

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

March 16 - 22, 2019

HIGHLIGHTS OF THE WEEK

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2. SAIL launches smart garbage bins made of steel.
3. Iron ore import slows down in last 2 months.
4. ThyssenKrupp applies for EU extension on Tata Steel merger talks.
5. MSTC IPO subscribed 1.46 times on closing day of bidding.
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RAW MATERIAL

Iron ore import slows down in last 2 months

Iron ore imports, which have been rising since the beginning of the financial year, have started declining in the last couple of months. Imports had surged 157 per cent in the nine months of FY19 to 11.5 million tonnes compared to the same period in the previous year. In July 2018, imports peaked to 1.93 million tonnes, the highest in a month in the past five years. A decline in imports was witnessed from August 2018. This was due to strengthening of the dollar, which reduced spreads between landed cost and domestic prices of iron ore, making imports less preferred by Indian steel makers during the period. Domestic prices are expected to go up by 7-10 per cent. Despite this, these rates would still be cheaper compared to imports as global iron ore prices are expected to go up further because of a demand-supply mismatch. This has happened owing to rising prices of ore in the international market, prompting NMDC to react to the market forces and raise prices.

Source: Business Standard, March 19, 2019

COMPANY NEWS

SAIL launches smart garbage bins made of steel

Steel Authority of India Ltd (SAIL) has launched smart garbage bins made of stainless steel. These smart garbage bins will be able to send a signal to the garbage collection vehicle about the ‘fill-up’ position of the bin, aiding better cleaning and lower human intervention. The environment-friendly garbage bins will be made of SAIL SALEM stainless steel. These will be installed in underground Reinforced Cement Concrete (RCC) pits at the Smart Garbage Station. This will help prevent the spread of stink and diseases. SAIL will supply stainless steel garbage bins to Smart Garbage Stations at Bhikaji Cama Place in Delhi, which is being developed by the South Delhi Municipal Corporation. Another Smart Garbage Station being developed in North Delhi by the North Delhi Municipal Corporation (NDMC) at Kamala Nagar will also get stainless steel from SAIL. “The Smart Garbage Stations will have RCCs pits in which the stainless steel bins will be placed. There will be separate bins for recyclable and non-recyclable wastes. The pits in which the bins will be placed, will be covered with a pit cover fabricated out of stainless steel slip-free sheets. Suitable openings on the pit cover will allow the sanitation crew to dump the collected garbage into the stainless steel bins placed underground,” a SAIL statement said. “It is planned to have IOT (Internet of Things) enabled Gazelle sensors on the pit cover, which will transmit signals to the collection vehicle about the “fill-up” position. The compactor will lift the stainless steel bins from the underground pits and empty the garbage into the compactor vehicle,” the statement added.

Source: Business Line, March 19, 2019

NTPC, SAIL refuse to share probe reports of accidents in RTI reply

A veil of secrecy surrounds industrial accidents in two public sector units as the managements concerned are loathe to share information. Business Line had sought copies of detailed investigation reports of accidents at NTPC and SAIL plants last year under RTI. However, in both cases, the information was denied under section 8.1 of the RTI Act. Section 8.1 of the RTI Act primarily deals with denials of information if it compromises trade secrets, security, sovereignty and integrity of the country.

Source: Business Line, March 20, 2019

ThyssenKrupp applies for EU extension on Tata Steel merger talks

German steel giant ThyssenKrupp said that it has applied for an eight-day extension to complete ongoing negotiations with the European Commission over its planned merger with Tata Steel. The Commission had opened an "in-depth" investigation into the proposed merger in October last year and noted its concerns that the deal between the two steel majors may reduce competition in the supply of various high-end steels. As part of the transaction announced in June last year, Tata Steel and ThyssenKrupp plan to combine their European carbon steel and electrical steel businesses in a joint venture. The European Commission, the executive arm of the 28-member economic bloc, said its initial market investigation raised several issues, relating in particular to combining both companies' offer of certain specialty flat carbon steel and electrical steel products. The Commission said it is concerned that, following the transaction, customers would face a reduced choice in suppliers, as well as higher prices. The Tata-ThyssenKrupp transaction was notified to the European Commission in September 2018 and had 90 working days to take a decision, a period which ended this Tuesday. Under EU rules, the Commission has a duty to assess mergers and

acquisitions involving companies with a turnover above certain thresholds and to prevent concentrations that would significantly impede effective competition in the EEA or any substantial part of it.

