

Steel In The News

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

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HIGHLIGHTS OF THE WEEK

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RAW MATERIAL

NMDC gets nod to up output at Kumaraswamy mines

State owned NMDC on Wednesday said the Indian Bureau of Mines (IBM) has approved its proposal to increase production at Kumaraswamy mines in Karnataka to 10 MTPA. The approval comes a day after the Chattisgarh government extended leases of NMDC's four mines by another 20 years to avoid interruptions in iron ore supply to the steel sector

Source: Financial Express, December 19, 2019

NMDC allocated two coal blocks in Jharkhand

The Union Ministry of Coal has allocated two coal blocks to iron ore mining company NMDC, the Rohne and Tokisud North under Section 5(1) of Coal Mines (Special Provisions) Act 2015 for commercial mining at Hazaribagh District of Jharkhand. The Rohne coal block has extractable reserves of 191 million tonnes (mt) and planned production capacity of 8 mt per annum. The Tokisud North coal block has extractable reserves of about 52 mt of thermal coal and planned production capacity of 2.32 mt per annum. Rohne coal block has coking coal which may require washing before feeding into steel plant. NMDC is exploring the possibility for setting up of coal washeries. NMDC is set to execute allotment agreement of Tokisud North coal block on

December 24. The Rohne coal block allotment agreement would be executed as per the directives from Ministry of Coal with respective execution date. Both the coal blocks have been allocated to the NMDC's Coal Division. The coal division has been set up at Hyderabad exclusively for coal assets in India to provide linkage to steel and power sector.

Source: Business Line, December 20, 2019

COMPANY NEWS

SAIL inks pact with national health body for Modicare

State-owned steel maker SAIL has signed a pact with the National Health Authority for empanelment of 14 of its hospitals under Ayushman Bharat Pradhan Mantri Jan Aarogya Yojana (PM-JAY, popularly known as Modicare). PM-JAY is the government's flagship scheme which provides health cover of Rs.5 lakh per family per year to around 50 crore poor vulnerable individuals

Source: Financial Express, December 19, 2019

Tata Steel BSL bags Energy Award

Tata Steel BSL said on Sunday that it has been honoured by the Odisha government for taking effective initiatives to conserve energy in its plant located at Narendrapur in Odisha's Dhenkanal district. The Odisha State Energy Conservation Award 2019 was given to the company during the National Energy Conservation Day Celebration 2019 here on Saturday, a company statement said. The award was in the category of captive power plant above 100 MW, it said. On behalf of the company, Saroj Kumar Banerjee, Chief of Environment, Tata Steel BSL received the award from Odisha's Energy Minister Dibya Shankar Mishra. "We are humbled to be recognised with this prestigious award for our initiatives taken in the direction of conserving energy," Banerjee said.

Source: Business Line, December 16, 2019

JSPL hopes to become debt free in four years says Naveen Jindal

Jindal Steel and Power Ltd (JSPL) hopes to become debt free in the next 3-4 years, its Chairman Naveen Jindal said on Tuesday. Speaking at the India

Economic Conclave 2019, he however said his company will no longer expand in newer areas. "In the last few years, the way things have hit us, we have become risk averse and conservative. We aim to be debt-free in the next 3-4 years. This means we will grow less but we will make sure we remain profitable and maintain our EBITDA margins," he said. He noted that the company was not keen on expanding in new areas or growing as it did initially because there is "no appreciation" of the contribution that the company has made in the power and steel sectors.

Source: Business Standard, December 18, 2019

ArcelorMittal forms new joint venture for Essar Steel

ArcelorMittal and Nippon Steel Corporation combine, which acquired Essar Steel through an insolvency driven process has formed a new joint venture company ArcelorMittal Nippon Steel India and appointed Aditya Mittal, President and CFO, ArcelorMittal as its Chairman. ArcelorMittal will hold 60 per cent in the new company that will operate the Essar Steel plant while Nippon Steel will own the remaining. In a bid to retain continuity, ArcelorMittal Nippon Steel India has retained Dilip Oommen as CEO.

Source: Business Line, December 17, 2019

Mittals take stock of Essar Steel Hazira plant

ArcelorMittal chairman Lakshmi N Mittal on Tuesday made his first visit to Hazira, the Gujarat port town where his company, along with Japan's Nippon Steel, bought Essar Steel out of bankruptcy in a Rs 42,000 crore deal. The steel tycoon called the acquisition his "homecoming". "I was born in India and my roots are in India. I have spent the past three decades building a steel business in multiple markets around the world," Mittal said. He described the acquisition of Essar Steel, now renamed ArcelorMittal Nippon Steel India (AM/NS India), as a strategic milestone for his company. "It is very satisfying to expand our global footprint by securing a significant presence in the Indian steel market," the London-based industrialist said, according to the inaugural newsletter of AM/NS India.

