
CAPEX cuts - JSW Steel puts CAPEX plan on hold for 1 year

Saturday, 22 Aug, 2009

ET reported that JSW Steel has postponed its fresh capital expenditure plan by one year as part of its financial restructuring aimed at reducing the company's debt.

As per report, JSW has decided to start repaying its debt in phases while refraining from committing additional investment both in its domestic and overseas operations.

Mr Seshagiri Rao joint managing director and group chief financial officer of JSW Steel told ET that "The global steel market is yet to recover fully. We do not want to make additional commitments at this juncture and have, therefore, decided to postpone all new capital expenditure plans by at least one year. This year (2009-10) and next year would be used to reduce the company's debt. Not only drawal of loans be reduced for expenditure already committed by the company, loans would be repaid simultaneously to reduce the overall debt burden on the company."

Mr Rao said that JSW Steel has already repaid INR 1,000 crore debt this year and plans to repay another INR 1,000 crore next year. The total consolidated debt of the company stands at INR 14, 500 crore.

Mr Rao said that "The cash position of the company is enough to meet the current fund requirements. There is no need of equity infusion at this juncture."

The company has committed investments to the tune of INR 9,700 crore to take up its steel making capacity from 7.8 million tonnes now to 11 million tonnes by March 2011. A sum of INR 2,900 crore has already been committed by the company and another INR 6,800 crore is proposed to be invested next year. The total debt component in this investment plan is INR 5,700 crore.

(Sourced from Economic Times)

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