

# Steel In The News

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



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## PROJECTS

### **Railways inks pack with SAIL-RITES to procure steel wagons**

The Railways has signed an assured off-take agreement with SAIL-RITES Bengal Wagon Industry Pvt Ltd to procure 1,200 new stainless steel wagons and rehabilitate 300 wagons every year. SAIL-RITES Bengal Wagon Industry Pvt Ltd is a 50:50 joint venture between Steel Authority of India and engineering consultancy RITES and has a factory in Kulti in West Bengal, set up at a cost of Rs 120 crore. The factory is expected to generate employment for about 400-500 people. According to the agreement, the Railways will procure Rs 2,500-crore worth of wagons spread over 10 years.

*Source: Business Line, 25<sup>th</sup> November, 2015*

## FINANCIALS

### **SAIL set to report first loss in 13 years**

After 13 years, Steel Authority of India (SAIL) is likely to report losses for 2015-16, as steel prices continue to decline. Over the past one year prices of HR coils have fallen by nearly 40% to \$388 per tonne and consequently the company's realisations have dropped 24% in Q2FY16 from a year ago. As such SAIL reported losses in Q2FY16 of R1,056.96 crore. Industry watchers expect prices could fall further. According to a HSBC Securities and Capital Markets (India) report, demand scenario of steel has not yet improved much, with cheap imports from China continuing despite the fact that safeguard duty have been imposed; India in September announced a provisional safeguard duty of 2% for some categories of steel for 200 days. SAIL's financial performance has suffered mainly due to lower sales realisation which dropped 24% in Q2FY16, and a decline in sales by 6.7% from a year ago. SAIL has reported saleable steel volume of 2.7 million tonnes in Q2, lowest in the last two years. Motilal Oswal estimates steel companies will continue to fare badly for another six months. SAIL is expected to report an adjusted loss of R3,302.7 crore in FY16 compared with a net profit of R2092.68 crore posted in FY15.

*Source: The Financial Express, 25<sup>th</sup> November, 2015*

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## COMPANY NEWS

### **Govt to hire external consultant to review SAIL's performance**

The government will now hire an external consultant to review the performance of SAIL in a bid to aid the steel behemoth address mounting losses. The consultant will help in identifying bottlenecks and will devise an operational and marketing strategy for the maharatna company, an official statement said. "Steel and Mines Minister Narendra Singh Tomar directed that an external consultant may also be appointed by Ministry of Steel for a 360 degree review of SAIL's structure," it added. The Minister was heading a performance review meeting of the Steel Authority of India Ltd (SAIL). Elaborating on the role of the consultant, Tomar said the consultant may have the mandate to identify critical projects.

*Source: The Financial Express, 25<sup>th</sup> November, 2015*

### **ArcelorMittal S. Africa unit rights offer pricing suggests turnaround**

ArcelorMittal's South African unit priced its \$120 million cash call at more than a 50 per cent premium on Tuesday as it battles falling steel demand and rising costs, sending its shares soaring. The unit of the world's largest steel maker said it would sell nearly 700 million new shares at 6.50 rand each, 56 per cent about their closing price on Monday, in an issue which is fully underwritten by the parent company. Shares in ArcelorMittal South Africa jumped 46.5 per cent to 6.11 rand by 1233 GMT, paring losses so far this year to about 75 per cent. Steel companies around the world are grappling with a global supply glut that has sent producers' share prices to their lowest levels in more than a decade.

*Source: Business Line, 25<sup>th</sup> November, 2015*