

Steel In The News

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

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

November 17 – 22, 2018

HIGHLIGHTS

1. India asks WTO to set up panel against US for imposing high import duty on steel, aluminium.
2. NMDC Ltd suspends iron ore-mining in Karnataka.
3. JSW Steel gears up for shortfall of iron ore from Karnataka
4. JSW Steel to pump in Rs.50 billion to upgrade capacity
5. Essar Steel creditors seek dismissal of two pleas that could delay debt resolution
6. Mukand Sumi Special Steel Limited - a joint venture between Mukand Limited and Sumitomo Corporation, Japan – is setting up a new steel rolling facility by mid-2020 at an approximate cost of Rs 600 crore.
7. NTPC invites EoI to build fly ash-based roads at its plants

RAW MATERIAL

NMDC Ltd suspends iron ore-mining in Karnataka

NMDC Limited has suspended iron ore-mining from its Donimalai mine in Karnataka following the decision of the State government to impose 80 per cent premium on the iron ore sales from the mine, according to a regulatory filing by the public sector undertaking. The National Mineral Development Corporation (NMDC) said it has requested the government to reconsider its decision and the Karnataka Chief Minister Kumaraswamy had convened a meeting with senior officials on November 14. The meeting ended on a positive note and there was information that the Karnataka cabinet has not taken any decision to cancel the lease of Donimalai to NMDC, it said. Pending the decision on representation by the Karnataka government, production has been temporarily suspended, the NMDC said. Sources said if the Karnataka government decided to stick to the 80 per cent premium, NMDC would be losing Rs 1,348 per tonne and may result in a loss of Rs 944 crore per annum as it mines about seven million tonnes of iron ore per annum from Donimalai. The lease of Donimalai mine has already been extended by the Karnataka government with effect from November 4 for 20 years, NMDC said. The Karnataka cabinet has approved the mining lease of Donimalai till November 2038, on payment of 80 per cent of the average sale value as published by Indian Bureau of Mines, the NMDC said.

Source: Business Line, November 21, 2018

JSW Steel gears up for shortfall of iron ore from Karnataka

State-run mineral producer NMDC's decision to suspend production at one of its largest iron ore mine at Donimalai in Karnataka is expected to push up iron ore prices in the e-auction conducted in the State. The move may cripple operations of over 20 small- and medium-sized steel-making units with capacity of about 25 million tonnes per annum (mtpa). NMDC suspended iron ore mining at Donimalai following Karnataka's decision to impose 80 per cent premium on the existing Indian Bureau of Mines (IBM) rates for the extracted ore. JSW Steel, the largest steel producer in the State with its 18 mtpa capacity Vijayanagar plant, has made stopgap arrangements to meet the shortfall by sourcing ore from Odisha and captive mines, and through imports. Seshagiri Rao, Joint Managing Director, JSW Steel, said the company has been sourcing part of its ore requirements for the Karnataka plant from outside the State because of uncompetitive pricing and persistent shortage. JSW Steel needs about 20 mtpa of iron ore for its Vijayanagar plant, and depending on the pricing, it buys about 5 mtpa from NMDC's Donimalai mine. JSW Steel recently acquired six category 'C' iron ore mines in Karnataka and started producing 0.7 mtpa at two mines. Another two mines are expected to go on stream by next month, taking the captive sourcing to 2 mtpa. The company expects to increase captive sourcing to 5 mtpa by the second quarter of next year by putting the other two mines into operation. The State Government's decision to charge 80 per cent premium will lead to a loss of ₹ 1,348 per tonne and ₹ 944 crore per annum as NMDC mines about 7 million tonnes of iron ore per annum from Donimalai.

