

# 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

### **Eastern Coalfields aiming to export coal in five years**

Eastern Coalfields on Friday said the company wants to ramp up production over next five years to be in a position to export the dry fuel. The Coal India subsidiary will also look at new mines, keeping environmental concerns in mind, a top official said. "We wish to take production in the next five years to such a level that we can think of exporting to foreign countries," ECL chairman and managing director Prem Sagar Mishra was quoted as saying.

*Source: Financial Express, February 29, 2020*

## COMPANY NEWS

### **Tata Steel shifts focus on digital channels to drive volumes**

Tata Steel has sharpened focus on digital and physical channel expansion to deepen market penetration and drive volumes. The steel manufacturer's on ground delivery and distribution network rose 11 per cent year-on-year (y-o-y) in Q3 or December quarter of this fiscal. It has also witnessed a substantive scale up in its digital channel. Multi-brand e-commerce platform Tata Aashiyana has touched an annualized revenue rate of Rs 380 crore during Q3. Likewise, Tata Basera, an initiative to leverage distribution networks across Tata Group Companies realised

a year-to-date sales of Rs 114 crore. The steel behemoth's retail business experienced 16 per cent y-o-y growth during Q3. Tata Tiscon achieved 12 per cent volume growth led by Aashiyana channel ramp up and group synergy initiatives. For Tata Shaktee, volume appreciated 13 per cent y-o-y with the launch of long length GC (galvanized iron corrugated) sheets, WAMA (wall profile) and improvement in TSBSL's (Tata Steel BSL Ltd) galvanized line capability. Tata Kosh, a brand focused on rural consumable markets saw its retail footprint soaring three times in the quarter under review.

*Source: Business Standard, March 4, 2020*

### **ArcelorMittal gets NCLT nod to acquire Odisha Slurry Pipeline**

It has been a day of development for ArcelorMittal Nippon Steel India which acquired the stressed Essar Steel in a long-drawn insolvency-driven process. ArcelorMittal on Tuesday received the NCLT Cuttack's approval for its resolution plan to acquire Odisha Slurry Pipeline Infrastructure, the key infrastructure that connects the company's iron ore beneficiation plant in Dabuna with the 12 mtpa pellet plant in Paradip. Last December, lenders had approved ArcelorMittal's ₹2,350 crore-bid for the 253-km slurry pipeline that transports iron ore.

*Source: Business Line, March 4, 2020*

### **JSW gets a breather as SC set to hear Bhushan's plea on March 6**

The Supreme Court on Friday will hear the Bhushan Power and Steel promoter Sanjay Singal petition against JSW Steel taking over the bankrupt company. The case is watched keenly by the industry as the verdict will answer many probing questions and set a precedence for future insolvency cases. While approving the ₹19,700-crore bid of JSW Steel for BPSL last month, the National Company Law Appellate Tribunal (NCLAT) last month provided immunity for JSW Steel from the ongoing investigation against BPSL and its promoters. It has also approved the takeover of BPSL which has been attached by the Enforcement Directorate under Prevention of Money Laundering Act (PMLA). Singal, in his petition, has challenged the powers of NCLAT to provide such immunity and transfer rights of an asset that has been attached by ED.

*Source: Business Line, March 2, 2020*

**Arcelor JV buys Bhandar plant, eyes more Essar ancillary units**

AM/NS India, a joint venture of ArcelorMittal and Nippon Steel, is getting closer to securing ancillary units that were not part of the Essar Steel acquisition. On Tuesday, AM/NS India announced that it had completed the acquisition of the Bhandar Power Plant in Hazira, Gujarat, from Edelweiss Asset Reconstruction Company. Bhandar, a natural gas-based thermal plant with an installed capacity of 500 megawatt (Mw), will remain captive to AM/NS India's steel manufacturing operations at Hazira, the company said. Bhandar was commissioned in 2006 and commenced commercial operations in 2008. It was owned by the Ruias, promoters of Essar group, who sold it to Edelweiss for Rs 475 crore. AM/NS India has purchased the power plant under the Securitisation and Reconstruction of Financial Assets and Enforcement of Securities Interest (SARFAESI) Act.

*Source: Business Standard, March 4, 2020*

**Jindal Stainless exits corporate debt framework**

Jindal Stainless Limited (JSL) announced its successful exit from the Corporate Debt Restructuring (CDR) framework with effect from March 31, 2019. The Delhi-based company received a letter from the consortium of CDR Lenders to this effect. Existing CDR lenders have realised the full recompense of about Rs 275 crore in cash, which will add to their income in the current fiscal itself. Additionally, JSL has paid Rs 558 crore in order to fully redeemed the outstanding optionally convertible redeemable preference shares (OCRPS) issued to the lenders in June 2017. With this, aggregate payments made to lenders goes up to Rs 833 crore.

