

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

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HIGHLIGHTS OF THE WEEK

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2. Tata Steel Q4 production up 23%
3. NMDC to highlight potential, woo steel sector investments at Singapore meet
4. JSW Steel's crude steel output grew 3% to 16.69 MT in FY 2018-19
5. Tata Sponge completes acquisition of Usha Martin's Steel Business.
6. JSW Steel to enhance capacity at Vijayanagar to 18 mtpa with Rs.18,000-crore investment.

COMPANY NEWS

NMDC to highlight potential, woo steel sector investments at Singapore meet

Iron ore-mining major NMDC plans to highlight its potential to diversify into newer related segments in the steel sector and the efforts it has undertaken to step up production at a Non-Deal Investor Presentation in Singapore. The corporation, which is hosting the meet on Friday, will highlight the National Steel Policy 2017 and the National Mineral Policy 2019. It will also explain opportunities for investment in the steel sector. NMDC is also seeking to ramp up its planned ore evacuation capacity from 53 million tonnes to 80 million tonnes by FY22. This will be done by stepping up transportation through railways, road and slurry pipeline, and further strengthening of the rail network. On value addition, which the company plans with an outlay of \$2,218 billion (currently under review), NMDC stated that the integrated steel manufacturing facility at Nagarnar is likely to be commissioned in the second half of 2019-2020. This includes flat products such as HR plates and coils; automotive steel; and API-grade steel of about 2.7 MT. At 100 per cent capacity, the steel plant is projected to contribute about \$1.7 billion to the topline of the company, with 25 per cent EBIDTA. The slurry pipeline taken up at a cost of \$ 415 million is likely to be commissioned by 2021-22. This is expected to reduce the cost of ore evacuation from the Bailadila sector to the Vizag port by 55 per cent.

Source: Business Line, April 12, 2019

Tata Steel Q4 production up 23%

Tata Steel on April 6 said its output rose 23 percent to 7.70 million tonne (MT) during the last quarter of 2018-19. Its India production stood at 4.47 MT during the January-March 2019 quarter as against 3.07 MT in the year-ago period. "India operations achieved the highest ever crude steel production in 4QFY19 driven by better plant availability across the locations including ramp-up at Tata Steel BSL," it said. Tata Steel had earlier acquired Bhushan Steel Ltd through an insolvency process and later named it Tata Steel BSL. Tata Steel Europe produced 2.73 MT of steel as compared to 2.63 MT in the fourth quarter of 2017-18. Tata Steel South East Asia recorded a production of 0.50 MT as against 0.56 MT.

Source: Financial Express, April 8, 2019

Bhushan effect: Tata Steel posts record Indian output

Tata Steel Ltd.'s Indian steel output rose to a record in its latest financial year thanks to its 2018 acquisition of Bhushan Steel Ltd. assets, potentially making Tata the country's biggest producer. Production rose 35 per cent to 16.79 million tonnes in the year ended March 31, as Bhushan Steel added 4.2 million tonnes to output, the Mumbai-based company said. Tata's volumes are a tad higher than the 16.75 million tonnes targeted by JSW Steel Ltd., which was India's biggest steel mill in the previous financial year. JSW has yet to release its final number for the latest 12 month period.

Source: Business Standard, April 7, 2019

JSW Steel's crude steel output grew 3% to 16.69 MT in FY 2018-19

Private steel player JSW Steel said its crude steel output grew 3% to 16.69 million tonne (MT) in the financial year 2018-19. The firm had produced 16.27 MT of crude steel in the 2017-18 fiscal, JSW said in a statement. During 2018-19, JSW Steel's output of flat rolled products stood at 11.74 MT, up 3% from 11.44 MT in the previous fiscal. The production of long rolled products rose by 9 % to 3.87 MT from 3.56 MT in 2017-18. During the fourth quarter of 2018-19, the company saw its crude steel output falling by 3 % to 4.17 MT from 4.31 MT in same quarter in 2017-18.

Source: Financial Express, April 10, 2019

POLICY

Dumping probe on steel coated items

India has started a probe into alleged dumping of alumina and zinc coated flat products from China., Vietnam and Korea following a complaint from a domestic player. The Commerce Ministry's arm, Directorate General of Trade Remedies (DGTR) initiated investigation on the application filed by JSW Steel Coated Products. The company asked for an anti-dumping probe and imposition of duty on imports of flat rolled products of steel, plated or coated with alloy of aluminium and zinc, from these countries. If established that dumping has caused material injury to domestic players, DGTR would recommend imposition of anti-dumping duty on the imports.