Source: Business Standard, March 21, 2019

MSTC IPO subscribed 1.46 times on closing day of bidding

State-owned MSTC's initial share sale, which was extended till March 20, has been subscribed 1.46 times on Wednesday, the final day of bidding. According to data on the NSE website available till 1700 hrs on Wednesday, the IPO has received bids for 2,58,29,100 shares against the total issue size of 1,76,70,400 shares. The offer was earlier scheduled to close on Friday. In an update on the NSE on Friday, the book running lead managers (BRLM) to the MSTC issue had told the exchange that the issue closure date has been extended up to March 20. Also, price band was revised from Rs 121-128 to Rs 120-128 per share. Equirus Capital Private Ltd is managing the offer and the MSTC scrip will be listed on the BSE and the National Stock Exchange. MSTC, a Kolkata-based firm, was incorporated in 1964 as a trading company to deal in the export of scrap. There are three main business verticals in the company -- e-commerce, trading and recycling.

Source: Business Standard, March 21, 2019

FINANCIAL

NCLAT upholds rejection of ESAH offer for Essar Steel

The National Company Law Appellate Tribunal (NCLAT) told Essar Steel Asia Holdings (ESAH) to withdraw its appeal against the rejection of its Rs 54,389-crore offer for Essar Steel, possibly making it harder for the Ruias to regain control of the asset. However, the tribunal said ESAH may be heard during a parallel

appeal against the approval of ArcelorMittal's Rs 42,000-crore resolution plan. The Ahmedabad bench of the National Company Law Tribunal (NCLT) had in January rejected ESAH's plea to consider its bid, taking Essar Steel out of the bankruptcy process. Under the Insolvency and Bankruptcy Code (IBC) only the lenders that had moved NCLT could withdraw Essar Steel from the process, the bankruptcy court had said. "No application should have been entertained," said the twomember NCLAT bench led by justice SJ Mukhopadhaya on Friday. "You can withdraw it and argue the main case (against the ArcelorMittal plan)." ESAH may not do so, according to sources close to the entity, but there's been no official word on this. The bench also asked Essar Steel's committee of creditors (CoC) to consider modifying the distribution of funds under the ArcelorMittal plan. This will involve treating Standard Chartered Bank, which has also opposed the plan, on par with other financial creditors. It suggested that 10% of the payment offered by ArcelorMittal be used to pay operational creditors with dues of more than Rs 1 crore. ArcelorMittal has already agreed to make whole operational creditors of Essar Steel with dues under Rs 1 crore over and above its 42,000 crore bid.

Source: Economic Times, March 16, 2019

Essar Steel lenders mull options after NCLAT advice

Creditors to Essar Steel are weighing three options, one of which might be put before an appellate bankruptcy court on Monday, as they seek to draw to a close the insolvency proceedings that have dragged on for about two years. The options include asking ArcelorMittal to pay up the whole amount and keep the contentious payments to operational creditors in an escrow account or just comply with the suggestions made by the National Company Law Appellate Tribunal (NCLAT) in the last hearing on Friday. "The third option is to stick to our stand that this is the agreed resolution and fight on, assuming further delays. All these options are being debated but there is no consensus as yet," said a banker with knowledge of the internal discussions. Lenders, especially those owned by the state, are under

pressure to accept any solution suggested by NCLAT because they are desperate to close the long-pending case before the fiscal year ends . Meeting that deadline will allow them to write back against earlier provisions and escape higher ageing related provisions for the account. So, there is an outside chance that operational creditors may get a higher share of their dues than what now stands on paper.

Source: Economic Times, March 18, 2019

Bhushan Power operational creditors oppose CoC- approved JSW Steel plan

Operational creditors (OCs) to Bhushan Power and Steel (BPSL) on Tuesday raised objections over the committee of creditors (CoC)-approved plan before the National Company Law Tribunal (NCLT), terming it as “discriminatory”. The CoC had in August last year approved JSW Steel’s `19,700-crore plan for BPSL. Counsel appearing on behalf of the OCs before the principal bench of the adjudicating authority also alleged that they were never given a copy of the resolution plan. The counsel also raised objection to the distinction made among the OCs. The NCLT bench, headed by its president Justice MM Kumar, has scheduled the matter for further hearing on March 25. The NCLT has been hearing the matter for approval of JSW Steel’s plan on a daily basis. It has been directed by the National Company Law Appellate Tribunal (NCLAT) to decide on JSW Steel’s bid for the company by March 31. In the next scheduled hearing, the NCLT is expected to complete hearing the OCs and may also start hearing objections raised by BPSL’s erstwhile promoters. JSW Steel has offered to pay `19,350 crore to the financial creditors of the debt-ridden BPSL implying a near 60% haircut for lenders. Apart from this, the Sajan-Jindal promoted company has offered to pay operational creditors a sum of `350 crore against their admitted claims of `733 crore. BPSL was admitted by the New Delhi

