

Jisco To Set Up Holding Firm As Part Of Recast

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Mumbai, July 24: Jindal Iron and Steel Company Ltd (Jisco) is planning to set up a holding company through which its debt-equity ratio can be leveraged. Jisco will become a purely manufacturing company in the GP and CRCA steel segment.

Jisco joint managing director and CEO Raman Madhok told FE that this is a part of the restructuring plan and the company may look at placing its various investments into a separate company by which its debts will be reduced.

"Bifurcation will take place in the coming months, appropriately, as part of the restructuring," Mr Madhok added.

The main restructuring of the company will be carried out by RSM & Co, and will be completed in eight months.

Company officials said that this is part of the ad hoc idea that has been put forth and it will take RSM & Co a few months to come out with the finer details. Jisco's present equity-debt ratio stands at 1:1.87.

Jisco's board of directors on June 24 this year approved, in principle, the restructuring of the company's business, with an objective to achieve exclusive and focussed steel business operations of the company.

Mr Madhok said that Jisco is poised to export 20,000 tonne of steel to China in July-August and another 20,000 to the US and the company targets to export 500,000 tonne of steel in the current year.

Having achieved a reversal in fortunes through the implementation of the 'Turnaround' strategy in 2002-03, and with an aim to consolidate its position as one of the largest exporters of galvanised products in India, Jisco has put in place a new growth strategy, called 'Focus'. The company claims that this strategy will enable it to raise exports for the current year.

Mr Madhok said: "Every year we try to weave a common thread among our employees to better our company's performances and this year, we have decided to implement a strategy called 'Focus', wherein we will be looking at finding more business opportunities, removing obstacles, caring for our customers and their needs and using a unique method to shape the changes. This exercise is mainly to further improve our profitability."

As part of this strategy, Jisco will also be sending 30 of its employees to visit the Hogoovens Plant of Corus in Netherlands for a benchmarking study in the coming months.

In a bid to enhance shareholder value, Jisco recently proposed a preferential allotment of 12,25,000 equity shares of Rs 10 each at a price of Rs 121 per share (2.8 per cent of the equity capital of the company - post issue) to Citicorp Banking Corporation, Bahrain, (CBC), an FII registered with Sebi.