

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
Raw Materials	2
Company News	3
Policy	4
Steel Performance	5
Financial	5
Global Steel	7
Miscellaneous	7

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

June 16 – 22, 2018

HIGHLIGHTS OF THE WEEK

1. Finished steel exports fall 33% in May; import increase 11%
2. The Centre is planning to come out with an alloy policy in a bid to augment the output of special steel in the country
3. 'Govt. working on 'alloy policy' to augment special steels output
4. Govt invites steel players to set up base in country
5. Continuous innovation and adoption of new technologies are required for steel sector companies to survive and stay ahead of the curve. This is a key point of discussion that surfaced at a two-day national level seminar organised by the Indian Institute of Metals (IIM), Durgapur Chapter.
6. Thyssenkrupp's needs to quickly clinch a deal for a planned European steel joint venture with Tata Steel
7. JSW Steel (JSTL.NS) is expected to make a bid for ArcelorMittal's Galati plant in Romania.
8. 4 steelmaking units at JSPL's plant to be opened on Sat

RAW MATERIALS

Ferro Alloys may end up in liquidation

After months of deliberations on resolution plans and various cases in the National Company Law Tribunal (NCLT) and the National Company Law Appellate Tribunal (NCLAT), Ferro Alloys Corp of India may finally end up being liquidated. The Committee of Creditors (CoC) rejected all resolution plans, even after the Kolkata Bench of the tribunal gave it time beyond the stipulated 270 days. According to sources, the liquidation value of Ferro Alloys is around Rs 3.5 billion. It has a 100 megawatt (MW) power plant that can be sold at Rs 4 billion, increasing the total liquidity value to Rs 7.5 billion.

Source: Business Standard, June 16, 2018

JSPL ties up with Paradip refinery for sourcing pet coke

Naveen Jindal – owned Jindal Steel and Power (JSPL) may tie up with the Indian Oil's Paradip Refinery for sourcing of pet coke to partly meet the fuel needs of its steelmaking facility based on Coal Gasification plant (CGP). With the company's CGP unit facing coal supply issues, it contemplates to go for a mix of fuel feeds to overcome the problem. "We are trying different recipes to overcome the fuel problem of CGP. We may use 15 to 20 per cent pet coke, which can be sourced from Paradip refinery of Indian Oil. Then 30 to 40 per cent can be imported coal.

And the rest can be procured from Mahanadi Coalfields Mines of CIL” said Naveen Jindal.

Source: Business Standard, June 18, 2018

NMDC may have to cut prices to address supply constraints

With sale of iron ore from mines in Karnataka, having fallen sharply, including that from state-owned NMDC, its producers might have to cut prices to address the glut, say industry officials and brokerages. Karnataka’s mines may now, the Supreme Court recently agreed, produce upto 35 million tonnes (mt) of iron ore in a year; the earlier limit was 30 mt NMDC alone produces about 12 mt annually from its Donimalai mine in the state. Currently, Karnataka ore is priced close to Rs.3000 a tonne. Ore for Odisha is close to Rs.1,600 a tonne. India has three major iron ore regions – Odisha, Chhattisgarh and Karnataka. Iron ore is the key raw material in the making of steel.

Source: Business Standard, June 19, 2018

COMPANY NEWS

JSW Steel planning bid for ArcelorMittal’s Galati plant

India’s biggest steelmaker JSW Steel (JSTL.NS) is expected to make a bid for ArcelorMittal’s Galati plant in Romania, three sources told Reuters, potentially competing against Ukraine’s Metinvest and Italy’s Marcegaglia. ArcelorMittal, the world’s biggest steelmaker, has had to put six European assets up for sale to get approval from European competition authorities for its purchase of Italy’s giant Ilva plant. Analysts at investment bank Jefferies estimate the combined value of the assets up for sale is \$752-940 million and Galati, the country’s biggest steel plant employing about 5,600 people, is the largest of those assets. Bank of America-Merrill Lynch is handling the sale, which it aims to complete by the end of 2018. According to the European Commission, ArcelorMittal has agreed to provide an undisclosed amount of financing to the buyer of Galati to ensure that its steel output grows and the plant remains viable and competitive. JSW, which wants to expand its steelmaking capacity outside India by 10 million tonnes per annum, also declined to comment.

