

Steel In The News

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

CONTENTS	Page
Highlights of the Week	2
Raw Material	2
Company News	3
Policy	5
Financial	6
Steel Performance	7
News Maker	7

HIGHLIGHTS OF THE WEEK

1. Lacklustre domestic demand, coupled with a general cooling off of prices globally have pushed domestic steel prices to a record low.
2. Anti-dumping duty imposed on certain steel imports
3. Coal mine auction: Ministry to relax bidder norm
4. Railways likely to get Rs.7,500 cr from Delhi land monetization
5. Tata Steel BSL bets on downstream exports in FY20.
6. NMDC may gain from Merchant Mining Leases due for Renewal next March
7. JSW Group promoter Sajjan Jindal has repaid Rs.1,200 crore of loans raised by pledging shares of JSW Steel and JSW Energy
8. Essar Steel CoC defends lower payout to StanC

RAW MATERIAL

Coal mine auction: Ministry to relax bidder norm

The Ministry of Coal is going to allow mines with less than three interested bidders to be auctioned in the 11th round of coal mine auctions. This significant move comes after the 8th, 9th and 10th auction rounds saw a poor response with just six of the 27 mines finding the minimum three bidders required to go under the hammer. “The decision to allow the auction of mines with just two bidders is in line with the October 2018 recommendations of the Pratyush Sinha committee. This will be implemented in the next (11th) round of coal mine auctions,” a top Coal Ministry official told BusinessLine. “In all, 45 bids were received for the blocks on offer, but an adequate number of bids were received for just six out of the 27 blocks on offer in the recent (8th, 9th and 10th round) auctions. Another six blocks received interest for allocation to State or Central government entities. In total, 12 of the 42 blocks envisaged to be auctioned or allocated in this round are now in the fray,” the official said.

Source: Business Line, October 14, 2019

NMDC may gain from Merchant Mining Leases due for Renewal next March

The state-owned National Mineral Development Corp (NMDCNSE -1.36 %) might unexpectedly benefit when a number of merchant mining leases with

combined production of 50-70 million tonne (mt) are due for renewal. While the management may not explicitly bid for new licenses, the event is a “golden opportunity” for the company to permanently enhance its mining share in domestic iron ore production, which “it inadvertently missed in 2012-13,” ICICI SecuritiesNSE 0.47 % said in its latest research report on the mining company. After the amendment of Mineral Rules 2015, which made renewal of mining leases of PSUs mandatory, NMDC expects a fast resolution of the Donimalai mining issue in Karnataka. With proactive production planning, iron ore volumes are estimated to touch 32 mt in FY20, while NMDC expects its upcoming 3 mt Nagarnar steel plant to be commissioned by June-July 2020, given delays in installation of raw material handling system and by product plant.

Source: Economic Times, October 17, 2019

COMPANY NEWS

Tata Steel BSL bets on downstream exports in FY20

After staging a turnaround of the insolvent steel asset it acquired in Odisha’s Meramandali, Tata Steel BSL (formerly owned by Bhushan Steel) is betting on exports of downstream exports from the mill. The plant boasts of churning out quality downstream products. Last financial year, Tata Steel BSL’s exports were 18 per cent of its overall sales. In this financial year, the company aims to export 10 per cent of its sales to strategic markets and customers. But the company can take a flexible view on exports depending on the response in domestic and international markets and the demand-supply dynamics. “In FY20, the focus is on downstream exports by increasing presence in Europe, Africa, South East Asia and Latin America, and creating markets for high-end hot- rolled coils (HRC) exports like structural steel. We export upstream products like HRC and downstream products like Galvanised Galume (a coated product), colour-coated products, tubes and pipes, and hardened and tempered steel across the globe,” said a source at Tata Steel BSL. With effect from November 27, 2018, Bhushan Steel is renamed as Tata Steel BSL. The Ministry of Corporate Affairs had accorded its formal approval for this on the same date. The name change is part of the process to integrate the company’s operations within the Tata Steel fold and to align to the Tata brand and give the company a singular identity with the Tata Group.

