

Maharashtra Seamless to invest Rs 3kcr in 2 plants

Pramugdha Mamgain
NEW DELHI

MAHARASHTRA Seamless (MSL), the flagship company of the DP Jindal Group, plans to invest close to Rs 3,000 crore in setting up two 5 lakh-tonne steel plants, one each in Maharashtra and Jharkhand, by 2012. Besides meeting the domestic steel demand, the new plants would serve as a source of raw material for the company's seamless pipes and tubes business in the country. The projects would be funded through a mix of debt and internal accruals.

The company was recently allotted the Gondkhari coal block in Maharashtra along with two other firms, Dhariwal and Kesoram. The coal block, in which MSL has a 30% stake, is learnt to have reserves of close to 100 million tonnes. Since mining on the block would begin only after a period of 3-4 years, the proposed Rs 1,500-crore steel plant in the state is also expected to be commissioned around the same time.

For the Maharashtra plant, while 33% of the funds would be raised through debt, the balance investment requirements would be met through internal accruals, said a source. When contacted by **ET**, the MSL spokesperson declined to comment.

Besides, the firm has also applied for iron ore



and coal blocks in Jharkhand and Orissa. It is only after it gets the mineral blocks that work on the proposed plant in Jharkhand would commence, the source added. This plant, which would have annual steel capacity of 5 lakh tonnes, is also estimated to absorb investments worth Rs 1,500 crore.

Apart from setting up new steel plants, the company would pump in an additional Rs 400 crore in establishing a new seamless pipes facility and expand the existing one in Maharashtra by 2012.

ACTION PLAN

- **The steel plants will come up in Maharashtra and Jharkhand**
- **The company would pump in an additional Rs 400 crore to set up a new seamless pipes facility and expand the existing one in Maharashtra by 2012.**
- **Maharashtra Seamless aims at doubling its seamless pipes and tubes annual capacity to 7 lakh tonnes by 2012**

Last year, MSL had acquired seamless pipes plant of SC Republica SA in Romania. It is now bringing the technology and equipment of the Romanian firm into India to establish a 2 lakh tonnes plant at Nagothane in Maharashtra.

It is also going to scale up the capacity of its existing plant at Raigad to 5 lakh tonnes over the next three years from 3.5 lakh tonnes currently. In all, the company is aiming at doubling its seamless pipes and tubes annual capacity to 7 lakh tonnes by 2012.

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Seamless tube makers to expand capacity

Pramugdha Mamgain

NEW DELHI

SEAMLESS tube makers, such as Jindal Saw, Indian Seamless Metal Tubes (ISMT) and Maharashtra Seamless, are planning to expand their capacities as they anticipate huge demand for seamless pipes in both the domestic and overseas markets over the next 3-4 years. This would more than triple the country's seamless tubes manufacturing capacity to over 2 million tonnes by 2010.

In the last one year alone, seamless tube producers have witnessed a 20-25% increase in the order books. Experts say huge demand for seamless tubes would come from firms such as Reliance, ONGC, GAIL and Cairn India in future for transportation of oil and gas from recently discovered blocks in KG Basin and in Rajasthan.

At present, 70% of country's seamless tubes are used for oil and gas exploration activities with the balance 30% used by automotive and power generation sector.

"Crude oil prices are surging and this could increase exploration activities in future. This would translate into high demand for seamless pipes. Moreover, expansion in the areas of power generation, automotive and refineries would also increase demand for seamless tubes," said Maharashtra Seamless (MSL) chief financial officer Anil Jain.

MSL has witnessed a 20% increase in orders in the last one year. Moreover, orders of 1.1 lakh tonnes of pipes have been already placed for the next five months. MSL supplies tubes to companies such as ONGC, Oil India, IOC, GAIL, BPCL and Kuwait Oil Company. Looking at the growing demand, the company would double its annual seamless tubes' capacity to 7 lakh tonnes by 2010 as against 3.5 lakh tonnes currently. Jindal Group firm Jindal Saw is targeting 8 lakh tonnes of seamless tubes by 2011 as against 1 lakh currently. By September this year, the company would add another 1.5 lakh tonnes to its capacity in Maharashtra.

MSL in race to buy Indonesian mining firm

Pramugha Mamgain

NEW DELHI

posed steel project as well as the acquisition. When contacted by ET, the company's spokesperson declined to comment.

As part of the backward integration initiatives, the company had planned to set up its first steel plant in Orissa. However, if the deal with the mining firm goes through, the plant would instead come up in Indonesia considering the proximity to iron ore reserves, said sources.

