

Steel In The News

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

CONTENTS	Page
Highlight of the Week	2
Raw Material	2
Company News	3
Projects	4
Steel Performance	4
Policy	5
Miscellaneous	6

**A Weekly News Report by Joint Plant
Committee**

June 17 - 23, 2017

HIGHLIGHTS OF THE WEEK

1. Lenders led by the State Bank of India on Thursday decided to begin insolvency proceedings against Bhushan Steel, Essar Steel and Electrosteel Steels by referring them to the NCLT for recovery under the Insolvency and Bankruptcy Code (IBC).
2. SAIL has brushed aside pleas to take over the assets of the debt-ridden Monnet Ispat.
3. Tata Steel plans to be more consumer-centric and has envisioned a consumption segmentation through its B2C brands.
4. Global Steel giant ArcelorMittal has said a consortium led by it has reached a binding agreement regarding lease and purchase of steel plant Ilva.
5. Keen to take the two steel PSUs — SAIL and RINL out of the woods, the steel ministry has appointed retired executives with vast domain knowledge about the units of the PSUs to prepare a plan for revival.
6. The steel ministry is confident that the Kalinganagar industrial complex in Odisha can contribute 20 per cent of the country's targeted 300 million tonne steel capacity by 2030

RAW MATERIAL

Steel Ministry moots separate iron ore auctions to curb profiteering

The steel ministry has suggested the holding of separate auctions of iron ore for end users and the mercantile category on the lines of e-auctions for coal supplies. The idea to strike a difference between profit and profiteering through a formula that incorporates cost of ore plus a certain percentage of profit. “What we in the ministry are trying to do is to distinguish between profit and profiteering.” said Aruna Sharma, steel secretary, in an interactive session hosted by the Indian Chamber of Commerce (ICC). Sharma cited the example of coal where separate auctions for sponge iron and the power sectors had helped ease prices. She pointed out that the cost differential between a steel producer with

captive mines and another without them worked to around Rs 2,000 per tonne. “That is a very big difference that can question the viability of a steel plant,” she added. “Moreover, when steel prices go up, mercantile iron ore prices are also hiked. I have been observing this for the last one year. Whatever benefit the steel plant can get in the process is lost and we become non-competitive,” Sharma said India’s steel manufacturing cost within the plant was the second best in the world but steep input costs were making it uncompetitive, she said. She ruled out the need to amend the MMDR Act to rein in iron ore prices. Coking coal is another key ingredient where the steel industry is dependent on imports. “We are working on washeries and our aim is to replace 25 per cent of imported coking coal with domestic washed coal. High power cost is also a disadvantage. For reducing power cost, we are working with NTPC so that the steel industry can be treated as a separate entity like the railways,” Sharma said. “With anti-dumping duty, we have been able to provide some protection to the steel industry and we hope that this will stabilise steel prices,” she said but warned that steel prices could not be exploitative given their implications on end applications. Expressing concern over credit flow to the steel industry, Sharma said the ministry was working with the finance ministry and banks for reviving credit. The national steel policy envisages reaching a capacity of 300 million tonnes by 2030-31. The steel ministry's focus is also on enhancing per capita steel consumption to 150 kg from 64 kg now.

Source: Business Standard, June 18, 2017

COMPANY NEWS

SAIL refuses to take over Monnet Ispat’s assets

Monnet Ispat’s woes are far from over as public sector undertaking SAIL has brushed aside pleas to take over the assets of the debt-ridden company. Speaking to BusinessLine, Union Steel Minister, Birender Singh said, “SAIL has refused to take over assets of stressed companies like Monnet Ispat.” Singh was responding to a query seeking an update on the government’s earlier proposal to have stronger companies take over stressed assets of debt ridden steel companies. BusinessLine had reported earlier that large companies in the steel and infrastructure sectors dominate the list of 12 large accounts identified by an RBI panel for resolution under the Insolvency and Bankruptcy Code, 2016 (IBC). The collective outstanding debt of these accounts is about Rs. 2-lakh crore. Singh said that steel companies in the list will be complying with norms under the Insolvency and Bankruptcy Code.

Business Line: June 20, 2017

Tata Steel to focus on consumer-centric B2C brands, says Narendran

Tata Steel plans to be more consumer-centric and has envisioned a consumption segmentation through its B2C brands, said TV Narendran, Managing Director, Tata Steel India & SEA. Speaking after inaugurating the company's Tata Steel Sampoorna store at Hubballi in north Karnataka, Narendran said all B2C brands like Tata Tiscon, Tata Shaktee, Durashine, Tata Wiron, Tata Pipes, Tata Structura, Tata Agrico, Pravesh, Nest In and Tata Bearings will be available under one roof as these individual brands continue to operate independently in rural areas with a focus on maximising the potential of rural markets. Tata Steel Sampoorna stores are one-stop solution to rural consumers. The first store, developed by Nest-In Studio, was opened in Karnataka's Lakshmeshwar village in Gadag district. **Doorscampaign** - Narendran also flagged off the 'Doors of India' campaign, under the brand 'Pravesh' which aims to reduce carbon footprint by providing wood finish steel doors with better aesthetics for consumers.

Source: Business Line June 23, 2017

PROJECTS

ArcelorMittal buys steel plant Ilva

Global Steel giant ArcelorMittal has said a consortium led by it has reached a binding agreement regarding lease and purchase of steel plant Ilva. "ArcelorMittal and Marcegaglia announce that AM Investco ItalySri (AM Investo has concluded the exclusive negotiation phase and reached a binding agreement concerning the lease and obligation to purchase Ilva SpA and its subsidiaries with the Italian Government," ArcelorMittal said in a press release. The ancillary documentation will be completed by June 30, it said, adding that Intesa Sanpaolo will formally join the consortium before transaction closing. Ilva is an important strategic acquisition for ArcelorMittal, said CEO of ArcelorMittal Europe and Group CFO Aditya Mittal.

