

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

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2018

HIGHLIGHTS OF THE WEEK

1. Finished steel imports up 3.5% to 7.48 MT in FY18
2. Jindal Steel and Power said that it has won 20% of the Rs 2,500-crore global tender by the Indian Railways to supply long rails, making it the first entity apart from Steel Authority of India to provide rails to the transporter.
3. Tata Steel has shot off a letter to lenders of Bhushan Power & Steel saying that a rebid was in contravention of the National Company Law Appellate Tribunal.
4. Only JSW Steel, submits revised bid to Bhushan Power lenders
5. Bhushan Power lenders set to call fresh bids.
6. JSW begins integration of Aferpi steel plant
7. The Mukund Group is investing about Rs.750 crore in raising steel-making capacity in Southern India, augmenting output to meet increasing demand from carmakers and engineering companies.
8. ArcelorMittal reported its highest quarterly profit in seven years on Wednesday and said it expects global demand to grow faster than previously expected, both overall and its most important markets

COMPANY NEWS

Jindal Steel and Power wins 20% of Rs.2,500-crore global rail tender

Jindal Steel and Power (JSPL) said that it has won 20% of the Rs 2,500-crore global tender by the Indian Railways to supply long rails, making it the first entity apart from Steel Authority of India (SAIL) to provide rails to the transporter. The award of the order to supply close to 1 lakh tonne of rails to JSPL comes as the conclusion of the global tender, which saw participation from eight bidders, the company said in a release. The railways, for the first time, floated a global tender for 4.8 lakh tonne of rails as it was estimated that SAIL, with which the transporter has a memorandum of understanding, would not be able to fulfil the requirement. For 2017-18, SAIL had committed to supply 11.45 lakh tonne rails but fell short by 3.14 lakh tonne.

According to a government source, the balance requirement of rails not met through the tender may be fulfilled with indigenous manufacturers. According to a government official, with JSPL coming in as a supplier, it is a comfortable position for the country as there will be zero imports of rails. However, SAIL will probably be given the first right of refusal to fulfill the additional demand before roping in JSPL. The other seven bidders for the global tender did not qualify on technical basis, said the source, adding that the company got the order under the Make in India clause in the tender. JSPL is the only domestic firm apart from SAIL which manufactures rails. The other bidders were Sumitomo Corp, Angang Group International, Voestalpine Schienen, East Metals, CRM Hong Kong, British Steel France Rail and Atlantic Steel. JSPL will supply the said one-time order over a period of one year. The firm has been supplying rails for the upcoming dedicated freight corridors. According to the source, though no global company qualified, the advantage of going through the tender process was that a competitive rate at which JSPL will supply rails got decided, which is lower than the price at which SAIL supplies rails.

Source: Financial Express, August 1, 2018

Tata Steel writes to Bhushan Power lenders against rebid

Tata Steel has shot off a letter to lenders of Bhushan Power & Steel saying that a rebid was in contravention of the National Company Law Appellate Tribunal (NCLAT) order and the Insolvency and Bankruptcy Code (IBC), sources close to the development said. On Friday, the committee of creditors (CoC) decided to give bidders time to improve their bids after JSW Steel revised its offer to Rs 180 billion, up from Rs 110 billion, in a surprise move. Tata Steel's letter has gone out to 11-12 lenders in the consortium. It now remains to be seen whether lenders decide to go ahead with rebids because the next course of action in Bhushan Power may depend on it. Lenders had given time till 9 am to revise bids and a CoC meeting to finalise was scheduled for 10 am the same day. By the end of June, a formal communication was made to Tata Steel, declaring it the highest qualified bidder and Tata Steel was called for negotiations. Hence, a rebid would be in violation of the IBC, sources close to the development said. Lenders had

decided to vote on Tata Steel's resolution plan after declaring it the highest qualified bidder but fresh submissions made by Liberty House before the NCLAT, stayed the voting. Vacating its earlier stay, the appellate tribunal then directed the CoC to consider the resolution plans submitted by the three firms — Tata Steel, JSW Steel, and Liberty House.

