

 This week:

# GFG Alliance, Liberty refinancing hits new bump

Negotiations to refinance Sanjiv Gupta's GFG Alliance have been thrown into doubt after the UK's Serious Fraud Office (SFO) announced on Friday that it would investigate the group.

The SFO said in a statement that it is "investigating suspected fraud, fraudulent trading and money laundering in relation to the financing and conduct of the business of companies within the Gupta Family Group Alliance (GFG), including its financing arrangements with Greensill Capital UK Ltd."

GFG Alliance has denied any wrongdoing.

The SFO investigation prompted White Oak Global Advisors to say in a statement that it could no longer continue talks with GFG Alliance, before later saying that it was in talks about refinancing the Whyalla steelworks in Australia. The Californian private equity firm had been in talks to refinance GFG Alliance's debts to Greensill. GFG had previously announced that it had agreed in principle a financing facility with White Oak that would cover the debts owed by Liberty Primary Metals Australia, which owns the Whyalla steelworks and Tahmoor Coal. It later also said it had agreed a facility with White Oak to cover debts owed by Liberty Steel UK.

Greensill, owned by Australian financier and sometimes UK government advisor Lex Greensill, specialised in supply chain financing. It said in March that it had an exposure to GFG Alliance of some \$5 billion. The company collapsed after key financier Credit Suisse pulled out. Credit Suisse is seeking the wind up of GFG assets globally.

Earlier this month, Liberty Steel appointed four new board directors to lead and accelerate its restructuring and refinancing.

The new appointments will join the Liberty board with immediate effect and form a new Restructuring & Transformation Committee (RTC), which will be led by an independent chief restructuring officer (CRO). It will include an independent chief transformation officer (CTO), a chief governance officer (CGO) and a newly appointed chief financial officer. The RTC will be supported by Liberty management and report to the full Liberty board.

"The RTC will be given full autonomy to restructure Liberty's operations to focus on core profitable units, and either fix or sell under-performing units," Liberty Steel says. "This restructuring combined with the continuing strength in steel and iron ore markets will present a solid basis for the future of Liberty."

The RTC will work to "negotiate an amicable solution with Greensill's administrators and other stakeholders which protects value and provides the best outcome for all stakeholders," the firm adds.

Jeffrey Stein, a US-based certified turnaround professional, will be CRO, while London-based Jeff Kabel, chairman emeritus of the International Steel Trade Association (ISTA), will be CTO. Dubai-based Iain Hunter, a former Wyelands Bank chief executive, will be CGO. The new chief financial officer, and also GFG Alliance interim cfo, is Dubai-based Deepak Sogani, former managing director for metals & mining at Essar Capital Services. Current Liberty cfo V Ashok is stepping down at the end-May for personal reasons.

Both CRO and CTO roles are independent interim roles brought in for a special purpose to restructure and refinance the group. The roles are paid fees and are not employees of the company.

Liberty Steel currently has a total of 20 million tonnes steel rolling capacity, with operations in 12 different countries worldwide.

## In this weeks Issue:

- ▶ **PAGE 3**  
Will China be able to control the surge of commodity prices effectively?
- ▶ **PAGE 4**  
Is European scrap approaching a new peak?
- ▶ **PAGE 5**  
Will demand continue drive up US scrap prices in June?
- ▶ **PAGE 6**  
Is \$500plus scrap here to stay?
- ▶ **PAGE 9**  
How is the Brazilian steel sector reacting to global recovery?

## KORE INDEX

Index	58%	62%	65%
W-o-w % Change	3.82%	11.92%	10.23%
14 May	182.74	<b>208.84</b>	<b>243.08</b>
13 May	<b>182.90</b>	220.64	254.49
12 May	<b>182.90</b>	225.98	<b>259.58</b>
11 May	181.70	225.04	258.91
10 May	<b>181.23</b>	<b>226.07</b>	259.53
<b>Average</b>	<b>182.29</b>	<b>221.32</b>	<b>255.12</b>
7 May	172.64	<b>204.59</b>	<b>238.45</b>
6 May	<b>171.93</b>	202.26	236.22
5 May	<b>179.42</b>	190.23	224.48
4 May	176.86	189.37	223.60
3 May	175.81	<b>188.25</b>	<b>222.32</b>
<b>Average</b>	<b>175.33</b>	<b>194.94</b>	<b>229.02</b>

## For Subscription & Other Enquiries:

### CALL

UK: +44 7874 008654  
 Germany: +49 304280 2034  
 Spain: +34 637 018 130  
 Singapore: +65 9766 8157  
 Bulgaria: +359 896 266 305  
 USA: +1 412-657-2925  
 Shanghai: +86 150 2141 6087

### EMAIL

General: info@kallanish.com  
 Editorial: editorial@kallanish.com  
 Sales: sales@kallanish.com

www.kallanish.com

## Global Overview

### North America:

- US cold-rolled pricing edges up
- High skelp prices continue to strengthen OCTG pricing
- Scrap sentiment remains bullish for June trading

