

# Tata Steel in capex drive

## OUR SPECIAL CORRESPONDENT

**Calcutta:** Tata Steel may up the ante to catch up with its rivals in India by adding 5 million tonnes capacity at Kalinaganagar.

Managing director T.V. Narendran said the board of Tata Steel would decide on the next phase of expansion in two-to-three months.

The board may decide to take up a more ambitious 5-million-tonne expansion, instead of 3 million tonnes planned earlier.

Tata Steel operates a 9.7-million-tonne plant at Jamshedpur in Jharkhand and another 3-million-tonne unit at Kalinganagar, Odisha. The company has 3,000 acres in Odisha where expansion is possible.

Moreover, the Tatas have

already created some enabling infrastructure to support future growth. For instance, they have set up a hot strip mill for 5.5 million tonnes capacity. This is going to make future capex competitive.

Once the top player in the private sector steel space, Tata Steel lost out to JSW Steel, which now has the number one slot in India with 18 million tonnes of capacity.

Apart from expanding capacity at Vijaynagar in Karnataka rapidly, JSW Group also developed its Dolvi plant in Maharashtra, which it had acquired from Ispat Industries.

The bigger gambit by the Tatas at Odisha is part of a plan to double capacity by 2022, which the company had disclosed to its investors during the announcement of the ThyssenKrupp deal.

## **BIG THREE**

■ **Tata Steel:** Capacity 11 million tonnes (mt). Plans to expand in Odisha by 5mt, and double capacity in five years

■ **SAIL:** Capacity 17.5mt. Much delayed expansion to take capacity to 21.5mt

■ **Jindal Steel:** Capacity 18mt. To expand at Dolvi by 5mt

Natarajan Chandrasekaran, chairman of the Tatas' main holding company Tata Sons, had then said that the parent would support Tata Steel's plan to grow both through the organic and inorganic route.

Tata Steel now trails public sector major SAIL apart from

JSW. When SAIL completes its much delayed expansion plans, the PSU's capacity will scale 21 million tonnes from the 17.5 million tonnes at present.

JSW Group will not sit idle either as the Sajjan Jindal-flagship is going to expand its Dolvi plant to 10 million tonnes from 5 million tonnes at present.

Narendran, who is in Brussels to attend the general assembly of the World Steel Association, said Tata's capacity expansion in India would increase the group's leverage because the company had strong earnings.

Moreover, the bankruptcy proceedings by lenders in the National Company Law Tribunal to turn around debt-laden steel firms such as Electrosteel Castings, Essar Steel, Bhushan Steel, Monnet Ispat and Bhushan Steel and Power

could also decide who would hog the numero uno slot in the Indian steel industry.

Both Tata Steel and JSW Steel have made it amply clear that they would participate in the NCLT-led process which may see induction of new promoters into stressed companies as part of a resolution plan to turn these companies around.

## **ThyssenKrupp**

Tata Steel and ThyssenKrupp have no plans to spin off their pending European steel joint venture within the next two to three years, Tata's managing director said on Monday.

The two companies announced last month a preliminary agreement to merge their European steel operations. Markets widely expect the longer-term aim of the merger is an IPO.