Source: Business Line, April 9, 2019

FINANCIAL

JSW Steel raising \$500 million from overseas bond sale

Leading alloy-maker, JSW Steel is entering the dollar bond market with a benchmark issue to raise up to \$500 million in debt, sources said on April 4. The issue has received Ba2 rating with a positive outlook by global ratings agency Moody's Investors Service. The fund raising is in line with a May 2017 board resolution to raise up to \$1 billion in one or more tranches by selling bonds in the international markets, the company informed the exchanges. Merchant banking sources confirmed that the company is looking to raise up to \$500 million through the bond sale. The company, one of the largest steel producers in the country with an installed capacity of 18 million tonne per annum, informed the exchanges that its senior management will be holding road shows in Hong Kong, Singapore and London next week for the bond issuance. In a note, Moody's said proceeds from the issue will be utilised for retiring some debt and also for capital expenditure. The company has \$500 million of senior unsecured notes maturing in November and an equal amount in unsecured bonds maturing in April 2022, the agency said. The rating reflects the company's large-scale and strong position in its key markets, good product and end market diversification, it added. Meanwhile, its peer Fitch Ratings while assigning a 'BB' rating for the issue, said the rating reflects its highly competitive conversion costs and position as one of

the largest steel producers in the country. A further increase in planned capex, following a jump in planned capex in 2018, or significant weakening of global steel industry fundamentals could weaken its financial profile, it added. The agency also cautioned about a likely moderation in the strong margins and risks from acquisitions. The JSW Steel scrip closed 2.41 per cent up at Rs 294.85 on the BSE, as against gain of 0.46 percent on the benchmark.

Source: Financial Express, April 6, 2019

CBI raids Bhushan Steel and Power's premises in Rs.2,348-cr bank fraud case

The CBI carried out searches in multiple cities on Saturday at the premises of Bhushan Steel and Power Limited after registering a case of alleged cheating amounting to Rs 2,348 crore against it, officials said. The searches were carried out at multiple locations in a number of cities, including the Delhi-NCR, Chandigarh and Kolkata at office and residential premises of the company, its directors and promoters and their associates, they said. The agency has booked the firm, its directors, unidentified public servants and other private persons in the case. "It was alleged that the accused entered into a criminal conspiracy among themselves and with unknown public servants and others to cheat banks/financial institutions/govt exchequer," a CBI spokesperson said. It is alleged that the directors of the company allegedly diverted huge amount of bank funds using their companies and shell companies. The company deliberately defaulted in repayment and also claimed inadmissible credit causing a loss of Rs 2,348 crore to the banks.

Source: Financial Express, April 8, 2019

Tata likely to take over Usha Martin Jamshedpur unit today

Tata Steel subsidiary, Tata Sponge Iron is likely to take over the steel alloy manufacturing plant of debt-ridden Usha Martin by Tuesday. Tata Steel had executed definitive agreements with the Kolkata-based company in September last year for the acquisition of the latter's steel business for a cash consideration of between Rs 4,300 and Rs 4,700 crore. Usha Martin's steel business includes one-million-tonne steel alloy manufacturing plant near Jamshedpur in Jharkhand, an operative iron ore mine, a coal mine under development and captive power plants. The Competition Commission of India (CCI) had in December approved the acquisition. Notably, Tata Steel holds 54.5% shareholding in Tata Sponge Iron, which is one of India's largest merchant sponge iron manufacturers. "The steel unit is expected to be

taken over at midnight tonight,” a source close to the development told FE on Monday. “The acquisition of iron ore mine and coal mine will take place later as it requires some additional processing,” the person said, adding the Tata company has already transferred a “substantial amount of money” for the buyout.

Source: Financial Express, April 9, 2019

RP seeks extension of Asian Colour Coated Ispat deadline

Sole bidder JSW Steel's Rs 1,200 crore offer for downstream company, Asian Colour Coated Ispat Limited, may be under a cloud, as the resolution professional and the committee of creditors have moved the National Company Law Tribunal (NCLT), seeking an extension of deadline. Resolution professional (RP), Kuldip Kumar Bassi, said that an extension had been sought in NCLT. "Everybody's objective is maximisation of value, it would be good to have some competition," he said. Asked whether fresh bids would be invited, Bassi said, it would be a CoC (committee of creditors) decision if the extension was granted. The 270-day CIRP deadline for Asian Colour Coated would end on April 16. A senior JSW official said that it had no information about the bid deadline extension but in any asset resolution under IBC, processes need to be followed. As such, extension if it happens post one-month bid deadline would be challenged at multiple levels, which has surpassed the 270-days' resolution window. Sources indicated that a clutch of financial institutions and private equity players might have evinced interest in the company. Asian Colour Coated has a cold rolling mill with downstream galvanising and colour coating lines at Bawal, Haryana. The manufacturing facilities are spread across three locations in proximity to Delhi and Mumbai. It caters to markets across Europe, Africa, Latin and North America, besides India. For JSW Steel, if it manages to bag this asset, it would be the third under the IBC..

