

# 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 27- May 03, 2019

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## HIGHLIGHT

1. SPS Steels comes fully under Shakambhari fold; turnover target set at Rs.1,000 crore.
2. RINL told to cut emissions, output cost
3. Tata Steel eyes firms in NCLT list for long products expansion.
4. JSPL produces 7 MT pellets in FY19
5. Essar Steel: SBI moves DRT to encash Ruias'

## RAW MATERIAL

### **Metal firms stare at uncertainty on ore front**

Metal companies, especially primary steel manufacturers, are facing an uncertain future on sourcing of iron ore, the key raw material, with leases of about 288 mines, including iron ore, bauxite, limestone and manganese, set to get cancelled in March next year. These mines will be auctioned as per the Mining and Minerals Regulation (Development) Act. They are currently owned by merchant miners without any forward integration with metal production. In 2015, the government had mooted a competitive auction process to weed out corruption and clamp down on discretionary allotment of mines. Merchant mine owners were given a five-year support before their mines are put on auction. Following this, leases of private mine owners will expire on March, 2020. The government should start the auction from July to ensure adequate ore supply and smooth transition of leases. However, the process is expected to be delayed with the new government taking charge after the ongoing General Elections. Moreover, the auction faces many issues which need special permission from state and central governments. Sources said a separate lobby of miners is working to put off the cancellation of existing leases by 10 years and delay the auction process. Seshagiri Rao, Joint Managing Director, JSW Steel, said: "There will be a major disruption in iron ore supply if the government does not take the right steps and expedite the auction of mines before the lease expires." "There are many hurdles to auctioning. The industry is concerned and hopefully something will be done once the election is over," he added. As per the MMRD Act, only mines that have completed G2-level of exploration can be auctioned and only select government agencies are allowed to certify G2-level of exploration.

*Source: Business Line, April 29, 2019*

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## COMPANY NEWS

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### **RINL told to cut emissions, output cost**

The Steel Ministry has advised Rashtriya Ispat Nigam Ltd to focus on reducing carbon emissions and the cost of steel production. During a visit to RINL plant, Steel Secretary Binoy Kumar asked the management to focus on and put their best efforts for curbing carbon emissions and reducing cost of steel production. RINL, after achieving ₹20,844-crore turnover in 2018-19, is now targeting a turnover of ₹25,000 crore in the new financial year.

*Source: Business Line, April 27, 2019*

### **Tata Steel eyes firms in NCLT list for long products expansion**

With a growing market share in the domestic flat steel segment, Tata Steel is eyeing firms facing insolvency under the National Company Law Tribunal (NCLT) to strengthen its long products portfolio. “We will grow in the long products business via the inorganic route and the NCLT is one place which we will be watching for good asset buys in longs,” said T V Narendran, managing director (MD) and chief executive officer (CEO) of Tata Steel. Both of Tata Steel’s recent acquisitions — Bhushan Steel and Usha Martin — were through the NCLT. While Bhushan Steel’s is flat steel products business, the one-million tonne Usha Martin unit is into long products. Flat steel finds application in automobile industry while long products are used in construction and infrastructure centre. Currently, Tata Steel has a total installed capacity of 18.5 million tonnes in the flat steel division and is present in long products via Usha Martin, which is a subsidiary of Tata Sponge.

*Source: Business Standard, April 30, 2019*

### **Tata Steel leads rally on D-Street**

The BSE Sensex rallied 336 points to reclaim the 39,000 mark on Friday, propelled by gains in banking, oil and gas, metal and IT stocks amid easing global crude oil prices. After hitting an intra-day high of 39,103.16, the Sensex settled 336.47 points, or 0.87 per cent, higher at 39,067.33. The NSE Nifty too ended 112.85 points, or 0.97 per cent, up at 11,754.65 after scaling a high of 11,762.90 during the day. Tata Steel and Axis Bank were among the top gainers in the Sensex pack, surging up to 6.67 per cent following Tata Steel led the gainers in the metals sector

on Friday. The shares of the steel major soared 6.67 per cent on the BSE their March quarter results.

*Source: Business Line, April 27, 2019*

### **JSPL produces 7 MT pellets in FY19**

Jindal Steel & Power Ltd (JSPL) Friday said its pellet production in 2018-19 stood at 7.07 million tonne (MT). The company achieved highest ever annual production and dispatch at its 9 MTPA pelletization complex at Barbil, Odisha with output of 7.07 MT pellets in the previous financial year, JSPL said in a BSE filing. JSPL produced 6.86 MT pellets in 2017-18. The company also informed that it has surpassed its previous monthly production records by clocking 6,77,000 tonne during March 2019.