Source: Financial Express, June 22, 2018

4 steelmaking units at JSPL’s plant to be opened on Sat

JSPL on Friday said Union ministers Chaudhary Birender Singh and Dharmendra Pradhan will on Saturday dedicate to the nation its 3 MTPA basic oxygen furnace (BOF) at Angul Steel Plant in Odisha. Besides, the ministers will inaugurate a 2

MTPA DRI plant, a blast furnace- claimed as India's largest – and coal gasification plant for steelmaking based on indigenous coal, JSPL said in a statement. The company's plant at Angul is the largest steel manufacturing plant at Odisha, spread across 3,500 acres. It has 1.5 MTPA rebar mill, 1.2MTPA plate mill, 2.3 MTPA billet caster, 1.7 MTPA slab caster and 2.75 MTPA new electric oxygen furnace, the statement said.

Source: Financial Express, June 16, 2018

POLICY

'Govt. working on 'alloy policy' to augment special steels output

The Centre is planning to come out with an alloy policy in a bid to augment the output of special steel in the country, a top government official has said. Last year, Steel Minister Chaudhary Birender Singh had expressed unhappiness over steel PSUs performance and asked the companies pay attention towards value addition as well as the production of special steel that has multiple uses including in the automobile sector, defence, shipping among other areas. "We are coming up with an alloy policy," Steel Secretary Aruna Sharma told PTI stressing that the need for such a policy was felt in the wake of increased demand of special steel from various sectors. She, however, did not elaborate on the time-frame as to when the policy will be ready for roll out. Sharma said the demand for the special steel is going to increase as industries like shipping, automobile, defence are growing in the country where such steel will be required. "So, it is very important that India should gear itself up to start making special steel and therefore we are working on that alloy policy...We have designed a roadmap as for how to move towards making this special steel," she said. She said once the policy will be rolled out India will be producing sufficient special steel. "Today we make base steel, we make auto steel through JVs now this will be the next step where we will be making sufficient alloy steel which is needed in defence and shipbuilding, etc in a very big way," she said. Last year, the government had approved National Steel Policy with an aim to raise domestic crude steel capacity to 300 million tonnes by 2030-31. The alloy policy not only aims at increasing the output of special steel but also at producing more grades of special steel in the country, the steel secretary said. "...some grades we are making, some we are not. ...This policy will lay down the path," she said and elaborated that as India has set a target of producing 300 million tonnes of steel, it aspires to increase the share of special steel too. Currently, India produces 134 million tonnes of steel only.

Source: Financial Express, June 18, 2018

Govt invites steel players to set up base in country

In line with its “Make in India” initiative, the government will invite big players, who manufacture machinery and build plants for the steel sector, to set up shops in the country. “If we were to reach to 300 million tonnes per annum (mtpa) steel capacity in the next 10-12 years, plant and machinery worth Rs 4 lakh crore would be required. This gives a huge scope for the international plant and machinery makers to come to India,” steel minister Birender Singh said here on Saturday. India had unveiled in May, 2017, its national steel policy to add around 200 mtpa capacity by 2030-31 to take it to 300 mtpa. Currently, the world’s second largest steel producer, after China, India’s installed steel making capacity stands at around 130 mtpa.

Source: Financial Express, June 16, 2018

STEEL PERFORMANCE

Finished steel exports fall 33% in May; import increase 11%

India’s export of finished steel fell by 33% to 4.30 lakh tonnes (LT) in May this year, according to official data. The country had exported 6.42 LT finished steel May last year, the Joint Plant Committee (JPC) said in a report. The JPC under the ministry of steel, is the only institution that collects and maintains data on the iron and steel sector. “Exports stood at 0.43 mt (million tonnes) in May 2018 down by 33% over May 2017 and was down by 23% over april 2018”, the JPC report said. In contrast the imports grew by 11% to 6.20 LT in May,, from 5.58 LT in the year-ago period, it said. The production of finished steel last month stood at 10.547 MTup 6.7% , against 9.886MT in May 2017.

Source: Financial Express, June 22, 2018

FINANCIAL

Essar lenders may not allow change in Newmetal structure

Lenders to Essar Steel may not allow Numetal to change its corporate structure stated in the second round of bidding if it comes up for consideration. “The committee of creditors (CoC) may not allow Aurora Enterprises to be dropped from Numetal because this is not a fresh request for proposal (RFP),” a major lender said. Sources close to Numetal, however, pointed to the order passed by the National Company Law Appellate Tribunal (NCLAT) on May 22 this year. The order said during the pendency of appeals, the resolution professional (RP), the CoC and the adjudicating authority would not pass any order approving or

rejecting plans, or on liquidation. The CoC has, however, made no decision. Right now, the matter is before the NCLAT, where hearing will resume on July 2.