According to the industry sources, the acquisition of the Indonesian iron ore mining company would help MSL meet iron ore requirements for its proposed steel plant. The steel

plant, in turn, would serve as a raw material source for company's seamless pipes and tubes business.

Last year, the Indian firm had acquired seamless pipes plant of SC Republica SA in Romania with an aim to double its seamless pipes capacity to 7 million tonnes a year by 2010 from 3.5 tonnes presently. With the acquisition, it also got access to the European and the Middle East markets.

"We are getting technology and equipment of the Romanian firm into India and establishing a 2 million tonnes plant at Nagothane in Maharashtra, which is close to existing seamless tubes facility. The

project would entail an investment of close to Rs 300 crore," said an official of the company. He added the company has already acquired the land worth Rs 80 crore for the new plant, which is likely to get commissioned by 2010.

The company plans to add another 1.5 lakh tonne by de-bottlenecking the existing capacity of 3.5 million tonnes, located at Raigad in Maharashtra, with an additional investment of close to Rs 100 crore. Presently, MSL supplies wide range of pipes and tubes to various domestic industries, primarily oil and gas, for exploration activities.



MAPPING A PLAN

MAHARASHTRA Seamless (MSL), the flagship company of the Rs 3,000-crore DP Jindal Group, is in the race to acquire an Indonesia-based iron ore mining firm for around Rs 300 crore. It is learnt that Indonesian firm has iron ore reserves of close to 20 million tonnes. If the deal goes through, MSL would also establish a 1 million tonne steel plant close to the iron ore deposits in Indonesia with investments of up to Rs 1,200 crore.

Sources say MSL would resort to internal accruals to fund the pro-

Govt allocates 23 coal blocks to steel, cement, power cos

PRESS TRUST OF INDIA
New Delhi, 7 July

The government is understood to have approved allocation of 23 coking and non-coking coal blocks to leading steel, cement and power producers, including Essar, JSPL, Grasim, Monnet and Ispat.

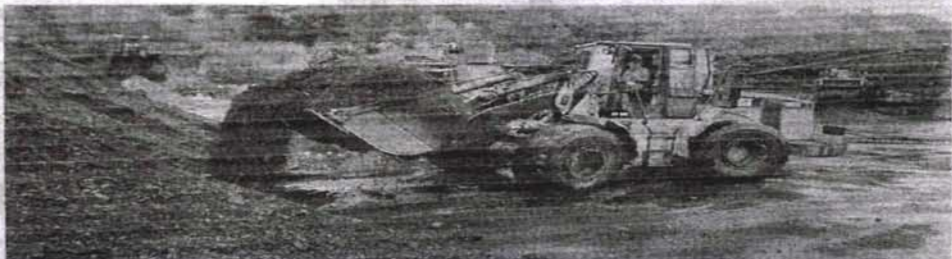
While four coking coal blocks have been allocated in Madhya Pradesh, the rest 19 non-coking blocks are in West Bengal, Madhya Pradesh, Chhattisgarh, Jharkhand, Maharashtra and Andhra Pradesh, a senior government official told PTI.

In its meeting held last week, the Screening Committee of Coal Ministry, headed by Coal Secretary H C Gupta, decided to allocate the Behra-bandh coking coal block to Vinod Mittal-led Ispat Industries on a sharing basis with Essar, Mukund Steel and Ind Synergy.

Of the total 170 million tonnes reserves, Ispat Industries was allocated 70 million tonnes, while Essar and Mukund 53 and 25 million tonnes, respectively. Orissa's Ind Synergy got the rest.

Coking coal is a major raw material for steel making in addition to iron ore.

The committee has also approved the Urtan coking coal block, which has an estimated reserves of about 42 million tonnes, to Jindal Steel and Power Ltd and Monnet Ispat on a



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BLOOMBERG

sharing basis.

The Urtan North coking coal block with an estimated reserves of about 54 million tonnes was approved for Bhushan Steel and Prakash Industries.

Of the major non-coking coal blocks, Moira and Madhujore (North and South) in West Bengal were allocated to Adhunik Group on a sharing basis with Uttam Galva, ACC, Vikas Metal and Power Ltd, Mideast Integrated and Ramnarup Lohh Udyog.

The block has a reserve of over 685 million tonnes, of which Adhunik Group was allocated the maximum 30 per cent of the total reserves.

The Andal East coal block with reserves of 890 million tonnes in West Bengal was

allocated to Bhushan Steel on a sharing basis with Jai Balaji Industries and Rashmi Cement.

In Maharashtra, four blocks — Bander, Danegaon, Gondkhari and Khappa — were approved for cement and steel producers like JK Cement, Dalmia Cement, