

# Moody's expects limited pressure on steel prices

New Delhi, March 29

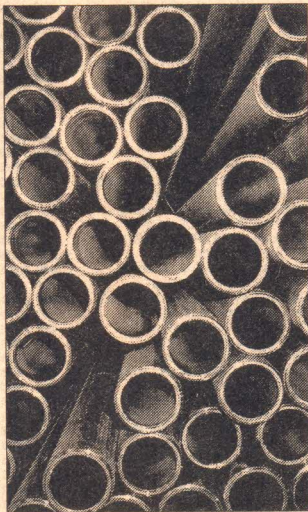
**M**OODY'S Investors Service on Wednesday said it expects limited pressure on steel prices in the next 12-18 months as there are adequate protectionist measures in place in the form of safeguards and anti-dumping duties.

"Nevertheless, with domestic steel prices lower than international prices and adequate protections in place in the form of safeguards and anti-dumping duties, Moody's anticipates limited pressure on steel prices over the next 12-18 months," the global rating agency said in a statement.

At the same time, Moody's expects India's steel consumption to trail GDP growth of 7.5% and 7.6% in 2017 and 2018, respectively.

The agency also assigned Ba3 rating to JSW Steel's proposed senior unsecured notes and said the proceeds from the issue will be used towards retiring some of the debt of the company among others.

"The proposed notes rank *pari passu* and are therefore rated at the same level as the company's existing \$500 mil-



lion senior unsecured notes, maturing in 2019 and its corporate family rating (CFR) of Ba3," it said, adding that the ratings outlook is stable.

Furthermore, an addition to JSW's crude steel capacity of four million tonnes during financial year 2016-17, an increasing proportion of high-margin value-added products and continuing cost rationalisation initiatives will drive an improvement in the company's profitability, despite sporadic raw material cost pressures.

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## MOODY'S INVESTORS SERVICE

"Moody's does not expect recent rise in iron ore and coking coal prices to be passed on entirely, as such, JSW's EBITDA/tonne should average less than ₹7,900 for FY2017, and remain flat or fall modestly in 2017-2018," it said.

Fitch Ratings has also assigned on Wednesday a 'BB(EXP)' expected rating to JSW Steel's proposed US dollar senior unsecured notes. The final rating is subject to the receipt of final documentation conforming to information already received, it said. *PTI*