Source: Business Standard, June 18, 2018

NCLT grants more time to Adhunik to complete resolution process

The Kolkata Bench of National Company Law Tribunal (NCLT) has granted an additional 20 days' time to Adhunik Metaliks to complete its ongoing insolvency resolution process. The company's mandated 270-day period to complete the resolution process ended on April 29. However, Sumit Binani, the resolution professional (RP) of the insolvent company, had urged the NCLT to exclude around 20 days from the stipulated 270-day deadline so that the revised resolution plan of the UK-based Liberty House could be considered. "Period of 20 days stands excluded from the statutory period of 270 days and the RP is allowed to consider the plans before him within 20 days from the date of this order (June 15) and submit them for approval of this Bench," said an interim order by the Division Bench of the Tribunal, comprising Justices Jinan KR and Madan B Gosavi. The matter will come up for further hearing on July 2 and the RP will be expected to submit the progress report

Source: Business Line, June 19, 2018

Adhunik Metalliks: Lenders negotiating with UK-based Liberty House to raise offer

After Adhunik Metaliks (AML) received additional time to complete the ongoing insolvency resolution process, lenders are now negotiating with UK-based Liberty House — the highest bidder — for exploring opportunity to raise its offer for the bankrupt company. The Kolkata bench of the National Company Law Tribunal (NCLT) had ordered exclusion of 20 days from the mandated 270-day deadline under the corporate insolvency resolution process (CIRP) for the debt-laden steelmaker. There were only two resolution applicants — Liberty House and Maharashtra Seamless of the DP Jindal Group. The committee of creditors (CoC) of AML already identified Liberty House as the highest bidder (H1), while the plan of Maharashtra Seamless was rejected as it was offering less value than the liquidation value of the company. Lenders to the company are currently negotiating with Liberty House in order to explore the opportunity to improve its offer," a source close to the development told FE. Lenders to the bankrupt company, a flagship of the Adhunik Group, are State Bank of India, Punjab National Bank, ICICI Bank, IFCI, Punjab & Sind Bank, UCO Bank, Allahabad Bank, Bank of Baroda, Corporation Bank and SREI Infrastructure Finance, among others. AML and Zion Steel put together, Liberty House's current offer stands around Rs 600 crore. Zion Steel, an Adhunik Group company, is also undergoing an insolvency resolution process, where Liberty House is the highest bidder (H1). The CoC meet to consider approving Liberty House's revised resolution plan is likely to take place later this month, said the people cited above. Bankruptcy

proceedings against AML, its subsidiary Orissa Manganese & Minerals (OMML), and group company Zion Steel were admitted by the Kolkata bench of NCLT in August last year.

Source: Financial Express, June 21, 2018

GLOBAL STEEL

Thyssenkrupp ‘working hard’ to bag Tata Steel deal

Thyssenkrupp's needs to quickly clinch a deal for a planned European steel joint venture with Tata Steel, its chief executive said in an internal letter, adding this was necessary to determine the group's long-term strategy. "Therefore we are in close consultations with the supervisory board," Heinrich Hiesinger wrote in a staff note dated June 14, a day after the group's supervisory board met to discuss the deal. Thyssenkrupp, under pressure from activist shareholders Cevian and Elliot as well as powerful unions, has less than two weeks to get the deal through its supervisory board in order to hit a self-imposed end-June deadline. Talks have dragged on for more than two years and hit a further snag over the valuation of European steel assets, which have performed differently for Tata Steel and Thyssen since the initial deal was first announced in September.

Source: Business Line, June 19, 2018

MISCELLANEOUS

‘To survive, steel firms must adopt new Tech’

Continuous innovation and adoption of new technologies are required for steel sector companies to survive and stay ahead of the curve. Incidentally, new technologies that utilise lower quality inputs are being experimented with at steel plants across the country. These were among the key points that came up at a two-day national level seminar organised by the Indian Institute of Metals (IIM), Durgapur Chapter, along with Durgapur Steel Plant and Alloy Steels Plant. In a release, DSP said 112 delegates from 20 organisations participated in the seminar on ‘Expanding horizons of technology applications in iron & steel.’ “Continuous innovation and adopting new technologies are essential not only to stay ahead but also to survive in the fiercely competitive steel market,” said AK Rath, CEO, DSP.

Source: Business Line, June 18, 2018