Source: Business Standard, July 30, 2018

JSW begins integration of Aferpi steel plant

JSW Group has begun the operational integration of Aferpi, the specialised steel plant it recently acquired in Italy. As part of the integration process, Sajjan Jindal, Chairman, JSW Group, met the employees of Aferpi at a town hall organised in Piombino, Italy. He also met with government officials, including Enrico Rossi, the President of Tuscany province, and Massimo Giuliani, Mayor of Piombino. Jindal, in a tweet, said the engagement with all the stakeholders of the newly acquired steel plant in Italy was fruitful and that the plant has the potential to be one of the best steel plants in the region. The acquisition of Aferpi will help JSW expand its reach in the speciality steel long products market and provide a foothold for future opportunities in European markets. Aferpi makes and distributes special long steel products for rails, and wire rods and bars for railway, automotive and earth moving vehicles, among other products. JSW Steel is planning to increase its manufacturing capacity to 40-45 million tonne by 2030 from the present 18 million tonne.

Source: Business Line, August 1, 2018

Bhushan Power case: JSW wants to resubmit revised bid

The ongoing corporate insolvency resolution process (CIRP) for Bhushan Power and Steel (BPSL) took an interesting turn on Friday with JSW Steel offering to submit a revised bid. Thus far JSW Steel's bid was understood to be lower than that of Tata Steel and Liberty House. "Ahead of the scheduled meeting of the committee of creditors (CoC), JSW Steel wrote to resolution professional (RP) Mahender Kumar Khandelwal last evening expressing

intention to enhance its bid. As the CoC assembled, the RP informed the matter. Other two contenders — Tata Steel and Liberty House — both contested the idea; but the CoC wanted to give all three one final chance to improve their bids.” sources said. Sources present in the meeting said the CoC argued that since the CIRP for BPSL was not yet over, JSW Steel can certainly raise its offer. Being fair to two others, the lenders have also asked all of them to submit their final bids by Tuesday, when the CoC will meet again to decide on the H1 and H2 bidder. “All three — Liberty House, Tata Steel and JSW Steel – have been asked to submit their final bids by Tuesday morning,” Khandelwal told FE. On July 20, the National Company Law Appellate Tribunal (NCLAT) had directed the lenders to identify the top two bids for BPSL and submit the most “viable” bid before the National Company Law Tribunal (NCLT) for its approval.

Source: Financial Express, July 28, 2018

Revised JSW offer cheers Bhushan lenders

JSW Steel’s decision to make a revised offer of Rs.18,000 crore has cheered lenders who are hoping that they will see lower haircuts while resolving the Bhushan Power & Steel case. The move comes at a time when the two other bidders — Tata Steel and Liberty House — are involved in a legal tussle to buy company.

Source: The Economic Times, July 30, 2018

Only JSW Steel, submits revised bid to Bhushan Power lenders

Lenders of Bhushan Power & Steel have received only one revised bid — from JSW Steel — for the bankrupt company as the other two suitors — Tata Steel and Liberty House — have not amended the offers they previously made, two senior officials with knowledge of the matter said. JSW has revised its bid even as the higher bankruptcy court has directed lenders not to open bids received in the second round and instead evaluate those filed in the first round. The National Company Law Appellate Tribunal has directed lenders to submit to it in sealed covers the bids they received. JSW Steel, which had offered Rs 11,000 crore in the first round, increased

the offer by more than 60% to Rs 18,000 crore on Thursday evening. After JSW made the revised offer, lenders decided to invite a fresh round of financial bids from the three applicants by Tuesday morning.

Source: Economic Times, August 1, 2018

PROJECTS

Mukund plans Rs.750 Cr boost to raise steel making capacity in South India

The Mukund Group is investing about Rs.750 crore in raising steel-making capacity in Southern India, augmenting output to meet increasing demand from carmakers and engineering companies. The expansion plans include Rs.600 crore that will be spent by its subsidiary joint venture – Mukand Sumi Special Steel – to set up a new mill in Karnataka’s Hospet. Another Rs.150 crore will be invested into removing bottlenecks at its existing unit as Mukand gears up to cater to growing demand for specialty steels from automotive and engineering clients. Mukand Sumi Special Steel- in which Sumitomo Corporation bought 49 % stake for Rs.1,180 crore in May- has already acquired 100 acres adjoining Mukand’s existing plant at Hospet for the proposed construction and commissioning of a new wire-rod-cum-bar-rolling mill, with finishing facilities.

