

# 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**

**May 26 – June1, 2018**

## HIGHLIGHTS OF THE WEEK

1. SAIL records profit for second straight quarter
2. NMDC Q4 profit up at Rs. 1,106 crore
3. 1. NLC, NMDC ink R&D pact with Australian firm
4. Tata Steel, JSW Steel post better than expected Q4 numbers
5. Kamdhenu's Q4 PAT increases 204%
6. Wheels India, a manufacturer of steel wheels and part of the TVS group, has registered a 23% increase in its net profit for the year ended March 31, 2018
7. New owners for steel assets to ease supply issues
8. NMDC, CSIR in research pact for dry beneficiation of low grade iron ore
9. US to slap steep duty on steel from Europe.
10. Wheels India plans Rs. 122-crore capex as demand rises in auto, other segments

## RAW MATERIALS

### **NMDC, CSIR in research pact for dry beneficiation of low grade iron ore**

Iron ore mining major NMDC has signed a research agreement with Commonwealth Scientific and Industrial Research organization (CSIRO), Australia for research collaboration in the field of complex iron ore processing by energy efficient dry processing techniques. The agreement was signed by Narendra Kumar Nanda, Director (Technical), on behalf of NMDC Limited and Keith Vining, Group Leader, on behalf of CSIRO in the presence of N Baijendra Kumar, CMD, NMC, according to a statement. A one day work shop on "Processing of complex goethitic iron ores" was organised jointly by NMDC and CSIRO Australia at NMDC R&D Centre in Hyderabad. The workshop covered various technical aspects ranging from Iron Ore Characterization, Geometallurgy, Beneficiation and Agglomeration processes. The speakers from CSIRO Australia delivered technical talks on cutting edge technologies in iron ore exploration to processing including inputs on processing of hydrated iron ore like goethite. About sixty delegates from various organizations including NMDC, JSW, SAIL, MECON, BARC and IIT Hyderabad attended the one day work shop organized during the Diamond Jubilee year of NMDC.

*Source: Business Line, May 31, 2018*

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**COMPANY NEWS**

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**SAIL records profit for second straight quarter**

Gaining from a recovery of steel prices, Steel Authority of India Ltd has reported a net profit of Rs. 816 crore in the last quarter of the financial year 2017-2018. A company statement said that this profit is despite a provision of Rs.582 crore towards enhanced gratuity recently approved by the government. SAIL had reported net loss of Rs.771.30 crore in the same quarter of the financial year 2016-2017. The company's net turnover in the quarter under consideration stood at Rs.16,811 crore, an increase of 34 per cent over the corresponding period last year. This is the second sequential quarter in which SAIL has reported profit after losses in the 10 consecutive quarters. A company statement said that all the five integrated steel plants of the company have also recorded individual profits in the fourth quarter of the financial year 2017-2018. Total sales volume in the fourth quarter of the financial year 2017-2018 was 3.738 million tonnes, up 8.4 per cent, over the corresponding period last year. For the full financial year 2017-2018, even though SAIL managed to lower losses, it remained in the red. Standalone loss after tax in the fiscal 2017-2018 improved to Rs.482 crore from a loss of Rs.2,833 crore in the fiscal 2016-2017.

*Source: Business Line, June 1, 2018*

**NMDC Q4 profit up at Rs. 1,106 crore**

State-owned miner NMDC today reported an over two-fold rise in its standalone profit at Rs. 1,105.8 crore for the March 2018 quarter. The company had posted a standalone profit of Rs. 511.8 crore in the year-ago period, NMDC said in a filing to the BSE. Its income increased to Rs. 4,053.1 crore, over Rs. 3,006.21 crore in the January-March quarter of FY17, the statement said. However, total expenses of the company increased to Rs. 2,059.8 crore, over Rs. 1,976 crore in the year-ago period.

*Source: Financial Express, May 29, 2018*

**Tata Steel, JSW Steel post better than expected Q4 numbers**

Improved demand and higher price realisation helped domestic steel majors Tata Steel and JSW Steel to post better than expected earnings for the three months of

January-March 2018. A pick-up in sales volume in automobiles, particularly commercial vehicles, and impetus on infrastructure and construction is driving steel demand in the domestic market. Tata Steel managing director TV Narendran said at the company's post-earnings press conference that the consumption growth of 8-9% witnessed in January-March 2018 against January-March last year has not been seen in India in a long time. Growing demand has led companies to increase their capex outlay. Sajjan Jindal-led JSW Steel has upped its capex spends over the next three years by Rs. 17,600 crore and now plans to spend Rs. 44,400 crore in expansion of steel production capacity by March 2020. With Tata Steel's Rs.35,200-crore acquisition of bankrupt Bhushan Steel, the company will consolidate its position in the auto segment. Also, the potential acquisition could lift Tata Steel's India capacity to 17.7 million tonne, analysts at Jefferies observed in a recent report.

