

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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COMPANY NEWS

SAIL sets up Covid-19 testing labs in Odisha

State-owned steel player, Steel Authority of India (SAIL) along with the Odisha Government has set up a Covid-19 testing lab at its Rourkela plant's Ispat General Hospitals. Doctor and paramedics of Ispat General Hospital trained at RMRC and AIIMS, Bhubaneswar will carry out the testing," the company said in a statement. All the major equipment for the testing facility has been provided by government of Odisha, and the infrastructure has been provided by SAIL-RSP. As per Indian council of medical research's department of health research on 14th of April, total operational (initiated independent testing) government laboratories were 171, plus 3 collection sites. Out of these, 5 medical colleges so far are being operating as testing labs in Odisha.

Source: Economic Times, April 16, 2020

Post-Covid war chest: Tata Steel plans to raise up to Rs 10,000 crore

Tata Steel, the oldest steel producer in the country, is looking to raise up to Rs 10,000 crore after the Reserve Bank of India (RBI) last month decided to provide additional liquidity to the system hit by the coronavirus disease (Covid-19) pandemic. "The amount raised from the

market would be mostly kept as additional liquidity buffer by the company and can be used to make any immediate short-term debt repayments that may arise post this lockdown,” a source close to the development told.

Source: Business Standard, April 13, 2020

Tata Steel planning to defer vendor payments by 45 days

Tata Steel is seeking a 45-day delay in payments to vendors, citing the Covid-19 lockdown and assuring them that they will be paid once the crisis is over. “To ensure business continuity, we are compelled to seek an increase of payment terms of our vendor partners by 45 days over and above the prevailing payment terms,” it said in a letter. “We do realise that this will have an impact on our vendor partners, but wish to assure you that we will try and revert to normal business as soon as the situation allows and all due payments will be made good.” Tata Steel told it had built a relationship based on trust and transparency with various stakeholders and that these were unprecedented times that needed a collaborative approach.

Source: Economic Times, April 17, 2020

Moody's puts JSW Steel's rating on review for downgrade over Covid-19 shock

Rating agency Moody's has placed JSW Steel Ltd's corporate family rating “Ba2” under review for downgrade, as the steel sector has been significantly affected by the Covid-19 outbreak. The deteriorating global economic outlook, falling oil prices, and asset price declines are creating a severe and extensive credit shock across sectors, regions and markets, Moody’s said in a statement today. The weaknesses in JSW's credit profile, such as its exposure to weakening steel demand for manufacturing and volatile material costs, have left it vulnerable to shifts in market sentiment in these unprecedented operating conditions. Even prior to the coronavirus outbreak, sluggish economic growth, weak demand and narrow product spreads had led to a deterioration in JSW's credit profile, Moody’s said.

Source: Business Standard, April 14, 2020

JSPL bags Rs.50 crore order to supply 12000 tonnes of rail blooms to France

Private steel maker JSPL said it has bagged an order worth Rs 50 crore to supply 12,000 tonnes of rail blooms to France. In a regulatory filing the company said JSPL has bagged a contract to supply the special grade rail blooms to France. "With this, JSPL has come to be acknowledged as one of the regular suppliers to France Railways. Similarly, Britain and Australia have expressed interest and they are expected to place orders as well," JSPL MD V R Sharma said. Sharma further added that "the 12,000-tonnes special grade rail blooms export order to France is valued at around Rs 50 crore".

Source: Economic Times, April 16, 2020

JSPL gets over 2,000 tonne rails order from Kolkata Metro: MD

Private steel maker JSPL has bagged an order of 2,308 tonne head hardened rails from Kolkata Metro Rail Corporation, a company official has said. These special rails are used in high-speed freight corridors and metro rail projects. Head hardened rails are manufactured using the head hardening technology to bear about 50 per cent higher pressure compared to normal rails. "We have got an order of 2,308 tonne head hardened rails of 1080 HH grade from KMRC. The Research Designs and Standards Organisation (RDSO) (under Ministry of Railways) has also given its approval for manufacturing and supply of 60E1 grade and 1080 HH grade head hardened rail," Jindal Steel and Power Ltd (JSPL) Managing Director V R Sharma said. Without disclosing the total deal value, he said the order will be supplied once the situation stabilises post lockdown.

Source: Economic Times, April 13, 2020

ArcelorMittal receives underwriting commitments for a new \$3 billion credit facility

Arcelor Mittal said it had received underwriting commitments in respect of a new \$3 billion credit facility. While the world's largest steelmaker said it has no immediate need to draw upon this facility, it will provide the company "additional financial flexibility in the current extraordinary

circumstances," according to an official statement. The credit facility represents a new commitment from BNP Paribas, Crédit Agricole Corporate & investment Bank, J.P. Morgan and Société Générale. It enhances the company's already strong liquidity position of \$10.5 billion as of 31 December 2019, including a €5.5 billion revolving credit facility, which remains undrawn and is fully available until December 2024. =

Source: Economic Times, April 17, 2020

POLICY

Govt's crucial move towards nursing 5 sectors back to health amid lockdown

The government has sought inputs related to production, labour and logistics from clusters in five key sectors to ascertain expected output if they are made operational within a fortnight and the procedural support required by them, sources said. These five sectors are textiles, chemicals, electronics, steel and pharmaceutical. The exercise may be viewed as a crucial move towards nursing the sectors back to health and resurrecting their production and supply capabilities amid the coronavirus-induced nationwide lockdown.

Source: Business Standard, April 13, 2020

METALS

Hindalco's subsidiary Novelis completes \$2.8 bn acquisition of Aleris

Aditya Birla Group metals flagship, Hindalco Industries, announced the completion of Aleris acquisition by its wholly-owned subsidiary Novelis Inc. The deal, which closed at an enterprise value of \$2.8 billion, positioned Hindalco as one of the world's largest aluminium companies, with a global footprint across 49 manufacturing facilities in North America, Europe and Asia. Commenting on the development, Kumar Mangalam Birla, chairman, Aditya Birla Group, said, "The Aleris deal

marks a major milestone for Hindalco and Novelis, on their path to global leadership. The closure of this deal amidst challenging market conditions, reflects our conviction in the Aleris business and its value to our metals portfolio.

Source: Business Standard, April 14, 2020

Hindalco's debt to soar on Aleris deal

By closing the long-awaited \$2.8-billion deal to buyout Aleris, Hindalco Industries has yet again proved that it is not averse to taking calculated risk despite the economic uncertainty unleashed by Covid-19 and sharp fall in aluminium demand across the globe. The deal, which is being executed by Hindalco's US subsidiary Novelis, is expected to push the Aditya Birla group company's consolidated debt up to about ₹53,508 crore this fiscal-end, against ₹38,314 crore in FY20. The net debt is expected to be at an elevated level till Novelis divests Aleris' auto plant at Lewisport in the US, which in the current situation could take 9-12 months. The benefit of the acquisition is significantly diluted without the auto assets in the US but the company would get an exposure to aerospace which faces a bleak outlook in the medium-term, said Sumangal Nevatia, research analyst at Kotak Institutional Equity Research.

Source: Business Line, April 16, 2020