Source: The Economic Times, July 31, 2018

STEEL PERFORMANCE

Finished steel imports up 3.5% to 7.48 MT in FY18

Imports of finished steel saw a rise of 35% in 2017-18 to 7.48 million tonne (MT) and overall inbound shipment was stable, Rajya Sabha was informed on Wednesday. India imported 7.23 MT of finished steel in 2016-17. “The imports of steel for the past two years- 2016-17 and 2017-18- have been stable and there was a marginal increase of 3.5% in finished steel imports in 2017-18 over 2016-17 levels”, minister of state for steel Vishnu Deo Sai told the House in a written reply.

Source: Financial Express, August 2, 2018

FINANCIAL**Vedanta Stock likely to remain rangebound**

ET Intelligence Group: The stock of Anil Agarwal-owned mining conglomerate Vedanta may see some consolidation amid volatile metal prices, regulatory challenges for its copper and iron ore businesses, and high raw material costs. While these factors might limit the upside, attractive valuations – 6 per cent dividend yield (FY19 estimated) – should ensure that Vedanta wouldn't wither in the face of headwinds. In the June quarter, Vedanta's performance was a bit lower than expected. Higher production should partially offset the impact of weak prices and analysts are expecting higher volumes in the second half.

Source: The Economic Times, August 2, 2018

Bhushan Power lenders set to call fresh bids

Lenders have decided to call fresh bids for bankrupt Bhushan Power & Steel after one of the bidders JSW Steel revised its offer up by 60% this week to Rs 18,000 crore. JSW's offer is higher than that of Tata Steel which had emerged as a preferred bidder over second-placed rival Liberty House. The Tata group made an offer worth Rs 17,000 crore while JSW Steel offered Rs 11,000 crore on February 12, the last day for submission of bids. Liberty House which made its bid 12 days after the deadline offered Rs 18,500 crore. "The resolution professional (RP) has received revised offer from JSW Steel. There was heated discussion on this at a three hour meeting among lenders today. Finally it decided to invite revised financial bid from all applicants by Tuesday," one of the officials said. "Lenders decided to go for a second round of bidding on the grounds that they have not yet voted for the higher bidder, so there is a scope to call for fresh bids," he added. Last month, committee of creditors disqualified Liberty House after it failed to provide critical information on funding arrangement despite repeated reminders. The Tata group thus emerged as preferred bidder while JSW's bid was not considered since it was too low. The new, revised JSW offer comes when

Tata Steel had moved the courts questioning Liberty's late offer. The bankruptcy court ruled in Liberty's favour saying that lenders should consider the bid despite the late submission.

Source: Economic Times, July 28, 2018

Bhushan Power: NCLAT asks creditors' panel to allow fresh offers by all bidders

In a major setback to Tata Steel, the National Company Law Appellate Tribunal (NCLAT) has ordered the Committee of Creditors (CoC) of Bhushan Power and Steel to allow all the bidders to revise their bids and submit them at the next hearing on Monday. The final three bidders for the stressed Bhushan Power are JSW Steel, Tata Steel and UK-based Liberty House. In a letter to the CoC earlier this week, Tata Steel had objected to JSW Steel's revised bid of Rs.19,000 crore (up from Rs.11,000 crore). It has claimed that its bid of Rs.17,000 crore had already been declared the highest bid on June 16, and there is no concept of re-bid under the CVC (Central Vigilance Commission) guidelines for State-run banks. It also said NCLAT had refused to allow a re-bid. UK-based Indian businessman Sanjeev Gupta-owned Liberty House had offered to pay Rs.18,500 crore up front 12 days after the deadline, surpassing Tata Steel.

Source: Business Line, August 2, 2018

GLOBAL STEEL

ArcelorMittal posts record profit

ArcelorMittal reported its highest quarterly profit in seven years on Wednesday and said it expects global demand to grow faster than previously expected, both overall and its most important markets. "We have a strong US exposure; clearly we are a net beneficiary of the (US) trade actions (against China)", said CFO, Aditya Mittal. "Its great to see the two things come together, the improvements we have made as a company as well as the improvements in the market."

Source: Business Line, August 2, 2018