

# 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	1
Company News	2
Financial	5
Policy	5
Steel Performance	6
Global Steel	8
Miscellaneous	9

A Weekly News Report by Joint Plant  
Committee

June 29 – July 05, 2019

---

## HIGHLIGHTS OF THE WEEK

1. Steel output to touch 128.6MT by 2021: Economic Survey
2. Steel imports to outpace exports amid China threat
3. Core sector output up 5.1% in May on strong growth in steel, electricity
4. SAIL invites EoI for disinvestment of 3 loss-making plants of are  
Visveswaraya Iron and Steel Plant in Bhadravati, Karnataka, Salem Steel Plant in Tamil Nadu, and Alloy Steel Plant in Durgapur, West Bengal.
5. Tata Steel set to raise \$500m via foreign shores.
6. Essar Steel bags Rs.5000-cr order from Posco's Indian arm.
7. Arcelor gets NCLAT nod to bid for Essar, with riders.
8. Liberty Steel acquires ArcelorMittal assets in Europe for €740 million

---

## COMPANY NEWS

### **SAIL invites EoI for disinvestment of 3 loss-making plants**

State-owned Steel Authority of India (SAIL) has made a global invitation for expression of interest for proposed strategic disinvestment of three of its special steel producing units. The three units of SAIL are Visveswaraya Iron and Steel Plant in Bhadravati, Karnataka, Salem Steel Plant in Tamil Nadu, and Alloy Steel Plant in Durgapur, West Bengal. Transaction advisor SBI Capital Markets Limited, via its preliminary information memorandum clarified that no debt taken for any of the units is proposed to be transferred to any of the divested units. For all the three entities, debt has been raised by SAIL at the corporate level and the interest costs are allocated to the unit, it said. Of the three units, Visveswaraya Iron and Steel produces alloy steel and pig iron, while Salem Steel makes high grade stainless steel. At full capacity, the three plants produce 1,400-1,500 tonne steel per day. On financial performance, since the last five years between FY15-FY19, all the three units have been loss making.

*Source: Business Standard, July 05, 2019*

### **Tata Steel set to raise \$500m via foreign shores**

Tata Steel is raising as much as \$500 million through syndicated overseas loan to fund expansion and refinance debt. Three-fourths of the amount will be used for the Rs.23.500 crore, second phase expansion of its Kalinganagar steel plant in Odisha that will raise capacity by 5 million tonnes per annum

to 8 million tonnes per annum, they said. The rest would go towards refinancing debt to save on interest costs amid falling rates.

*Source: Economic Times, July 03, 2019*

### **Bhushan Power: Supreme Court paves way for JSW takeover**

The Supreme Court paved the way for the Delhi bench of the National Company Law Tribunal (NCLT) to pronounce its orders on approval of JSW Steel's Rs 19,350-crore bid for debt-ridden Bhushan Power and Steel (BPSL), which is under insolvency process. Expressing surprise on how the Punjab and Haryana High Court had intervened in the resolution process of BPSL, a bench led by Justice RF Nariman stayed the HC order that had asked the committee of creditors (CoC) and the NCLT to consider the objections raised by the former directors of the company before finalising any resolution plan. "Acts like this must be frowned upon and dealt sternly," Justice Nariman said, staying the HC's April 18 order. It also issued notice to other parties in the case. The HC had passed the order on a plea by Ravi Parkash Goyal, a former director of Bhushan Power, who had alleged that he was not given any opportunity to present his stand before the CoC or the NCLT. He had also alleged that the copy of the resolution plan was not served to him. Aggrieved by the HC order, the lenders had moved the National Company Law Appellate Tribunal, which expressed its reservation as to how HC had passed an ex-parte order and that too without issuing notice to the CoC and others.