Source: Business Standard, October 13, 2019

JSW Group promoter repays Rs.1, 200-crore debt

JSW Group promoter Sajjan Jindal has repaid Rs.1,200 crore of loans raised by pledging shares of JSW Steel and JSW Energy, the conglomerate said on Tuesday. Following the repayment, pledged shares of both the companies have been released by the lenders, JSW Group said. The pledged shares of both companies were worth Rs.2,500 crore. Around 7.01 crore shares of JSW Steel accounting for 2,90% of paid-up capital of the company have been released.

Source: Financial Express; October 16, 2019

Essar Steel CoC defends lower payout to StanC

The Committee of Creditors of Essar Steel on Tuesday defended lower payout to Standard Chartered Bank (StanChart) despite it being a secured financial creditor, reasoning that its security was different and lower from other lenders of the debt-laden steel maker. Challenging the National Company Law Appellate Tribunal's (NCLAT) decision allowing higher payout to Operational Creditors (OCs), the CoC told the Supreme Court (SC) that there had to be difference between the money distributed as the OC would continue to be working with the new resolution applicant which takes over. The submissions by CoC came during the hearing on a bunch of pleas challenging the NCLAT approval of ArcelorMittal's plan for Essar Steel, the higher payout to OCs and StanChart, as well as other petition by OCs challenging the amendments made to the Insolvency and Bankruptcy Code.

Source: Business Standard, October 16, 2019

JSW, Adani, others express interest in Avantha Power arm

Avantha Group's Jhabua Power, which is undergoing insolvency proceedings, has received expressions of interest from JSW, Adani Power, National Thermal Power Corporation and Tata Power-backed Resurgent Power, said people directly briefed on the matter. A few Singapore-based distressed asset investors and some local asset reconstruction companies are also said to have submitted EoIs, they said, adding that Vedanta group's Sterlite Power may also participate in the bidding process. The deadline for submission of formal bids for the company is November 15.

Source: Economic Times, October 18, 2019

POLICY

Railways likely to get Rs.7,500 cr from Delhi land monetisation

The Indian Railways expects to earn Rs 7,500 crore from three land parcels near metro stations in Delhi by monetising them under the Transit Oriented Development (TOD) scheme, two officials aware of the matter said. The railways had expected to make Rs 5,000 crore from the land parcels before the TOD policy was approved in Delhi. The Rail Land Development Authority (RLDA), which is a statutory authority under the ministry of railways for development of vacant railway land for commercial use, has written to the Delhi Development Authority (DDA) asking them to include land parcels at Kishanganj, Shakur Basti and Punjabi Bagh under the TOD policy. The reason for increase in price is high Floor Area Ratio (FAR) and commercial exploitation of land under the TOD policy.

Source: Economic Times, October 14, 2019

Anti-dumping duty on Chinese flat-rolled steel imports in offing

India's Finance Ministry on Tuesday proposed to impose anti-dumping duty on flat-rolled steel imports from China, Vietnam and South Korea, a government statement said. The anti-dumping duty, varying from \$28 to \$200 per metric tonne, will be effective for six months, once it is notified.

Source: Financial Express; October 16, 2019

Anti-dumping duty imposed on certain steel imports

India has imposed a provisional \$29-\$200 a tonne anti-dumping duty to rein in burgeoning and predatory imports of galvalume steel products from China, Vietnam and Korea which were causing material injury to the domestic industry. The duty will remain in effect for six months. JSW Steel Coated Products, a unit of Sajjan Jindal-led JSW Steel, had moved a petition before the Directorate General of Trade Remedies (DGTR) for imposition of the trade remedial measure on imports of the high-end aluminium and zinc coated flat products (galvalume) that find application in roofing purposes to making auto parts. Following investigations, the DGTR found that exporters from these three countries were sending galvalume to India "below their normal values", causing "material injury" to the domestic producers like JSW Steel, Tata Steel and Bhushan Power and Steel among others. In its

petition, JSW Steel Coated Products had submitted that imports of these products galloped by more than 11 times from 17,695 tonnes in 2015-16 to 2,02,711 tonnes during the investigation period — October 2017 to September 2018.