Source: Business Line, November 22, 2018

COMPANY NEWS

JSW Steel to pump in Rs.50 billion to upgrade capacity

JSW Steel plans to pump in over Rs 50 billion to strengthen its downstream manufacturing capacity and is also keen to pursue stressed downstream assets that will come up for bidding in the next round. JSW Steel, which announced a capex investment programme of nearly Rs 450 billion to expand its capacities in Karnataka and Maharashtra, is planning to invest over Rs 50 billion to strengthen its downstream manufacturing capabilities,

company's Joint MD Seshagiri Rao said. This will enable the company to re-orient its product mix and focus on high-value special steel products and customisation, he said. "JSW Steel will also pursue stressed downstream steel assets that will come up for bidding in the next round," he added.

Source: Business Standard, 19, 2018

GAIL, GETCO move NCLT seeking rejection of ArcelorMittal bid for Essar Bid

Public sector enterprises GAIL and Gujarat Energy Transmission Corporation have filed an interlocutory application in the National Company Law Tribunal seeking rejection of ArcelorMittal's resolution plan for Essar Steel. The companies have sought rejection of ArcelorMittal application approved by the Committee of Creditors to secure their cumulative claim of ₹ 952 crore. If the resolution plan is approved by NCLT, the operational creditors with over ₹ 1 lakh dues will not get any money back. Separate cases filed. The public sector enterprises have filed separate cases against Satish Kumar Gupta, resolution professional of Essar Steel and State Bank of India, representing Committee of Creditors. Along with the three petitions filed, operational creditors with dues of about ₹ 1,600 crore are opposing ArcelorMittal resolution plan. In the case of Getco, which supplied power for Essar Steel, the overall claim was ₹ 827 crore and the resolution professional has approved just ₹ 1. Last week, three applications by operational creditors were filed against the Committee of Creditors for approving ArcelorMittal's resolution plan. About 29 operational creditors have come together to secure their claim of ₹ 360 crore. Other operational creditors Arkay Logistics and Orissa Stevedores that had an exposure of ₹ 227 crore and ₹ 20 crore, respectively, also filed petitions in NCLT. ArcelorMittal has offered to pay ₹ 214 crore to operational creditors against total admitted claim of ₹ 4,995 crore. Its resolution plan includes an upfront payment of ₹ 42,000 crore against the overall admitted financial claim of ₹ 54,549 crore. The resolution professional has rejected claim worth ₹ 14,727 crore. ArcelorMittal will infuse another ₹ 8,000 crore into Essar Steel to support operational improvement.

Source: Business Standard, November 20, 2018

FINANCIAL

Essar Steel creditors seek dismissal of two pleas that could delay debt resolution

The committee of creditors in the Essar Steel bankruptcy case has sought the dismissal of two applications that could potentially delay debt resolution at the stressed steelmaker, for which ArcelorMittal has been chosen the winner by the lenders. The interlocutory application, moved before NCLT Ahmedabad in this case, is generally used to seek urgent relief, or to bring fresh facts to the court's knowledge. The committee has also sought day-to-day hearing of other such applications, filed by operational creditors. A group of 30 vendors, who had supplied goods and services to Essar, came together to petition the NCLT's Ahmedabad chapter asking for their dues worth more than ₹ 600 crore. These dues are not promised to be repaid in the ArcelorMittal plan. ArcelorMittal's expected acquisition of Essar Steel could face a further challenge over unpaid dues at GPI Textiles, a company promoted by LN Mittal's brothers Pramod and Vinod Mittal, ET had reported on November 2. The Insolvency and Bankruptcy Code (IBC) stipulates that promoters of defaulting companies and people "connected" to them are barred from participating in bids for stressed assets.

Source: Economic Times, 17, 2018

PROJECTS

Mukand Sumi begins building steel rolling plant

Mukand Sumi Special Steel Limited - a joint venture between Mukand Limited and Sumitomo Corporation, Japan – is setting up a new steel rolling facility by mid-2020 at an approximate cost of Rs 600 crore. The new modern fully automated wire rod-cum-bar mill is incorporated with PSM technology that enables accurate dimensional tolerance. The company has already acquired 52 acres of land at Kanakapur Village, Koppal district in Karnataka for this purpose. The ground-breaking ceremony for construction of the plant was recently performed by Mukand's Chairman and Managing Director Niraj Bajaj and Co-Chairman and Managing Director Rajesh Shah along with senior personnel from Sumitomo Corporation. Mukand Sumi Special Steel specialises in alloy steel that is mainly used in the automobile industry for the manufacture of critical components. Sumitomo Corporation is a Fortune 500 company in 129 locations spread across 66 countries and

regions, this investment is their largest in India. It's investment in joint venture with Mukund is one of the largest equity investments in a manufacturing company in India by any Japanese corporation for FY18.