*Source: Business Standard, July 04, 2019*

### **Arcelor gets NCLAT nod to bid for Essar, with riders**

The National Company Law Appellate Tribunal (NCLAT) approved the resolution plan submitted by Lakshmi Mittal-led ArcelorMittal for Essar Steel India, but with modifications. Of the Rs 42,000-crore plan submitted by ArcelorMittal, the financial creditors would now get about Rs 30,030 crore while the operational creditors would get Rs 12,000 crore, the NCLAT said, holding both the classes of creditors would get 60.7 per cent of their admitted claims. A two-member Bench of the appellate tribunal headed by Chairperson Justice S J Mukhopadhya also reprimanded the committee of creditors (CoC) for discriminating against the operational creditors and other financial creditors such as Standard Chartered Bank (StanChart). The CoC, the NCLAT said, had not been empowered to decide the manner in which the distribution was to be made between one and the other creditor. Essar Steel's financial creditors should not have distributed the amount

among themselves by keeping the “maximum amount in favour of one or other financial creditors and minimum or NIL amount in favour of some other financial creditors or the operational creditors,” the NCLAT said.

*Source: Business Standard, July 05, 2019*

### **Essar Steel bags Rs.5000-cr order from Posco’s Indian arm**

Essar Steel, which is under insolvency proceedings, has bagged Rs 5,000 crore order from Indian subsidiary of South Korean steel major Posco, the world’s fifth largest steel producer. Posco Maharashtra has signed a memorandum of understanding with Essar Steel for procuring one million tonne of hot rolled products and it is the fourth contract signed between the two. GH Bang, Managing Director, Posco Maharashtra, said the company has found Essar Steel to be a very dependable partner, meeting its quality standards and delivering on time. Irrespective of its insolvency proceedings, Essar Steel has continuously improved its operational and financial performance he added. Posco’s partnership with Essar Steel began with a trial order of 1,000 tonnes in FY15.

*Source: Business Line, July 03, 2019*

### **SFIO seeks action against bankers in Bhushan Steel Case**

The Serious Fraud Investigation Office (SFIO) on Monday filed a 70,000-page complaint in the Bhushan Steel case wherein the probe agency has found "extreme misuse" of the corporate structure by the promoters which reduced corporate governance requirements to paper formalities, sources said. Bhushan Steel had defaulted on loans and the banks had to take a haircut of more than Rs 20,000 crore as part of the resolution process. The complaint has been filed at the special court, Dwarka, New Delhi. Earlier, the agency had arrested company's former MD, Neeraj Singal, who is now on interim bail. The investigation has inter alia unearthed fraudulent misuse of letter of credits to the tune of around Rs 45,000 crore, gross misuse of the first-time adoption of Ind-AS in mis-stating the financial statements of the company, sources said. There was fraudulent overvaluing of assets by around Rs 15,000 crore to inter alia write-off inventory worth around Rs 6,000 crore, trade receivables to the extent of Rs 1,250 crore, they added. According to the sources, promoters used more than 150 companies to build a complex web of transactions to carry out the siphoning off funds to hoodwink the lenders and other investors in the company.

*Source: Economic Times, July 03, 2019*

---

## FINANCIAL

### **Tata Steel to subscribe up to 90% of sponge subsidiary rights issue**

Tata Steel will subscribe up to 90 per cent of the Rs 1,650 crore rights issue of Tata Sponge. In an intimation to the stock exchanges, Tata Sponge has informed that its promoter (Tata Steel) has undertaken that it will participate in the rights issue to the extent of 90 per cent of the rights issue, up to Rs 1,485 crore. The Tata Sponge rights issue opened for subscription on Tuesday and will end on July 16. The issue has been priced at Rs 500 a share. On June 13, the Tata Sponge board decided on the issue of 3.3 crore shares to eligible equity shareholders who will get to subscribe to 15 shares for seven held. In October, the board had approved a rights issue not exceeding Rs 1,800 crore. The issue would be used to retire borrowings on account of the acquisition of Usha Martin's steel business.