Source: Economic Times, December 18, 2019

Arcelor, Nippon seal Rs.42,000-cr deal with lenders of Essar Steel

ArcelorMittal, the world's largest steel maker, officially set foot in India for

the second time and in a much bigger way. It closed a Rs 42,000 crore deal with the lenders of Essar Steel along with Nippon Steel on Monday. In a statement, ArcelorMittal said it had established a joint venture with Nippon Steel Corporation called ArcelorMittal Nippon Steel India (AM/NS India), which will own and operate ESIL. ArcelorMittal holds 60 per cent of AM/NS India; the rest is with Nippon Steel. ArcelorMittal announced that Aditya Mittal, president and CFO of ArcelorMittal, had been appointed chairman of AM/NS India and Dilip Oommen, the CEO. Mittal's appointment, however, didn't come as a surprise for industry players. He had played a key role in the acquisition of Essar and was even spotted during some of the court hearings. Oommen was the current managing director of Essar Steel.

Source: Business Standard, December 17, 2019

Essar resolution likely to boost Q3 profit: SBI Chief

State Bank of India chairman Rajnish Kumar expects profit in the third quarter to get a boost from the resolution of the Essar Steel insolvency case, which will give the country's largest lender a fillip of Rs 12,161 crore. The sale of Essar Steel to the ArcelorMittal-Nippon Steel consortium for Rs 42,000 crore, the largest transaction through the three-year-old Insolvency and Bankruptcy Code (IBC), was completed last week. Kumar said the resolution of Alok Industries and Bhushan Power and Steel – where SBINSE 0.37 % is expected to recover Rs 1,700 crore and Rs 4,000 crore, respectively – was close to completion.

Source: Economic Times, December 17, 2019

PROJECTS

Bhushan Power resolution may have to wait longer

Resolution of Bhushan Power & Steel (BPSL), which is tied in legal knots, may stretch further even with the latest set of amendments to the Insolvency and Bankruptcy Code (IBC) approved by the Cabinet. The National Company Law Appellate Tribunal (NCLAT) that is hearing an appeal from JSW Steel — the winning bidder — on Thursday set a fresh date for hearing on January 13. Lenders had approached the Supreme Court, which was slated for hearing next week. They had moved apex court primarily on two grounds. They wanted JSW to implement the resolution plan and the

Enforcement Directorate (ED) to reverse an order attaching assets of BPSL. Lenders had written to JSW Steel after the National Company Law Tribunal (NCLT) approval for closing the transaction. However, the firm was waiting for the complications around the transaction to be ironed out.

Source: Business Standard, December 14, 2019

Red hot plans for Essar Steel

ArcelorMittal Nippon Steel India aims to make the newly acquired Essar Steel the finest steel manufacturer in India, with an initial investment of ₹8,000 crore. Early this week, the ArcelorMittal and Nippon Steel combine paid ₹42,000 crore to clear the Essar Steel loan default of ₹49,000 crore and acquired the company through a two-year-long, insolvency-driven process. In a message to the employees, Aditya Mittal, President and CFO, ArcelorMittal, and Chairman, AM/NS India, said the company has a bold and confident plan to invest, support and grow this company to become the finest steel manufacturer in India. The industrial strategy for India includes an initial investment of more than ₹8,000 crore to improve existing operations, efficiency, technology, product quality and profitability, he said. The company is also committed to growing the business further, reaching shipments to 8.5 million tonnes with a long-term aspiration of 12-15 million tonnes.

Source: Business Line, December 20, 2019

STEEL PERFORMANCE

Steel, iron ore companies likely to add 13 mt by FY22

In the next two years, at least 13 million tonnes (mt) of capacity is likely to be added by the country's top steel and iron ore producers in a market that is currently growing at 3 per cent. In the private sector, JSW Steel is likely to complete its 5 mt expansion at Maharashtra's Dolvi next year; Tata Steel's second phase of expansion is underway at Odisha's Kalinganagar and is expected to be completed between the end of calendar year 2021 and financial year 2022. State-owned NMDC, the single largest iron ore producer, is targeting to complete its 3 mt greenfield plant in FY21 and Steel Authority of India Ltd (SAIL), which has expanded capacity to 21.4 mt in FY19, is now in the process of ramping it up. AM/NS India is committed to growing shipments to 8.5 mt in the medium term and 12-15 mt in the long-

term. The exact timeframe, however, is not known. In any case, AM/NS India has a nameplate capacity of 9.6 mt though it is producing 7.5 mt. Taking it to 8.5 mt would, therefore, not entail capacity expansion. While 13 mt is likely to be the addition in the next two years, by FY25, the ministry is expecting 28-30 mt from the current planned capacity expansions of existing players. The only chink in India's steel story right now is the slowdown facing the industry. This has prompted most companies to shift the goalpost for expansion plans by a few months.

Source: Business Standard, December 20, 2019