on track in 4 years**

Domestic steel sector has been brought on track with multiple initiatives taken by the NDA Government in its four years of rule, Union Steel Minister, Chaudhary Birender Singh said today. The government’s focus on the sector also catapulted the country to the second spot in global steel output, the minister outlined. Talking about achievements of his government in the last four years, he said “The circumstances under which the global steel industry was passing through impacted the Indian industry too. Results of it included in the rise in NPAs. “The sector was not growing at the speed it should have been. The new government with its policies and measures gave it that force and brought it on track”, Singh said.

*Source: Business Standard, June 5, 2018*

**India's crude steel output up 6% in April**

India's crude steel output in April 2018 increased 5.6% to 8.7 million tonne. (MT) as compared to the year ago month, the World Steel Association has said. China's crude steel production in April stood at 76.7MT, registering an increase of 4.8% over the same month in 2017. However, Japan's crude steel output saw a decline of 0.4% to 8.7 MT in the reported month. South Korea's steel production was 5.9 MT in April 2018, an increase of 7.1% over the same month a year ago. "World crude steel production for the 64 countries reporting to World crude steel production for the 64 countries reporting to "World Steel Association was 148.3 MT in April, a 4.1% increase compared to April 2017", it said..

*Source: Economic Times, June 4, 2018*

**Finished steel exports drop 25%**

India's export of Finished Steel slumped by 25.2% to 0.558 million tonnes (MT) during April 2018, according to a report. The country had exported 0.746 MT finished steel during the same month a year ago, the joint plant committee (JPC) said in its latest report.

*Source: Financial Express, June 4, 2018*

**GLOBAL STEEL****China smashes steel gangs operating 4.8b yuan export scam**

China has detained 245 people after a nationwide raid of gangs suspected of illegally selling more than 2.4 million metric tons of steel scrap to buyers across South-east Asia. Chinese authorities carried out multiple raids starting Monday morning after an investigation into unusual activity unearthed a network that was shipping scrap without fully paying the 40 per cent export duty, the General Administration of Customs said in a statement Wednesday. Some 65 gangs were targeted, and the value of the goods is estimated at 4.8 billion yuan (\$\$1 billion).

*Source: Economic Times, June 7, 2018*

### **Allies hit back at US with tariffs**

Canada and Mexico retaliated with levies on billions of dollars of US goods from orange juice to pork and the European Union was set to tax bourbon whiskey and Harley motorcycles after Washington risked a global trade war by imposing steel and aluminium tariffs. EU trade commissioner announced in a news conference to deliver the response of the world's largest trading block to the US tariffs. Germany's Economy Minister said the EU might look to coordinate its response with those of Canada and Mexico. The US tariffson its closest allies, first touted by President Donald Trump in March, drew condemnation from the Republican law makers and the country's main business lobbying group and sent a chill through financial markets.

*Source: Business Standard, June 2, 2018*

## **MISCELLANEOUS**

### **Steel tycoon Lysin is now Russia's wealthiest person**

Vladimir Lysin, who started as an electrical fitter in Siberia in the 1970s, is now Russia's wealthiest person. The metals magnet slipped past rival Alexey Mordashov Monday as shares of Lysin's Novolipetsk Steel PJSC climbed 3.5 per cent, pushing his fortune to \$20.19 billion according to the Bloomberg Billionaires Index, a ranking of the world's 500 richest people.

*Source: Business Standard, June 6, 2018*