*Source: Business Standard, July 03, 2019*

## POLICY

### **India seeks Swiss help to probe 6 Essar firms**

India has sought Switzerland tax department's assistance in a probe against six companies of the Essar group, including those into steel and power businesses, according to official documents of the Alpine nation. Kickstarting the information exchange process, the Federal Tax Administration of Switzerland has issued gazette notifications for the six companies, giving them an opportunity to appeal against India's assistance request as per the Swiss laws. The six companies for which information has been sought by India are Essar Steel India Ltd, Essar Projects India Ltd, Essar Power Gujarat Ltd, Essar Power MP Ltd, Essar Power (Jharkhand) Ltd and Essar Bulk Terminal (Salaya) Ltd. When contacted, an Essar group spokesperson said, "The Essar Companies referred to do not have any undisclosed account in Switzerland. Further, we have not received any query or notice from any Switzerland authority in this regard". Separate but identical notifications have been issued for each of the six Essar companies in Switzerland's federal gazette dated June 18, giving them ten days to nominate a person in Switzerland to appeal against the 'administrative assistance' process. It could not be ascertained whether any authorised

person has already been nominated by the Essar group to communicate with the Swiss tax authority in Berne.

*Source: Business Line, June 29, 2019*

### **JSW Steel plans Rs.420-cr share purchase programme for ESOP**

JSW Steel plans to facilitate share purchase of about ₹420 crore from the secondary market as part of a new employees stock option plan (ESOP). The company has chalked out a new voluntary stock option — Samruddhi Plan 2019 — for its 12,000 staff members. As part of the plan, the company has formed JSW Steel Employees Welfare Trust that will acquire 1,24,97,000 equity shares, representing 0.517 per cent of the issued equity share capital of the company from the secondary market. Each eligible employees in the grade of L01-L15, excluding the promoter group, would be allotted 1,000-2,000 shares depending on their work performance and number of years of service in the company. Once accepted by the employee, the Trust will facilitate them to get bank loan for purchase of the shares which will be credited into their demat account. The purchased shares will have a lock-in period of two years. JSW Steel will bear 75 per cent of the interest cost on the loan availed by the employees to purchase the shares. The shares will be priced at the market rate as on the purchase date. Seshagiri Rao, Joint Managing Director, JSW Steel, told that the initial response from the employees to the stock option has been very encouraging and it will be closed in the next 30 days.

*Source: Business Line, July 05, 2019*

## **STEEL PERFORMANCE**

### **Steel output to touch 128.6MT by 2021: Economic Survey**

The Government has estimated the country's steel output to hit 128.6 million tonne (MT) by 2021 and consumption of the same to reach 140 MT by 2023, on the back of investments, in infrastructure, construction and automobile sectors, according to Economic Survey 2018-19. Crude steel production in 2018-19 stood at 106.56 MT, a growth 3.3% over 103.13 MT in 2017-18, said the survey, tabled by Finance minister, Nirmala Sitharaman in Parliament on Thursday. Currently India's per capita consumption stands at only 69 kg compared with the global average of 214 kg it said. It is estimated that the steel production in India will reach 128.6 MT by 2021 and its consumption will increase to 140 MT by 2023. With huge investments in

infrastructure, construction and automobile sector, steel demand and corresponding consumption is growing at an average of 7.4%. This will lead steel production to grow up to 255 million tonne by 2030 and per capita steel consumption to 160 kg”, it said.

*Source: Financial Express, July 05, 2019*

### **Core sector output up 5.1% in May on strong growth in steel, electricity**

Aided by a strong show by steel, the eight core industries’ output grew 5.1 per cent in May. This was higher than the 4.1 per cent growth recorded in May 2018, but lower than the 6.3 per cent seen in April 2019. For April-May 2019, the output of the eight core industries — steel, coal, crude oil, natural gas, refinery products, fertilisers, cement and electricity — grew 5.7 per cent, against 4.4 per cent in the same period last year.

*Source: Business Line, July 02, 2019*

### **Imports of steel products from 4 nations under investigation**

The government may impose anti-dumping duty on imports of certain types of steel products from the EU, Japan, the US and South Korea, as the commerce ministry has started an investigation into an alleged dumping of the item following complaints from domestic players. The Directorate General of Trade Remedies (DGTR), under the commerce ministry, has initiated the probe as it has found evidence of dumping of "coated/plated tin mill flat rolled steel products" from these countries. "The authority accordingly initiates an investigation into the alleged dumping, and consequent injury to the domestic industry...to determine the existence, degree and effect of alleged dumping," the DGTR said in a notification.

