

Steel In The News

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

CONTENTS	Page
Highlight of the Week	2
Company News	2
Financial	2
Steel Performance	4

A Weekly News Report by Joint Plant Committee

November 12 - 18, 2016

HIGHLIGHTS OF THE WEEK

1. Tata Steel reported a consolidated net loss of Rs 49.38 crore for the second quarter ended September 30, of the current financial year.
2. Reduced debt and improved financials helped JSW Group come out of Credit Suisse's infamous 'House of Debt' list, the only company to do so.
3. Galvanised steel maker Uttam Galva Steels today reported a standalone net loss of 93.56 crore for the quarter ended September 30, 2016.

COMPANY NEWS

Tata Steel in red again; posts Q2 net loss of Rs 49.38 crore

Tata Steel reported a consolidated net loss of Rs 49.38 crore for the second quarter ended September 30, of the current financial year. It had posted net profit of Rs 5,609.43 crore in the same quarter of last fiscal 2015-16. The total consolidated income of the steel giant rose marginally to Rs 27,471.15 crore in July-September quarter of the current fiscal, from Rs 27,456.30 crore a year ago. The firm's total expenses were however lower at Rs 25,968.85 crore, as against Rs 26,988.65 crore. On a quarter-on-quarter basis, the firm managed to narrow its net loss. Tata Steel had reported consolidated net loss of Rs 3,183.07 crore in the April-June quarter. Total consolidated income rose 4 per cent sequentially from Rs 26,406.10 crore in June quarter this fiscal to Rs 27,471.15 crore in September quarter.

Source: The Financial Express 12th November, 2016

FINANCIAL

JSW Steel trims debt, first to exit Credit Suisse's infamous list

Reduced debt and improved financials helped JSW Group come out of Credit Suisse's infamous 'House of Debt' list, the only company to do so. Companies are included in the list, which is released periodically by the global financial services company, when their interest coverage ratio remains below one for four consecutive quarters. JSW Steel has reduced its debt by ₹1,400 crore in the September quarter and will trim it further by another ₹1,100 crore by end of this year. The company's overall debt will fall from ₹ 45,000 crore to ₹42,500 crore by December. The health of most steel companies have improved over the past few quarters, with the government levying a Minimum Import

Price and restricting cheap imports. Seshagiri Rao, Joint Managing Director and Group CFO, JSW Steel, told *Business Line* that the company stood quite comfortable on debt even before its recent debt repayments.

Source: Business Line 18th November, 2016

STEEL PERFORMANCE

Steel demand in rural areas hit

The demonetisation of high-value currency is set to have a deflationary impact on cash-based steel sales, especially long products used in real estate, construction and infrastructure projects. Of the 80 million tonnes of annual steel produced in India, about 50 per cent is handled by unorganised secondary steel producers who trade largely in cash. This apart, the steel scrap industry which feeds the key raw material for secondary steel producers; rely on cash for most of its transactions. India has TMT and rebar steel production capacity of 25-30 million tonnes. Of this, large organised steel companies, such as Tata Steel and JSW Steel, produce about nine million tonnes; the rest comes from the secondary steel producers who use steel scrap as raw material. Lack of adequate liquidity has already caused immense stress in tier-II and tier-III cities forcing some steel mills to temporarily shut down amidst fall in demand. These mills, which have bought raw material in cash transactions, have to now sell their produce through the official channel after paying taxes. "With the low demand, some of the small steel companies are trying to show finished products stocked with them as long-term inventory and sell them in the official market by paying 30-35 per cent taxes," said a top official of a steel company . In fact, he added, the impact of demonetisation of high-value currency can be gauged from the fact that the cash economy in India is among the largest at 12 per cent of GDP while globally it is only about 4 per cent.

Source: Business Line 15th November, 2016

Uttam Galva Steels net loss for Jul-Sep at Rs 93.56 cr

Galvanised steel maker Uttam Galva Steels today reported a standalone net loss of 93.56 crore for the quarter ended September 30, 2016. It had posted a net profit of 15.93 crore in the year-ago period. Total standalone income of the company fell by 40 per cent to 1,173.21 crore in July-September quarter of this fiscal from 1,959.85 crore during the same quarter of 2015-16, it said in a BSE filing. Total expenses were lower at 1,200.77 crore from 1,881.95 crore during the period under review.

Source: The Financial Express 16th November, 2016
