

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**

January 19 – 25, 2019

HIGHLIGHTS OF THE WEEK

1. India to leave behind US in terms of steel consumption this year: Chaudhary Birender Singh
2. Sourcing steel locally has ensured Rs.8,000-crore savings: Minister
3. NMDC revives sponge iron unit in Telangana
4. JSW group plans Rs4,500-crore investment in Andhra Pradesh.
5. Maharashtra Seamless again shows interest to buy Adhunik Metaliks
6. ArcelorMittal moves NCLAT to speed up Essar Hearing
7. SBI extends Essar auction deadline to February 11
8. Jindal Stainless group is looking to consolidate its group units- Jindal Stainless, its Odisha unit, and Jindal Stainless (Hisar) - a move that is expected to unlock value for shareholders and create synergies, a senior executive of the company said.

RAW MATERIALS

NMDC revives sponge iron unit in Telangana

Iron ore mining major NMDC has announced the lighting up of its sponge iron unit after a long shut-down due to administrative reasons. The plant was shut down about two and half years ago as it was seen to be economically unviable then. However, in the changed circumstances and better demand for steel in the market, the company has decided to revive the unit. Located at Paloncha in Telangana, the plant has a 100-tonnes-per-day capacity.

According to NMDC sources, the plant will be operated at 80 per cent capacity which will enable the State-owned mining major to achieve break even of the expenditure and costs involved. T.S. Cherian, Executive Director of NMDC, Bacheli Complex located in Chhattisgarh, lighted one of the units of the plant in the presence of the employees. NMDC expects the plant to add value to the steel market providing. The supply of iron lump ore lumps will be from the captive mines of NMDC located at Kirandul and Bacheli of the Bailadilla complex. The coal required for the C-Round is being procured from the Telangana and Centre-owned Singareni Collieries Company Limited from its mines in the Kothagudam region.

Source: Business Line, January 23, 2019

COMPANY NEWS

JSW might not be ‘done and dusted’ with Essar

JSW Steel’s interest in insolvent Essar Steel does not seem over. “It’s not done and dusted. It’s not over till it’s over,” said Sajjan Jindal, chairman, JSW Group, in an interview to BloombergQuint, at the prospects of a partnership with the Ruias for Essar Steel. Adding: “There could be There is a possibility. Whatever deal will happen, it will happen upfront.” Jindal is in Davos, Switzerland, for the World Economic Forum meet. JSW Steel was in the race for Essar as an investor in a step-down subsidiary of Numetal, in which Rewant Ruia, part of the promoter family, had a minority interest. However, the Supreme Court order which directed both Arcelor Mittal and Numetal to pay for the defaulting firms they were associated with had practically put the latter and , in turn JSW out of race.

Source: Business Standard, January 24, 2019

PROJECTS

Maharashtra Seamless again shows interest to buy Adhunik Metaliks

As Liberty House is dragging its feet in paying for Adhunik Metaliks, Maharashtra Seamless, the second-highest bidder, has written to the Committee of Creditors (CoC), renewing its interest in the company. The counsel representing the CoC for Adhunik read out a letter from Maharashtra Seamless, which said that it had cash reserves of Rs 500 crore and was a zero-debt firm. Maharashtra Seamless's written offer for Adhunik was more than Rs 400 crore. Liberty's offer for Adhunik was Rs 410 crore. The CoC counsel prayed before the National Company Law Tribunal (NCLT) Kolkata bench that the resolution professional be allowed to continue and a second chance be given so that the process could be revived. As of now, the company was under the management of Grant Thornton, which was the managing agency. The monitoring committee was defunct, argued the CoC counsel, as it had representatives of Liberty House as well. The CoC counsel said that the monitoring committee was for implementing a particular resolution plan. While there was no process of reviving the CIRP (corporate insolvency resolution process) after the 270 day period, which had lapsed in the case of Adhunik Metaliks, according to the RFRP (request for resolution proposal) document, lenders could invoke the default clause that would allow it to invite fresh bids. The CoC counsel argued that liquidation was the ultimate situation but the theme of IBC was resolution.

