

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

April 20 - 26, 2019

HIGHLIGHTS OF THE WEEK

1. For the second consecutive year, the domestic steel industry is likely to keep its utilisation levels high in the lean monsoon period of July-September.
2. RINL aims at a turnover of Rs.25,000 crore in FY 20
3. Tata Steel Q4 profit plummets 84%
4. JSPL completes first rail order ahead of schedule
5. Uttam Galva Steel Arms' resolution plan gets banks' nod

COMPANY NEWS

RINL aims at a turnover of Rs.25,000 crore in FY 20

Buoyed by its performance during the last fiscal, the Visakhapatnam steel plant - Rashtriya Ispat Nigam Limited is aiming at a record turnover of Rs 25,000 crores during the current financial year, according to Chairman and Managing Director P.K Rath. Rath said the RINL was aiming at achieving the highest sales turnover of Rs 25,000 crores and saleable steel output of 5.8 million tonnes during FY 2019-20. He expressed confidence that this target could be achieved with the support of RINL customers. He exhorted the customers to come out with candid feedback and suggestions to improve the product mix. P Raychaudhury, Director (Commercial), said that customers played a vital role in achieving the highest sales turnover of Rs 20,844 crores during FY 2018-19. He said that the RINL was framing its marketing policy based on customer suggestions and to meet their requirements.

Source: Business Line, April 25, 2019

Tata Steel Q4 profit plummets 84%

Tata Steel has reported that its net profit plunged 84 per cent in the March quarter to ₹2,295 crore against ₹14,688 crore logged in the same period last year due to higher operational and finance costs. Sales were up 24 per cent at ₹41,186 crore (₹33,278 crore). The company has announced a dividend of ₹13 a share on fully paid equity share and ₹3.25 a share on partly paid equity share. The dividend will be paid on July 23 after getting the shareholders approval at the Annual General Meeting to be held on July 19. Tata Steel has decided to merge erstwhile Bhushan Steel (now Tata Steel BSL) with itself to maximise value to all stakeholders. Tata Steel will issue one share of itself for every 15 shares of Tata Steel BSL. The merger will drive operational synergies and efficiencies, reduce the regulatory burden and simplify the group structure, said the company in a

statement on Thursday. Sales volume in India increased 12 per cent to 4.72 million tonnes (mt), while consolidated sales was up at 7.52 mt (5.85 mt).

Source: Business Line, April 26, 2019

Tata Sponge will shift base to Kolkata; board okays new name

Tata Sponge Iron Ltd., a subsidiary of Tata Steel, is planning to change its name to Tata Steel Long Products Ltd. The company also proposes to shift its registered office from Joda in Odisha's Keonjhar district to West Bengal. The firm said in a regulatory filing that the name change is pending approval by regulatory authorities and shareholders. TSIL is now engaged in production of sponge iron and power generation from waste heat.

Source: Business Line, April 20, 2019

JSPL completes first rail order ahead of schedule

Jindal Steel and Power Ltd (JSPL) on Tuesday said it has completed delivery of its one lakh tonne first-ever rail order, which the firm had bagged from the Indian Railways. In July last year, JSPL had received from the national transporter an order of one lakh tonne rails, to be supplied within a year. "In a significant development, JSPL has completed delivery of first ever rail order to supply rails to Indian Railways. The company had bagged 20 per cent of the Rs 2,500 crore global tender by the Railways to supply long rails," JSPL said

Source: Financial Express, April 24, 2019

STEEL PERFORMANCE

Steel industry to keep utilisation high in lean period

For the second consecutive year, the domestic steel industry is likely to keep its utilisation levels high in the lean monsoon period of July-September. "We don't see a major dent in construction activity due to monsoons this year. Changes in real estate GST (goods and services tax) is expected to prompt developers to get active once the new government is in place (in May). Cities in the eastern part of the country, such as Kolkata, may see real estate projects commence, with projects panning out for 1.5 to 2 years," Sushim Banerjee, director general at Institute of Steel Development & Growth (INSDAG), told Business Standard. The industry's capacity utilisation is high at 85-90 per cent during strong consumption period between October and March and drops during monsoon, as

construction activity takes a hit. Last year too, due to patchy rainy season, domestic steel producers had kept up its utilisation levels. Sajjan Jindal led JSW Steel, Tata Steel, Rashtriya Ispat Nigam Limited, Jindal Steel & Power (JSPL) and state-owned Steel Authority of India (SAIL) are among the top steel producing companies in the country. Industry officials said that ahead of construction demand pick up in the usually lean period, producers are expected to take maintenance shut down by April-end and in May, with Tata Steel, JSW Steel and SAIL being a part of the list.

Source: Business Standard, April 22, 2019

FINANCIAL

Uttam Galva Steel Arms' resolution plan gets banks' nod

Lenders to the distressed steel assets of Uttam Value Steels and Uttam Galva Metalics on Sunday approved a Rs 2,400-crore resolution package in a staggered payment plan that requires banks to take haircuts of more than 60% on the loans. Two people aware of the resolution plan said the offer includes equity commitment of Rs 100 crore. Of the total amount, about Rs 650 crore will be paid immediately, with the remaining spread over the next five-six years, said one of the executives aware of the payment plans. A consortium of lenders, led by State Bank of India (SBI), has Rs 6,113 crore of loans outstanding in these two accounts. Other banks with significant exposure to the assets include Punjab National BankNSE 1.56 %, Canara Bank and Andhra Bank. The resolution professional, Rajiv Chakraborty of PwC, now has until May 7 to get the plan of CarVal Investors and Asset Reconstruction Company of India (Arcil) approved by the dedicated bankruptcy court.