*Source: Financial Express, April 27, 2019*

## **PROJECTS**

### **SPS Steels comes fully under Shakambhari fold; turnover target set at Rs.1,000 crore**

Shakambhari Ispat and Power Ltd has completed the process of acquisition and taken over control of SPS Steels Rolling Mills — the makers of ‘Elegant Steel and TMT bars’ after receiving approval from the Kolkata bench of National Company Law Tribunal (NCLT). According to DK Agarwal, Chairman and Managing Director, Shakambhari Group of Industries, the company has paid ₹270 crore to the financial and operational creditors as per the approved resolution plan. The NCLT gave its final nod for takeover on April 8 and the process was completed within three days-- by April 11. SPS Steels has an integrated steel plant with facilities to manufacture TMT bars and has an installed capacity of close to 1.8 lakh tonnes per annum. However, the capacity was underutilised at around 35 per cent before the takeover. It is to be noted that the second highest bidder in the corporate insolvency resolution process has approached the National Company Law Appellate Tribunal contesting the resolution. However, the company does not think this would impact its plans of scaling up capacity or enhancing the brand presence across the country. The company would invest an additional amount of around ₹150 crore for capacity expansion and modernisation of SPS plants in the next two years. The company is also open to two-to-three more acquisitions in the field in the next one-to-two years and has earmarked close to ₹ 300 crore for the

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same. It is exploring assets under both SARFAESI and IBC for the proposed acquisition. Shakambhari had registered a turnover of around ₹1,800 crore in 2018-19. Plans are afoot to grow this by over 66 per cent to close to ₹3,000 crore by March 2020.

*Source: Business Line, May 1, 2019*

## FINANCIAL

### **Essar Steel: SBI moves DRT to encash Ruias'**

With the debt recovery process under the Insolvency and Bankruptcy Code getting delayed, State Bank of India has moved the Debt Recovery Tribunal (DRT) to encash personal guarantees worth ₹15,000 crore extended by the promoters of Essar Steel. In one of the largest-ever personal guarantee cases filed in India, SBI has moved the tribunal in Ahmedabad with a suit against Prashant and Ravi Ruia — Essar Steel's promoters — to recover the amount. Essar Steel's lenders are saddled with dues of over ₹63,000 crore, including overdue interest and penalties. Lenders had filed an insolvency case against the company in 2017. Early last month, the NCLT approved the ₹42,000-crore bid placed by ArcelorMittal, leading to a hair-cut of ₹21,000 crore for lenders. SBI has now moved the DRT to recover the shortfall in Essar Steel's dues. An Essar official, who did not want to be named, said the promoter guarantees are not at risk because the ongoing debt resolution process will repay at least 92 per cent of the debt to the secured financial creditors. Under the insolvency process, admitted claims of secured financial creditors of Essar Steel amounted to ₹45,000 crore.

*Source: Business Line, April 29, 2019*

### **NCLAT prepones hearing on Essar Steel to May 7**

The National Company Law Appellate Tribunal (NCLAT) on Tuesday preponed its scheduled hearing over the resolution process of debt-laden firm Essar Steel to May 7. The Committee of Creditors (CoC) of the company had moved an urgent plea to seek an early hearing in this matter. An NCLAT bench headed by Chairman Justice S J Mukhopadhaya directed the matter to be listed on May 7

*Source: Financial Express, May 1, 2019*

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## MISCELLANEOUS

### **British politicians, Tata Steel Europe workers skeptical on benefits of Tata-ThyssenKrupp JV**

British politicians representing Welsh constituencies have added their concerns to those expressed by Tata Steel's European Work Council, over measures proposed by the company to gain the necessary regulatory approval for the ThyssenKrupp joint venture. Their concerns centre in particular on the potential sale of the Trostre plant in Wales, that produces packaging material and is supplied by the Port Talbot steelworks. Last month, the Employees Chairman and the Secretary of Tata Steel's European Works Council expressed their "profound concerns" with Tata Steel's package of remedies proposed to the European Commission directly to Tata Steel chairman Chandrasekaran, accusing the company of failing to honour agreements struck with unions. "We are now unconvinced the joint venture is in the best interests of Tata Steel Europe," they wrote in a statement published in late April. An emergency meeting of the EWC is set to take place on May 10, at which the proposals will be discussed further among members of the council, while a meeting of EWC national representatives in the UK is expected to take place the following week.

*Source: Business Line, May 3, 2019*