Source: Business Standard, January 25, 2019

JSW group plans Rs4,500-crore investment in AP

JSW Group signed a memorandum of understanding (MoU) with the Andhra Pradesh Economic Development Board (APEDB) at the World Economic Forum, Davos. The company has proposed an investment of Rs 4,500 crore for building a jetty at Ramayapatnam Port and also set up an integrated steel complex surrounding coastal areas of Prakasam district in Andhra Pradesh. With this MoU, Jindal Group proposes to establish a jetty at Ramayapatnam in Prakasam district as part of the group's plans to expand their logistics footprint in South Asia, a statement from APEDB said. JSW Group will invest Rs.1000 crore to establish a jetty at Ramayapatnam Port, further, the group plans to build a slurry pipeline with an investment of Rs.3,500 crore for the group's plant in Bellary district. This slurry pipeline will build synergies and linkages to Prakasam district. Nara Lokesh, minister for information technology, invited Jindal Group to establish an integrated steel complex surrounding the coastal areas in Prakasam district to take advantage of logistics and supporting infrastructure in Andhra Pradesh. The Andhra Pradesh government has formed a special purpose vehicle, the AP Maritime Infrastructure Development Corporation, to develop the Ramayapatnam port at a cost of Rs.4,240 crore (phase-1) with eight berths. The port, proposed to be developed on a 3,092-acre site, will have a capacity of 40 million tonne per annum. Chief minister N Chandrababu Naidu unveiled a pylon marking during the launch of the Ramayapatnam port on January 10, 2019.

Source: Financial Express, January 2019

FINANCIAL**ArcelorMittal moves NCLAT to speed up Essar Hearing**

ArcelorMittal has moved the National Company Law Appellate Tribunal (NCLAT) to expedite the hearing in the Essar Steel resolution case. The move may add pressure on NCLT Ahmedabad, which has been directed to pass an order on the “maintainability” of the settlement plan by Essar Steel Asia Holdings for the debt-ridden company by January 31. If the National Company Law Tribunal (NCLT) fails to do so, the NCLAT said, it will call the matter and pass an order on the next hearing on February 4. The NCLT is also hearing petitions filed by close to 30 operational creditors of Essar Steel. If the National Company Law Tribunal (NCLT) fails to do so, the NCLAT said, it will call the matter and pass an order on the next hearing on February 4. The NCLT is also hearing petitions filed by close to 30 operational creditors of Essar Steel. The NCLAT order comes after Essar Steel hit back at Arcelor on Wednesday, saying the company’s creditors, including operational creditors, should not be forced to accept a resolution plan that undervalues the company and its assets. Essar Steel has submitted a resolution plan of Rs. 54,389 crore where all classes of creditors would recover their dues. The Essar comment comes in the wake of an Arcelor statement a day earlier alleging “it appears there are certain parties in India who would like that the IBC is not implemented”. “The proposal made by Essar Steel shareholders provides for payment of a total of Rs.54,389 crore to various creditors, which exceeds the resolution plan approved by the creditors by more than Rs 12,000 crore,” the statement said.

Source: Economic Times, January 24, 2019

Conclude Essar Steel case by Jan 31, NCLAT tell tribunal

The National Company Law Appellate Tribunal (NCLAT) has asked the Ahmedabad Bench of the National Company Law Tribunal (NCLT) to give its decision on the Essar Steel insolvency case by January 31. Or else, it said on it would itself give an order on the case on February 4. The NCLT Bench in Ahmedabad had reserved its order on a maintainability plea moved by the erstwhile promoters of Essar Steel. They had offered to settle all the debt but this came well after a bid from ArcelorMittal, the global giant, had been accepted. The promoters had through their holding company, Essar Steel Asia Holding, made an offer last October to retain control by offering Rs 54,389 crore for the company, thereby making a case for withdrawal of the company from insolvency. This included Rs 47,507 crore in upfront cash payment to the creditors. This application was made under the amended Section 12 (A) of the Insolvency and Bankruptcy Code (IBC). This allows withdrawal of insolvency applications admitted under Section 7 or Section 9, if at least 90 per cent of the Committee of Creditors (CoC) of the company in question approve the plan. ArcelorMittal's counsel Senior Advocate Neeraj Kaul told the NCLAT on Wednesday that the Supreme Court's (SC's) order of October in the case had invoked Section 142 of the IBC, which was for special circumstances and a limited number of parties. Since Essar Steel Asia Holding was not a party at that time, it could not be allowed now to place any settlement bid. The SC had on October 4 allowed both ArcelorMittal and Numetal to bid for Essar Steel, provided they had cleared their respective dues. Once that was done, the CoC would have to consider all bids. If within six weeks the committee was not able to find any resolution plans viable, Essar Steel was to go into liquidation, the top court had said. For ArcelorMittal to become eligible for offering a resolution plan, it had to clear