Source: Business Line, June 21, 2017

STEEL PERFORMANCE

Bid to begin insolvency proceedings against Essar, Bhushan, Electrosteel

Lenders led by the State Bank of India on Thursday decided to begin insolvency proceedings against Bhushan Steel, Essar Steel and Electrosteel Steels by referring them

to the NCLT for recovery under the Insolvency and Bankruptcy Code (IBC). The decision was taken at a marathon meeting chaired by SBI. While Bhushan Steel is in default of Rs.44,478 crore to banks, Essar Steel owes Rs.37,284 crore and Electrosteel Steels, Rs.10,273.6 crore. These three borrowers are among the 12 accounts identified by the Reserve Bank for immediate reference to the National Company Law Tribunal (NCLT). These 12 accounts alone constitute a quarter of the over-Rs.8 lakh-crore of NPAs. Bankers, led by IDBI Bank, will be meeting tomorrow to decide on Bhushan Power & Steel, which has been in default of Rs. 37,248 crore. The development couldn't be immediately confirmed with these companies. Besides these three accounts, the other stressed borrowers include Amtek Auto (Rs.14,074 crore), Alok Industries (Rs. 22,075 crore), Monnet Ispat (Rs.12,115 crore) and Lanco Infra (Rs.44,364.6 crore). Era Infra (Rs.10,065.4 crore), Jypae Infratech (Rs.9,635 crore), ABG Shipyard (Rs.6,953 crore) and Jyoti Structures (Rs.5,165 crore) were also among the stressed accounts identified, according to reports. Once a case is referred to NCLT, there is a 180-day time line to decide on a resolution, though 90 days can be given in addition. If a plan is not decided, then the company will go into liquidation. Meanwhile, the Reserve Bank today expanded the oversight committee by appointing three more members to the high-level panel that will vet the process to resolve mounting bad loans bogging down the banking sector. Former chief vigilance commissioner Pradeep Kumar will head the now five-member panel that will work through multiple benches, the RBI said in a statement. The expansion follows promulgation of the Banking Regulation (Amendment) Ordinance 2017 last month. The ordinance had outlined the reconstitution of the Overseeing Committee (OC) with an expanded mandate.

Source: Business Line, June 23, 2017

POLICY

Retired PSU execs to prepare rival plan for SAIL, RINL

Keen to take the two steel PSUs — SAIL and RINL — out of the woods, the steel ministry has appointed retired executives with vast domain knowledge about the units of the PSUs to prepare a plan for revival. Each expert will closely monitor the workings of SAIL's five integrated units and RINL's Vizag unit and devise step-wise action plans to plug the loopholes. "Steel minister Birender Singh has formed a committee chaired by secretary of steel for the revival of SAIL and RINL. The committee has nominated industry veterans, known for their expertise in the steel sector, for SAIL and RINL plants to monitor the workings of the units and suggest step-wise solutions to help nurse them back to health," steel secretary Aruna Sharma told FE. Individual experts, mostly retired officials from SAIL and Tata Steel, will continue to provide expertise as long as the steel ministry wants them to. Sources said while BK Singh, an advisor to SAIL, has been asked to prepare the revival plan for RINL's lone Vizag plant; RP Singh, former advisor

to SAIL, BN Singh, former RINL CMD, and Tridibesh Mukherjee, former Tata Steel deputy MD, have been given the mandate for SAIL's plants.

Source: Financial Express, June 23, 2017

MISCELLANEOUS

Kalinganagar can contribute 20% of steel target: Minister

The steel ministry is confident that the Kalinganagar industrial complex in Odisha can contribute 20 per cent of the country's targeted 300 million tonne steel capacity by 2030. "Odisha is blessed with all kind of minerals. There is scope for a steel hub here. We are expecting at least 20 per cent of the new capacity to meet the targeted 300 million tonne steel output capacity by 2030-31 will come from Kalinganagar", said Union steel minister Chaudhary Birender Singh, who was here to attend the Steel Consumers Council meeting. Kalinganagar industrial complex currently houses steel behemoths like Tata Steel, Visa Steel, MESCO steel and Jindal Stainless National Investment & Manufacturing Zone (NIMZ) is also being set up at Kalinganagar. The NIMZ is expected to attract investment of Rs 1.5 lakh crore and generate employment for 4,50,000 people after its completion. The manufacturing zone is expected to attract investment from varied sectors like metal and mines, automotive, steel, and downstream industries. The steel ministry is eyeing to grab about 10 per cent of the Rs 4 lakh crore infrastructure budget allocated to various sectors by maximising the utilisation of the steel. The ministry is also eyeing the Pradhan Mantri Awas Yojana as an option to improve consumption of steel.

Source: Business Standard, June 18, 2017

Sajjan Jindal's reappointment at JSW Steel red-flagged by shareholder advisory firm

Mumbai-based shareholder advisory firm Stakeholders Empowerment Services (SES) has asked minority shareholders of JSW Steel to vote against key resolutions proposed by the company at its upcoming annual general meeting. SES has flagged concerns regarding the reappointment of Sajjan Jindal as Managing Director of the company, when he is already its Chairman, which, SES says, will lead to concentration of power and blur the line between ownership and management. The firm also flagged the company's board remuneration policy, which favours promoter Directors.

Source: Business Standard, June 21, 2017