Source: Business Standard, April 9, 2019

Essar Steel case: NCLAT directs ArcelorMittal to deposit Rs.42,000 cr

The National Company Law Appellate Tribunal (NCLAT) has directed ArcelorMittal, the winning bidder for the stressed Essar Steel asset, to deposit the bid amount of ₹ 42,000 crore in a separate account either before itself or the Ahmedabad Bench of the National Company Law Tribunal (NCLT). The next hearing in the case is scheduled for April 23. The two-member Bench headed by Chairman Justice SJ Mukhopadhaya also directed ArcelorMittal to file an affidavit with details on the steps it is taking to

implement the approved resolution plan for the revival of Essar Steel. Stating that ArcelorMittal has not deposited the money despite clear instructions, the NCLAT said the company will be forced to comply soon. While agreeing to bring in the money, ArcelorMittal claimed there is reluctance on the part of the lenders to execute the debt assignment agreement. The Bench also ordered the Committee of Creditors (CoC) to submit details on the outcome of a meeting held to consider extra allocation for operational creditors. In their previous meeting, the CoC had agreed to increase the payout to operational creditors to ₹ 1,000 crore from ₹ 200 crore, as directed by the NCLT. However, the lenders refused to consider Standard Chartered Bank as a financial creditor, which would have resulted in a higher payout to the UK-headquartered bank. Under the resolution plan submitted by ArcelorMittal, financial creditors would get about ₹ 42,000 crore out of their total dues of ₹ 49,395 crore while operational creditors would get just ₹ 214 crore against their outstanding ₹ 4,976 crore. The NCLAT also directed both financial and operational creditors to submit details on their approved claims while providing a copy of the approved ArcelorMittal resolution plan to Essar Steel promoters, the Ruias.

Source: Business Line, April 10, 2019

PROJECTS

Tata Sponge completes acquisition of Usha Martin's Steel Business

Tata Sponge has said it has completed the acquisition of Usha Martin's steel business undertaking including captive power plants, on Tuesday, April 09, 2019. The deal was completed "pursuant to a cash consideration of Rs 4094 crore payable to UML after adjustment for negative working capital and debt like items," Tata Sponge said in an official notification to the exchanges. This is subject to "further hold backs of Rs 640 crore, pending transfer of some of the assets including mines and certain land parcels," the Tata Sponge statement added. Tata Sponge is Tata Steel's chosen vehicle for acquisition of UML steel division. Tata Steel had entered into an agreement for acquiring UML steel division in September 2018.

Source: Economic Times, April 10, 2019

JSW Steel to enhance capacity at Vijayanagar to 18 mtpa with Rs.18,000-crore investment

JSW Steel plans to ramp up the production capacity at its Vijayanagar plant in Karnataka to 18 million tonnes per annum from the current 12 mtpa with

an investment of about ₹ 18,000 crore. It has an ongoing project to raise production at the plant from 12 mtpa to 13 mtpa, which will be completed by March 2020. Seshagiri Rao, Joint Managing Director, JSW Steel, said the company already has the requisite permission to enhance output at Vijayanagar up to 16 mtpa. Depending on iron ore availability, production will be raised to 18 mtpa. On the cost front, he said steel companies typically spend ₹ 5,000-6,000 crore for setting up 1 mtpa of steel production capacity, but JSW Steel has managed it at ₹ 3,500 crore. The cost of brownfield expansion at Vijayanagar will be much lower, at about ₹ 3,000 crore, he said. On the availability of iron ore in Karnataka, Rao said the company has won six iron ore mines and started production at three mines while efforts are on to operationalise the remaining ones. JSW Steel should be able to source 6 mtpa of iron ore when all the mines are operational by the end of this fiscal, he added. Rao said there will be no need for the company to rely on imported iron ore this fiscal with enough supply in Odisha and Chhattisgarh.

Source: Business Line, April 12, 2019

STEEL PERFORMANCE

‘India’s steel demand to grow by over 7% in 2019-2020’

India's steel demand is likely to grow by over 7 per cent in 2019 and 2020, driven by sectors like construction, capital goods and railways, as per the Indian Steel Association. "The Indian Steel Association has forecast India's steel demand to grow by 7.1 percent in calendar year 2019 and by 7.2 percent in calendar year 2020," the domestic steel body said. As for financial year, the forecast for steel demand growth is 7.2 percent in both 2019-20 and 2020-21, the Indian Steel Association said. It also forecast that India's steel consumption is likely to cross 100 million tonnes (MT) mark in 2019. Steel Minister Chaudhary Birender Singh has earlier this year said that growth trend in steel consumption in India will continue, due to strong manufacturing sector, diversified demand demographics, accelerated expenditure on infrastructure, anticipated increase in GDP and strong focus on 'Make in India'. "Investment driven sectors such as construction, capital goods and railways are likely to maintain the healthy growth momentum driven by infrastructure programmes such as Bharatmala, Sagarmala, railway track electrification, dedicated freight corridors, metro rails, etc," the statement said. In addition, while, reduction in GST rates will support the real estate demand, ongoing capacity additions in renewable energy segment would continue to boost the electrical equipment demand, it said.

Source: Financial Express, April 11. 2019