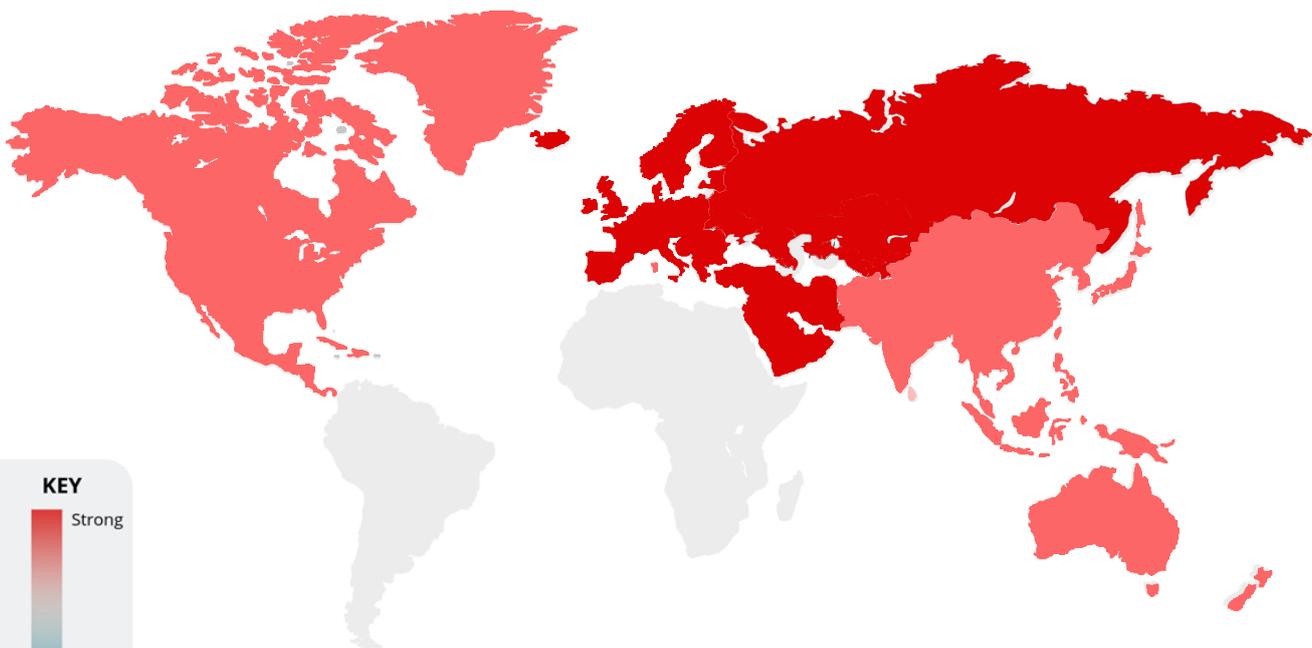
### Europe:

- EU scrap prices keep increasing
- Coils up again
- Hollow sections safeguard quotas largely used

### Asia:

- Chinese prices reach record and then correct
- ASEAN mills hike export prices
- Chinese inventories declining

### KALLANISH STEEL WEEKLY GLOBAL SENTIMENT MAP



#### KEY



[Click here to view this map online](#)

### South America:

- Brazilian pig iron up
- Argentina's steel sector suffers from low output

### CIS:

- CIS billet exporters exploit China demand
- High CIS HRC prices limit sales

### Middle East:

- Turkish scrap reaches \$500/t
- Turkish rebar exporters conclude higher-priced sales
- Turkish billet exporters catch China post-holiday demand

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## Word of the week

# Normalising



Normalising is a process where a heat treatment is applied to steel for relief of internal stress, based on heating and subsequent air cooling. This is a process similar to annealing, where metal is heated to a high temperature and held at this temperature for several hours to improve grain structure. Unlike annealing, however, where the metal is cooled slowly in the furnace, here it is cooled more swiftly by removing it from the furnace to cool in air. This makes the metal stronger and harder than it would be after annealing, and because of this the normalising process is often employed to treat steel plate used for pressure vessel fabrication.

## Contact

If you found this issue of Kallanish Steel Weekly interesting please let us know, we would love to hear from you.

**Kallanish - UK**  
Britannia House  
t: +44 7874 008654

**Kallanish - Germany**  
t: +49 304280 2034

**Kallanish - Bulgaria**  
t: +359 896 266 305

**Kallanish - China**  
Shanghai, China  
t: +86 182 1728 2941

**Kallanish - USA**  
t: +1 412-657-2925

**Kallanish - Singapore**  
t: +65 9766 8157

**General Enquiries:**  
[www.kallanish.com](http://www.kallanish.com)  
[info@kallanish.com](mailto:info@kallanish.com)

**Social Media:**



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