If it would established that dumping is impacting domestic players, it would recommend imposition of a certain amount of anti-dumping duty, which if levied, would be adequate to remove the injury to the domestic industry. The finance ministry will take final call on imposition of the duty after considering the recommendations of the directorate. Two firms including Tinsplate Company of India have filed an application for imposition of anti-dumping duty on the imports.

*Source: Economic Times, July 03, 2019*

### **Steel imports to outpace exports amid China threat**

India will continue to be a net importer of steel for at least the next two years

---

as high-grade products from South Korea and Japan flow in tax free amid worries of escalation in supplies from China, according to Fitch Ratings Ltd.'s local unit. Overseas purchases by India totalled 7.8 million tons imported in the year ended March 31, making it a net importer, and are likely to stay around that level this year, said Rohit Sadaka, director at India Ratings and Research Ltd. That could increase if India joins the proposed Regional Comprehensive Economic Partnership, or RCEP, opening the door for cheaper imports from China. India's annual consumption is close to 100 million tons and there are prospects for further growth from Prime Minister Narendra Modi's push to build infrastructure. The country was inundated with cheap supplies from China until as recently three years ago, pushing imports to a record, before the government implemented measures such as a floor price on shipments, safeguard taxes and anti-dumping duties to stem the inflow. The measures and the scaling down of steel capacity in China helped push imports lower in the last couple of years.

*Source: Financial Express, July 03, 2019*

## GLOBAL STEEL

### **China's iron ore up as steel extends rally**

Manila China's iron ore futures hit record highs in early trade on Monday, amid surging steel prices, extending a rally driven by tight supply and pick-up in short-term demand. The most active September iron ore contract on the Dalian Commodity Exchange rose to 860 yuan a tonne.

*Source: Economic Times, July 02, 2019*

### **US slaps import duties of more than 400% on Vietnam Steel**

The US Commerce Department imposed duties of more than 400% on steel imports from Vietnam, accusing some businesses in the Southeast Asian nation of evading the levies in a further escalation of tension between the two trading partners. In three preliminary circumvention rulings on Vietnamese steel, the Commerce Department said certain products produced in South Korea and Taiwan were shipped to Vietnam for minor processing before being exported to US as corrosion-resistant steel products and cold rolled steel. Customs officials have been ordered to collect cash deposits at rates as high as 456.23% on imports of the steel products produced in Vietnam using material from South Korea and Taiwan. The US is hardening its rhetoric against Vietnam, one of its major trading partners and an



economy that's benefiting from President Donald Trump's trade war with China.

*Source: Economic Times, July 04, 2019*

### **Liberty Steel acquires ArcelorMittal assets in Europe for €740 million**

Liberty Steel said it has acquired seven steel making units and five service centres from L N Mittal's ArcelorMittal in Europe for 740 million euros (around ₹ 5,782 crore), according to a company statement. Indian-origin metals tycoon Sanjeev Gupta-owned company has acquired the major integrated steel works at Ostrava in the Czech Republic and Galati in Romania as well as rolling mills at Skopje (North Macedonia), Piombino (Italy), Dudelange (Luxembourg) and two plants near Liege in Belgium, it said. These seven sites employ over 14,000 people. The five service centres which market the products are based in France and Italy.

*Source: Business Line, July 02, 2019*

## **MISCELLANEOUS**

### **Coal scam: 'We did no wrong', says Jindal Steel**

As a Delhi court ordered the framing of criminal conspiracy and cheating charges against JSPL Chairman, Naveen Jindal in a case pertaining to coal block allocation, the company on Tuesday denied the allegations and reiterated that it has done "no wrong". "JSPL categorically deny the charges and allegations and reiterate that our company has done no wrong and we are confident that the truth will emerge during the course of the judicial process/trial, vindicating our stand. "The allegations made against the company and individuals are misconceived and frivolous in nature," the company said in a statement.

*Source: Business Line, July 03, 2019*