*Source: Financial Express 30th May'18*

### **Wheels India FY 18 profit rises 23%**

Wheels India, a manufacturer of steel wheels and part of the TVS group, has registered a 23% increase in its net profit for the year ended March 31, 2018 to Rs. 71.8 crore, compared with Rs. 58.4 crore in the previous fiscal. Revenues (net of excise duty) for the year grew 14% to Rs. 2,469.5 crore compared with Rs. 2,176.1 crore in the previous fiscal, driven largely by a demand uptake in the CV and passenger car segments and a recovery in the overseas markets for its business segments in the second half of FY 18.

*Source: Financial Express, May 30, 2018*

### **Kamdhenu's Q4 PAT increases 204%**

TMT Bars manufacturer Kamdhenu has reported a profit after tax (PAT) of Rs. 6 crore for the fourth quarter of FY 18, an increase of 204% compared with Q4 of FY 17, according to a press release. Revenue was up 55% to Rs. 376 crore in the quarter compared with Rs. 242 crore in Q4 FY 17.

*Source: Financial Express, May 30, 2018*

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## PROJECTS

### **NLC, NMDC ink R&D pact with Australian firm**

Navaratna Power Company NLC India (NLCIL), formally, Neyveli Lignite Corp, along with NMDC, has signed a Memorandum of Understanding (MoU) with Australia based – Environmental Clean Technologies, (ECT) for the largest –ever joint R&D collaboration between Australia and India. Based in Melbourne, ECT, a public company listed on the Australian Stock Exchange, is in the business of commercialising leading edge-coal and iron-making technologies, which are capable of delivering both financial and environmental benefits.

*Source: Financial Express, June 1, 2018*

### **Wheels India plans Rs. 122-crore capex as demand rises in auto, other segments**

Wheels India Ltd (WIL) has planned a capex of Rs. 122 crore for the current fiscal as TVS Group's auto parts company has been, for the first time in the past six years, faced with capacity constraints to meet the surge in demand in both auto and non-auto segments. The proposed capex will be spent on enhancing capacity across segments. The company expects the overall capacity to go up by 20 per cent from 10 million wheels a year, though the increase will vary from segment to segment. The company sees robust demand both in domestic and export businesses. On the export side, WIL expects stronger growth this fiscal due to revival of demand in segments such as construction equipment in several markets.

*Source: Business Line, May 30, 2018*

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## FINANCIAL

### **Electrosteel Steels seeks Sebi exemption**

Electrosteel Steels, which undergoing insolvency resolution process, has sought exemption from the markets regulator Sebi from filing its financial results for the quarter and year ended on March 31, 2018. In a regulatory filing, Electrosteel Steels (ESL) expressed its inability in filing mandatory disclosures due to “mismatch of liabilities of the company in its books of account and those admitted

by resolution professional of the company...(i.e. from July 21, 2017 to April 17, 2018) in terms of the Insolvency and Bankruptcy Code, 2016”

*Source: Financial Express, 26th May'18*

### **NCLAT asks Tata Steel if it will pay Bhushan Steel tax dues**

The company law appellate tribunal today asked Tata Steel if it will clear the statutory dues like income tax and GST of Bhushan Steel, a company it had acquired in the insolvency proceedings earlier this month. The National Company Law Appellate Tribunal (NCLAT), hearing appeals against the acquisition filed by Bhushan Steel's founding Singal family and the firm's operational creditor Larsen and Toubro, asked Tata Steel to submit a statement of statutory dues of the company. The two-member bench headed by NCLAT Chairman, Justice S J Mukhopadhaya also asked the Resolution Professional, which oversaw the auction of Bhushan Steel, to state how much would L&T get from Rs 532 crore offered to all the operational creditors. Bhushan Steel owed its lenders about Rs 56,000 crore and was among the 12 big loan defaulters identified by the Reserve Bank of India last year to undergo insolvency under the new bankruptcy law.

*Source: Financial Express, May 31, 2018*

### **Vedanta asks NCLAT to lift stay over Electrosteel sale**

Vedanta on Monday asked the National Company Law Appellate Tribunal (NCLAT) to vacate its order for maintaining status quo over the sale of debt ridden Electrosteel Steel. Senior advocate C A Sundaram appearing for Vedanta Ltd said that status quo is causing losses to the banks involved. The NCLAT bench, headed by Justice S J Mukhopadhaya, has directed to list the matter on Tuesday and would hear it continuously for three days till May 31. On May 17, NCLAT admitted the petition of Renaissance Steel challenging Vedanta's bid for debt ridden Electrosteel. Renaissance Steel's resolution application was rejected by the Committee of Creditors (CoC) of Electrosteel Steels. On May 1, NCLAT had directed to maintain status quo in the case pertaining to the sale of debt ridden Electrosteel Steels to Vedanta Ltd. Renaissance has submitted before NCLAT that Vedanta is not eligible to bid for Electrosteel under section 29 A of the Insolvency & Bankruptcy Code as one of Vedanta's affiliates in Zambia — a unit of its UK-based parent Vedanta Resources Plc — had been found guilty of criminal misconduct. It also raised an objection against CoC's decision to not allow it to participate in the meeting in which the successful bidder was decided. The NCLAT had last month approved the resolution plan submitted by Vedanta Ltd for

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Electrosteel Steels, making it the first among 12 large stressed accounts identified by the RBI last year to get resolved under the Insolvency and Bankruptcy Code.