Source: Business Line, 17, 2018

POLICY

India asks WTO to set up panel against US for imposing high import duty on steel, aluminium

India has asked the World Trade Organization (WTO) to set up a dispute settlement panel against the US for imposing penal duties on its steel and aluminium as consultations between the two members initiated earlier this year did not yield any results. China, the EU, Mexico, Canada, Norway, Russia, Turkey and Switzerland, who were similarly penalised by the US, have also asked the dispute settlement body (DSB) of the WTO to set up a panel to sort out the issue, as per the DSB agenda available with BusinessLine. "The DSB, which will meet in Geneva on Wednesday, will examine all the requests. If the US rejects the first-time requests, members will have to file a second request in the next meeting, which would not be allowed to be rejected and panels will be subsequently constituted," according to a trade official. The Trump administration imposed an additional 25 per cent tariff on steel imports and 10 per cent on aluminium imports against the complainants in March. The US contended that the tariffs were imposed owing to national security concerns and the WTO had no authority to adjudicate on the matter. Several affected countries, including China, Canada, the EU and Mexico, imposed retaliatory tariffs against US goods equivalent to the loss suffered by their steel and aluminium sectors due to the higher tariffs. India announced retaliatory tariffs totalling around \$134 million on 29 American items in June but is yet to impose it. WTO disputes are likely to take longer to be sorted out now with the US holding up the selection of new judges for the panels to fill vacancies. A joint request by a large number of WTO members requesting the DSB to allow a mechanism for continuation of Appellate Body appointments will also be considered. The proposal is from countries including India, China, Argentina, the EU, Brazil, Canada, Australia, New Zealand, Pakistan, Peru, Venezuela, Singapore, Switzerland and Mexico.

Source: Business Line, November 21, 2018

MISCELLANEOUS**NTPC invites EoI to build fly ash-based roads at its plants**

NTPC has invited expression of interest (EoI) for construction of fly ash-based geopolymer concrete roads at its plants to demonstrate use of this technology, a company official said. "NTPC has invited players to construct fly ash-based geopolymer concrete roads. About 1,100 tonne of fly ash is used per km of geopolymer road," the official said. Earlier, the company has successfully completed similar project at Dadri station as per Indian Roads Congress (IRC) specifications & accreditation. Moreover, 1.2-km double lane stretch are being constructed at Ramagundam and Farakka stations. These projects are being developed by NETRA, the R&D wing of NTPC.

Source: Business Standard, 19, 2018

Karnataka-NMDC Standoff over iron ore levy to hit output, raise prices

The standoff between Karnataka government and state-run NMDC Ltd. Over imposition of a high levy for renewal of the latter's mining lease at Donimalai Mines will lead to substantial losses for the miner and throttle merchant mining in the state, several miners said. The state government has renewed NMDC's lease for Donimalai mines for 20 years but is demanding that NMDC Ltd. Must pay a levy of 80% of annual average iron ore sales for the renewal. Following the demand, NMDC has suspended mining operations there since November 3. Donimalai mines have an average annual output of 6 million tones. 70-80 % of which is bought by JSW Steel, one of India's largest steel players. Although JSW has said that it is not affected by NMDC's suspension of production. There are fears that if the impasse lingers, it could impact steel production in the state which is already short supplied, and drive prices up. Besides JSW, Kalyani Steel, Mukand and a number of smaller firms manufacture steel in the state.

Source: Economic Times, 22, 2018