Source: Economic Times, April 23, 2019

NCLT reserves order on JSW Steel's resolution plan for Bhushan Power

The principal bench of the National Company Law Tribunal (NCLT) on Tuesday reserved its order on approval of the JSW Steel's resolution plan for Bhushan Power and Steel (BPSL). Sources said NCLT is likely to pronounce its final order on JSW Steel's Rs19,700-crore bid in the next 15 days. BPSL was admitted by the New Delhi bench of the NCLT on July 26, 2017, for the initiation of the corporate insolvency resolution process (CIRP), on the plea of Punjab National Bank (PNB). As per the law, a resolution plan, submitted by the resolution professional (RP), has to be approved by NCLT to take effect. JSW Steel has offered to pay Rs 19,350 crore to the financial creditors of the debt-ridden BPSL, implying a near 60% haircut for lenders. Apart from this, the Sajjan Jindal-promoted company has offered to pay operational creditors a sum of Rs350 crore against their admitted claims of Rs733 crore. Tata Steel's total bid is for an amount of Rs17,000

crore. A clutch of 34 financial creditors have claimed Rs 47,303 crore from the company as on January 3, 2019, of which the RP has admitted claims worth Rs47,150 crore. Operational creditors, numbering 1,778, have claimed Rs2,320 crore from BPSL, though the admitted amount is Rs 733 crore.

Source: Financial Express, April 24, 2019

Essar Steel CoC can't discriminate among operational creditors: NCLAT

The National Company Law Appellate Tribunal (NCLAT) on Tuesday observed that the Committee of Creditors of Essar Steel cannot discriminate between operational creditors of the debt-ridden fiThe CoC of Essar Steel has divided operational creditors of the company into two types - one with claims under Rs 1 crore and another above Rs 1 crore. During the proceedings, the NCLAT bench headed by Chairman Justice S J Mukhopadhyaya said that the operational creditors cannot not be treated differentially. "We have said that you cannot discriminate among the same set of creditors. You can not discriminate among operational creditors on the basis of their dues," the NCLAT said. According to the resolution plan of ArcelorMittal approved by CoC on October 24, 2018, operational creditors having claims below Rs 1 crore will get their dues and those with claims of over Rs 1 crore will receive almost zero. Financial creditors would get an upfront Rs 41,987 crore payment against their admitted claims of Rs 49,395 crore while operational creditors are getting Rs 214 crore against their dues of Rs 4,976 crore. Later, the CoC decided to allocate an additional Rs 1,000 crore to operational creditors after the NCLT and the NCLAT suggested it to rework on the distribution of funds. According to advocate Anand Verma, who is representing operational creditors, the banks, which are financial creditors, are getting almost 90-92 per cent of their dues.

Source: Business Line, April 24, 2019

PROJECTS

205 railway projects report cost overrun of Rs.2.21 lakh crore

National transporter Indian Railways account for nearly three-fifths of 344 central sector projects that are facing huge cost overrun due to delay in implementation for various reasons. Total cost overrun of 205 delayed railway projects is whopping Rs 2.21 lakh crore, the latest flash report of the Statistics and Programme Implementation Ministry (MOSPI) for December 2018 showed. The MOSPI monitors central sector projects involving an expenditure of Rs 150 crore and above. According to the report, the total original cost of these 205 projects was Rs 1,68,116.34 crore up to December 2018. The total anticipated cost of these projects is estimated at Rs 3,89,745.97 crore, which indicates overall cost escalation by 131.83 per cent. The ministry monitored 367 projects

of Indian Railways in December 2018. The report stated that 94 of these projects reported time overrun or delay of one month to 324 months. After the railways, the power sector reported the second highest incidence of overall cost overrun.

Source: Financial Express, April 22, 2019

MISCELLANEOUS

Look-out circulars against Bhushan Steel boss, wife

The CBI has issued Look Out Circulars (LOCs) against the chairman of Bhushan Power and Steel Limited Sanjay Singhal and his wife Aarti, who is vice chairman of the company in connection with cheating in loans worth over Rs 2,348 crore, sources said. The LOCs have been opened recently to prevent any attempt by the accused to leave the country without permission from the authorities, the sources said. A look out circular is a letter used by authorities to keep a tab on an individual. The Immigration authorities at all airports and entry-exit points across the country will have to inform the CBI if Singhal and his wife attempt to leave the country. The agency had on April 6 carried out searches at 18 locations connected to the company after registering a case of cheating amounting to Rs 2,348 crore against Singhal and others. Loans worth Rs 47,204 crore were availed from 33 banks and financial institutions from 2007 to 2014 and the company defaulted on their repayments, the CBI said.

Source: Financial Express, April 25, 2019