Source: Financial Express, October 17, 2019

FINANCIAL

BPSL lenders seek NCLAT order for JSW Steel to execute RP without delay

Lenders to Bhushan Power and Steel (BPSL) have urged the National Company Law Appellate Tribunal (NCLAT) to direct the bankrupt firm's highest bidder JSW Steel to implement the corporate insolvency resolution plan (CIRP) without further delay. JSW Steel has offered to pay Rs 19,350 crore to financial creditors and Rs 350 crore to operational creditors in its bid that was approved by the National Company Law Tribunal (NCLT) on September 5. Banks and financial institutions also want JSW Steel to pay a minimum 8.25% interest on their Rs 19,350 crore due from October 4 — one month from the date JSW Steel's plan was approved — till the plan is implemented. They have also claimed their share of the profits earned by BPSL during the CIRP period that started on July 26, 2017. However, being sympathetic to JSW Steel, lenders have urged the appellate tribunal to listen to Sajjan Jindal-led firm's prayer of providing protection against attachment or confiscation of assets of BPSL under Prevention of Money Laundering Act (PMLA).

Source: Financial Express, October 12, 2019

NCLAT stays Bhushan Power sale to JSW Steel

The National Company Law Appellate Tribunal (NCLAT) on Monday stayed the implementation of JSW Steel's Rs 19,700-crore resolution plan for Bhushan Power and Steel. A three-member Bench, headed by Chairperson Justice S J Mukhopadhaya, also ordered the release of all assets of Bhushan Power and Steel, which were attached by the Directorate of Enforcement (ED), to the resolution professional of the firm. The ED, the appellate tribunal said, would also be barred from attaching any assets of the company. The NCLAT order asking the ED to release all attached assets and barring it from attaching any more assets of Bhushan Power came on the back of a submission made by the Ministry of Corporate Affairs (MCA). In

its affidavit with the NCLAT, the MCA stated that it had called a meeting of the Department of Financial Services and the banks who are the lenders to Bhushan Power. In a meeting held on October 3, the stakeholders unanimously decided that the “rights of secured financial creditors are to be protected in the resolution of the corporate debtor” and that once the said resolution plan was approved by the National Company Law Tribunal (NCLT), it was binding on all stakeholders, including government agencies.

Source: Business Standard; October 15, 2019

STEEL PERFORMANCE

Domestic steel prices plunge to 3-year low

Lacklustre domestic demand coupled with a general cooling off of prices globally have pushed domestic steel prices to a record low since August 2016, and with more pressure in domestic prices likely, analysts have warned that the industry’s earnings are facing a risk. Domestic steel price fell to Rs.34,975 per tonne for the first time since August 2016 and has been declining for 19 straight weeks, a research note by Edelweiss said. Also, with international prices cooling off and domestic demand showing little or no signs of a pick-up, prices will remain under pressure the note said. “We find the current decline in steel price unnerving. Over the past four months, the cumulative drop in steel prices has been Rs.6,675/tonne (16%), enough to test the resilience of even the fittest operating models”, the report said. Another research report by ICICI Securities had said that operating profit for steel players is expected to fall by 20-25% in the July-September quarter.

Source: Economic Times, October 18, 2019

NEWSMAKER

Jindal is Vice-Chairman of Worldsteel

The World Steel Association (Worldsteel) has elected Sajjan Jindal, Chairman and Managing Director, JSW Steel, as Vice-Chairman of the association for one year. It also elected YU Yong, Chairman, HBIS Group Co, as Chairman. Other office bearers include TV Narendran, Chief Executive Officer and Managing Director, Tata Steel, and Lakshmi Mittal, Chairman and Chief Executive Officer, ArcelorMittal. The World Steel Association is one of the largest industry representation in the world and represents 85 per cent of the world's steel production.

Source: Financial Express, October 17, 2019