*Source: Business Standard, May 29, 2018*

### **NCLAT to hear ArcelorMittal, NuMetal pleas on July 2**

The National Company Law Appellate Tribunal (NCLAT) will hear ArcelorMittal and NuMetal's petitions on the Essar Steel matter on July 2. While earlier the NCLAT had said it would hear the matter only on July 23, it decided to hear the case at the beginning of the month after the bankers appealed for an early hearing, on the ground that a delayed hearing would lead to financial losses for them. Essar Steel's RP, the CoC and the adjudicating authority would not be able to pass any order, including liquidation, in the interim period, the NCLAT has said. The NCLAT will have to hear multiple petitions from both the bidders on the bids they have submitted for the bankrupt Essar Steel. While NuMetal has petitioned for the second round of bids to be considered, ArcelorMittal has appealed for its first bid to be considered as eligible. ArcelorMittal's first bid for the bankrupt Essar Steel was disqualified by the RP on the ground that it was a promoter of Uttam Galva and KSS Petron, both of which have defaulted on loans. Numetal's bid was disqualified since one of the persons associated with the company, Rewant Ruia, is related to the promoters of Essar Steel. The shareholders of NuMetal include Russia's VTB Bank and engineering firm Tyazhpromexport, financial investor Aurora Enterprises (in which Ruia has an interest) and commodity trading company Indo International Trading.

*Source: Financial Express, May 31, 2018*

### **Electrosteel: NCLAT allows Vedanta to make Rs. 5,320-cr payment upfront**

The National Company Law Appellate Tribunal (NCLAT) on Wednesday permitted Vedanta, promoted by Anil Agarwal, to make an upfront payment of Rs. 5,320 crore to lenders for its proposed acquisition of Electrosteel Steels. Any resolution of Electrosteel Steels, will, however, be subject to the NCLAT's final order in the case where Renaissance Steel India (RSIPL) — another bidder for Electrosteel - has challenged Vedanta's bid. The NCLAT added Electrosteel's lenders would refund the money to Vedanta if the final order goes against it. The NCLAT had, on May 17, admitted RSIPL's petition challenging Vedanta's eligibility. Renaissance Steel had earlier said that one of Vedanta's affiliates in Zambia — a unit of its UK-based parent Vedanta Resources — had been found guilty of criminal misconduct punishable with two or more years in jail. This could

be the second instance, after Tata Steel's acquisition of Bhushan Steel, where lenders will be able to recover their loans from a large defaulter using the Insolvency and Bankruptcy Code (IBC). Earlier this month, the NCLAT bench had ordered a status quo in the resolution process of Electrosteel after hearing a plea by Renaissance Steel, which challenged a National Company Law Tribunal (NCLT) order on April 17 that approved Vedanta's bid. While the appellate tribunal had not considered Vedanta's appeal, it agreed to hear the matter on a daily basis.

*Source: Financial Express, May 31, 2018*

## STEEL PERFORMANCE

### **New owners for steel assets to ease supply issues**

The supply-side wheel of the domestic market in steel is set to roll a lot more smoothly. Three out of five companies in the segment which were taken to the National Company Law Tribunal (NCLT) for being insolvent are now on the verge of getting new owners. Over the past few weeks, the Neeraj Singhal-promoted Bhushan Steel has found its new owner in Tata Steel. The Sandeep Jajodia-led Monnet Ispat and Jharkhand-based Electrosteel Steels await a final decision – frontrunners in their cases being the JSW Steel-AION consortium and Anil Agarwal-led Vedanta Resources, respectively. Utilisation is expected to move up in the coming months, said industry officials. A report from the Joint Plant Committee, arm of the steel ministry, says consumption of total finished steel was 90.7 million tonnes during in 2017-18, up 7.9 per cent over the same period last year. Compared to March 2017, the average market retail price of hot-rolled steel in Delhi was 41.6 per cent up in March 2018. There is more coming on ownership switches. Essar Steel's 10 mt plant at Hazira in Gujarat and Bhushan Power & Steel's 3.5 mt one in Odisha are up for sale. While ArcelorMittal and Numetal are in the race for Essar's (Ruia group) asset, the UK-based Liberty House and Tata Steel are eyeing the other, Sanjay Singhal-led, entity. Along with easing on the supply side, industry officials are expecting the assets to get managed professionally, thus strengthening the domestic market.

*Source: Business Standard, May 30, 2018*

## GLOBAL STEEL

### **US to slap steep duty on steel from Europe**

President Donald Trump intends to impose steel import duties on steel and aluminium imports from Europe starting Friday, after weeks of talks failed to reach a compromise. The trade officials from Washington and Brussels had continued discussions to find a solution, such as import quotas, that would convince Trump to extend the exemption for the European Union from the 25 per cent tariff of steel and 10 per cent on aluminium. The *Wall Street Journal* cited people familiar with the matter saying a last minute deal appeared unlikely. Trump imposed the tariff in March to address global oversupply of the metals, but though it was largely aimed at China it hit US allies as well.

*Business Standard, June 1, 2018*