Source: Financial Express, March 20, 2019

Pramod Mittal repays Rs.2,210 cr dues to STC

The Supreme Court has closed the legal proceedings launched by State Trading Corporation (STC) 13 years ago to recover dues from Pramod Mittal-owned Global Steel Holding Ltd and Global Steel Philippines Inc., after the latter paid up the last part of the principal due and promised another Rs 600 crore as interest. The case relates to a tripartite agreement signed between public sector STC and the two firms on April 4, 2005 for supply of raw material by the former. STC had taken Mittal to the Delhi High Court after his firms failed to pay up for the supplies they received. The matter had moved to the Supreme Court after the high court dismissed STC's plea in March 2015 saying it lacked jurisdiction to execute settlements between the two sides signed outside of India. At the last hearing in the top court, Mittal had deposited Rs 800 crore as payment of the principal amount. He will now pay another Rs 600 crore as interest, calculated at 8% per annum, within 12 weeks. Before this, he had paid another Rs 810 crore to STC.

Source: Economic Times, March 21, 2019

NCLAT directs lenders of Essar Steel relook the fund distribution plan

The NCLAT on Wednesday asked the resolution professional of Essar Steel to call a fresh meeting of CoC to discuss distribution of ₹ 42,000 crore coming from ArcelorMittal's resolution plan. A two-member bench headed by Justice S.J. Mukhopadhaya has asked to reconsider distribution of the funds between financial and operational creditors of Essar Steel in the meeting. Meanwhile, the appellate tribunal also said that the March 8 order of the National company Law Tribunal (NCLT) Ahmedabad-bench approving ArcelorMittal plan in 'letter and spirit'. The NCLAT was hearing an urgent application moved by Standard Chartered bank, an operational creditor of the company. The appellate tribunal has directed to list the matter on March 27 for next hearing.

Source: Business Line, March 21, 2019

POLICY

Steel companies seek ban on Iran imports

The Indian Steel Association (ISA), which represents top local makers of the alloy, has urged New Delhi to take immediate steps to ban imports from Iran after a near five-fold increase in shipments that might be traced back to the Persian Gulf nation. Imports have increased after the imposition of US sanctions on Tehran, the ISA said last week, adding that the trend may have serious implications under CAATSA (Countering America's Adversaries Through Sanctions Act). Furthermore, surging imports from Iran via the UAE at 'predatory' prices have added to the worries of Indian steel companies, the ISA said in a letter to steel secretary Binoy Kumar. ISA members include JSW Steel, Tata Steel, JSPL, Steel Authority of India and Essar Steel. Over the past eight years, Iran has steadily raised output while demand locally has shrunk for the tenth largest global producer of the infrastructure alloy. Surplus capacity has climbed to 12.2 mt, or 36%, even as per capita consumption has gone down by 14%. Iran exports 30% of its steel to ASEAN, posing a threat of diversion to India.

Source: Economic Times, March 18, 2019

NCLAT nod: Essar Steel goes to ArcelorMittal

The National Company Law and Appellate Tribunal (NCLAT) has accorded conditional approval to ArcelorMittal's ₹ 42,000-crore bid to take over the stressed Essar Steel. A two-member Bench headed by Justice SJ Mukhopadhaya said Essar Steel's Committee of Creditors (CoC) can go ahead and implement the plan even as the Bench looks into the issue of distribution of funds between financial and operational creditors. It also directed the Insolvency and Bankruptcy Board of India to submit a ratio of distribution of funds between the creditors. The Insolvency Resolution Professional will chair the monitoring committee and

ensure the company remains a going concern, said the NCLAT on Monday. Following the NCLAT direction, the CoC, headed by the largest lenders Edelweiss ARC, SBI, IDBI Bank and ICICI Bank, is expected to meet and take a call on the suggestions made by the NCLT to set aside 10 per cent of the proceeds for operational creditors and consider Standard Chartered Bank as a financial creditor rather than an operational one. If the lenders agree to the NCLT's suggestions, they will receive only ₹ 34,000 crore, against the ₹ 42,000 crore proposed by ArcelorMittal, as the operational creditors will get ₹ 5,000 crore and StanChart will get ₹ 3,000 crore.

Source: Business Line, March 19, 2019