*Source: Business Standard, March 6, 2020*

**Thyssenkrupp to sell elevator unit to Advent, Cinven consortium for \$18.7b**

Thyssenkrupp AG (TKAG.DE) said on Thursday it agreed to sell its elevators division to a consortium of Advent, Cinven [CINV.UL] and Germany's RAG foundation for 17.2 billion euros (\$18.7 billion) in what could be the world's largest buyout this year. The bidding group prevailed against a rival consortium comprising Blackstone Group Inc (BX.N), Carlyle Group Inc (CG.O) and the Canada Pension Plan Investment Board, which sources said submitted a lower offer. The deal, Europe's biggest buyout since 2007, values the division at roughly 18 times core earnings, a person familiar with the matter said. It is expected to

close at the end of the second quarter. The price beats the most optimistic estimates and roughly matches a bid that had been submitted earlier in the process by Finnish rival Kone (KNEBV.HE), which dropped out of the race earlier this month over expected antitrust risks. Thyssenkrupp said it would reinvest about 1.25 billion euros to take a stake in the unit, which, based on the purchase price, would result in a 7.3% share that would be used to partially fund its pension liabilities in a trust.

*Source: Business Line, February 29, 2020*

## STEEL PERFORMANCE

### **Indian makers of steel products may win EU duty relief**

Domestic exporters including HEG, may win tariff relief on shipments to Europe of graphite electrodes for electric furnaces, which are used by steelmakers. The European Union will review duties ranging from 6.3% to 7.2% that are meant to counter alleged Indian subsidies to the exporters. The inquiry will also cover separate EU levies from 8.5% to 9.4% in response to alleged below- cost- or “dumped”- sales in Europe by the India-based companies. The duty rates vary depending on the Indian exporter. HEG faces a 7% anti-subsidy duty and a zero anti-dumping levy. The probe is based on a request by HEG, which claims that a global shortage of graphite electrodes for electric furnace has caused a “massive shift upward” in prices world-wide and in the profitability of producers including those in the EU for which the duties exist, according to the European Commission, the block’s trade authority.

*Source: Financial Express, March 3, 2020*

### **Steel exports to increase as China chokes**

Steel mills in India are gearing up for an increase in demand from overseas buyers as the coronavirus outbreak chokes supplies from China. China is the world’s largest steelmaker and accounts for more than half of global output. The virus crisis has crippled demand and led to record high inventories of steel in the country, as migrant workers, who typically staff construction sites or drive trucks, are unable to return to work due to quarantine measures and movement restrictions. “There are opportunities in certain markets where China is not able to supply because Chinese ports are blocked and movement to the ports is also pretty

impacted,” Jayant Acharya, director for marketing at JSW Steel Ltd., said by phone from Mumbai. Indian steelmakers could gain business from this month onward as supply gaps emerge in Southeast Asia, which is a big market for China, and the Middle East, he said.

*Source: Business Standard, March 5, 2020*

### **Odisha steel output set to cross 100 MTPA by 2030: Steel Minister**

The central government is working on strengthening the steel ecosystem in Odisha whose steel production is set to cross 100 million tonnes per annum by 2030, Union minister Dharmendra Pradhan has said. "Today Odisha is the highest steel producing state in the country. We are working to strengthen the steel ecosystem in Odisha. By 2030, Odisha's steel production alone is set to cross 100 MTPA. Odisha is going to be the nerve centre of Mission Purvodaya in steel," Steel Minister Dharmendra Pradhan was quoted as saying in a statement. Kalinganagar, he said, will be the hub of the clusterisation programme involving entire eastern India. "Moving beyond just producing primary steel, we will create an ecosystem of ancilliary, value added products, capital goods with industry participation," he added. The minister was speaking during a workshop in Bhubaneswar, the steel ministry said.

*Source: Economic Times, February 29, 2020*

## **FINANCIAL**

### **Swiss co looks to set up Rs.12k-cr steel plant in AP**

Swiss company IMR Metallurgical Resources has proposed to set up a major steel plant in YSR Kadapa district in Andhra Pradesh by investing more than Rs 12,000 crore with an annual production capacity of 10 million tonne. This was disclosed by the representatives of IMR Metallurgical who held discussions with chief minister YS Jagan Mohan Reddy on Thursday. The company officials said their activities were spread across Indonesia, South Africa, Mexico, Columbia, Italy, Ukraine and India pertaining to coal, iron ore and gold mines excavation and were also involved in the power production and steel industries.