Rs 7,000 crore in debt of its former subsidiaries, Uttam Galva and KSS Petron. Numetal had to similarly pay nearly Rs 49,000 crore in dues' before it was eligible to bid again as Rewant Ruia, son of erstwhile promoter Ravi Ruia, was part of VTB Bank-backed Numetal.

Source: Business Standard, January 24, 2019

SBI extends Essar auction deadline to February 11

State Bank of India has extended the deadline of e-bidding of its loan exposure to Essar Steel to February 11. It has also extended the deadline for the submission of expression of interest (EoIs) for the bidding to January 30. SBI was slated to auction the debt of Rs.15,431 crore to Essar on January 30. The last date of submission of EoIs was earlier extended from January 18 to January 23 “pursuant to the request of some potential buyers according to a SBI notification.

Source: Business Standard, January 25, 2019

STEEL PERFORMANCE

India to leave behind US in terms of steel consumption this year: Chaudhary Birender Singh

Steel Minister Chaudhary Birender Singh has said that the government is considering an increase in the budgetary allocation for research and development to boost the steel sector. Speaking at the 4th edition of India Steel 2019 organized by the Ministry of Steel, Government of India jointly with the Federation of Indian Chambers of Commerce & Industry (FICCI), Chaudhary Birender Singh said, "We are likely to leave behind US in terms

of steel consumption this year. 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'. A budget of around Rs. 6 lakh crores was allocated for infrastructure development in this financial year. So, based on these enabling factors and with huge potential yet to be tapped, the per capita consumption can easily be increased from the current levels."

Source: Business Standard, January 23, 2019

Sourcing steel locally has ensured Rs.8,000-crore savings: Minister

India has managed to save about ₹ 8,000 crore by giving preference to domestically made steel in government projects and the country is expected to pip the US in steel consumption. Chaudhary Birender Singh, Minister of Steel, said the National Steel Policy 2017 and the policy preference to domestically manufactured iron and steel products is not only to boost the steel industry but also act as a facilitator to the 'Make in India' initiative of the Government. These policies have resulted in savings of over ₹ 8,000 crore till date, he said while inaugurating the fourth edition of India Steel 2019, organised by the Ministry of Steel and the Federation of Indian Chambers of Commerce & Industry. India is likely to leave behind the US in terms of steel consumption this year. A budget of about ₹ 6 lakh crore has been allocated for infrastructure development in this financial year, he said. "Based on these enabling factors and with huge potential yet to be tapped, the per capita consumption can easily be increased from the current levels," he said.

Source: Business Line, January 23, 2019

Jindal Stainless plans to consolidate group units

Jindal Stainless group is looking to consolidate its group units — Jindal Stainless, its Odisha unit, and Jindal Stainless (Hisar) — a move that is expected to unlock value for shareholders and create synergies, a senior executive of the company said. The initiation of the consolidation move is expected to take place once the group’s 1.8 MT Odisha plant gets out of the last leg of the corporate debt restructuring (CDR) by March, and is given a clean chit by the State Bank of India, the lead lender in the consortium of banks that have lent to the company. The re-merging of the group companies will form the third step in creating a more valuable company after it split Jindal Stainless (Hisar), the parent company, into JSHL and Jindal Stainless, under an asset monetisation plan (AMP) in 2014 to protect Hisar, the “stronger” unit on a standalone basis, from group's consolidated liabilities. The AMP supported the company in achieving a turnaround in profits. It will be followed, Jindal said, by the company “hopefully” coming out of the debt restructuring, and then eventually re-merging the two units.

Source: Economic Times, January 24, 2019