*Source: Business Standard, March 6, 2020*

**Kotak fund invests Rs.500 crore in Jindal Stainless' equity, debt**

Kotak Special Situations Fund (KSSF), a fund managed by Kotak Investment Advisors Ltd (KIAL), has invested ₹500 crore in debt and equity in the country's largest stainless steel producer, Jindal Stainless Ltd (JSL). KSSF said in a statement that post completion of the transaction, it will hold an about 5 per cent stake in JSL. The investment will help JSL repay its debt, and in turn emerge out of the corporate debt restructuring (CDR) process, it added. "We are delighted to partner with JSL by taking a 5 per cent equity stake in the company and providing financing facility to help Jindal Stainless come out of CDR," KSSF CEO Eshwar Karra said. KSSF is a \$1-billion fund with a mandate to invest in special situations in India. Under the transaction, KSSF has purchased equity shares from the lenders of JSL and invested in the company's debentures to repay optionally convertible redeemable preference shares and recompense dues to the lenders as part of the CDR package.

*Source: Business Line, March 3, 2020*

**METALS****Zinc, aluminium at multiyear lows as coronavirus devastates commodities**

Global equity selloff has had a ripple effect on the commodities markets with prices of major global commodities falling between 1 and 3.2 per cent on Friday. This is owing to the widespread coronavirus outbreak across the world which pushed the global economy into uncertainty. The decline was sharper in India due to nearly 1 per cent depreciation in the rupee, which closed at Rs 72.17 against the dollar on Friday. All base metals on the benchmark London Metal Exchange (LME) reported a decline of up to 1.7 per cent. Energy, including crude oil and natural gas, slumped by up to 1.2 per cent in London. Also, the global economic stimulus, started with Japan and China, is set to support the declining trend in interest rates. This may weaken demand for base metals and the energy segment.

*Source: Business Standard, March 2, 2020*

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**MISCELLANEOUS**

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**GDP growth slows to near 7-yr low in Q3**

Unprecedented contraction in investment and manufacturing output in two successive quarters dragged down India's economic growth to a 27-quarter low of 4.7 per cent in the quarter ended December 2019 (with the previous quarter's growth having been corrected). Looking ahead, gross domestic product (GDP) growth is set to stagnate at 4.7 per cent in the March quarter (Q4) too, according to the annual estimate of 5 per cent by the National Statistical Office (NSO). Even in annual terms, investment is set to show a contraction of 0.6 per cent, according to the second advance estimate for FY20 released by the NSO. Manufacturing is set to show 0.9 per cent growth, the lowest since 2012-13 in the current GDP series. Still, two areas have offered a respite. First, consistent growth above 6 per cent in the services sector, which occupies more than half the space in the economy, has kept the economy afloat. Secondly, positive signals on farm output in the rabi season are seen to gradually push agricultural growth above 3 per cent. Consumer spending (private final consumption expenditure), on the other hand, is seen growing below 6 per cent for many quarters. Balancing this, government spending has grown strongly at 13.2 per cent and 11.8 per cent in the second and third quarters (Q2 and Q3), respectively.

*Source: Business Standard, February 29, 2020*

**Fitch slashes India's growth forecast to 4.9% for FY20**

Fitch Solutions on Monday cut its forecast for India's economic growth to 4.9 per cent in the current fiscal that ends March 31, saying manufacturing could come under pressure from weak domestic demand and supply chain disruptions due to the coronavirus outbreak. The GDP growth is forecast to recover slightly to 5.4 per cent in 2020-21 (April 2020 to March 2021), it said. "We at Fitch Solutions are revising down our forecast for India's real GDP growth to 4.9 per cent in FY2019/20, from 5.1 per cent previously, and 5.4 per cent in FY2020/21, from 5.9 per cent previously," the agency said in its outlook for the country. India's real GDP growth decelerated to 4.7 per cent in the third quarter (October-December) from an upwardly revised 5.1 per cent in the second quarter owing to slower government consumption, a steeper contraction in gross fixed capital formation and a smaller net exports contribution.

*Source: Financial Express, March 3, 2020*



**Domestic steel producers may come under pricing pressure**

The novel coronavirus outbreak is likely to put pressure on domestic steel prices in the near term and increase downside risks for the sector due to a drastic supply-demand imbalance causing an inventory pileup, two reports released said. The Covid-19 outbreak is likely to adversely impact Indian steel prices, which have been witnessing an upward trend since November, ratings agency ICRA said in a report, while India Ratings & Research (Ind-Ra) warned that the demand supply imbalance created globally will get worse with the virus spreading across the world. “Domestic steel prices are currently trading at a discount of 7 per cent to landed cost from China,” said Jayanta Roy, senior vice-president at ICRA. “While this provides a headroom to domestic steelmakers to increase steel prices, the rising number of confirmed cases (of Covid-19) in India could add pressure to steel prices in coming months.” Consequently, ICRA has revised its estimate of domestic steel consumption growth to 4-5 per cent in 2020-21 against its November 2019 forecast of 6.5 per cent. The Ind-Ra report said Indian steel producers would face pricing pressures of about \$30 per tonne, which could result in margin pressures of \$25 per tonne.

*Source: Economic Times, March 6, 2020*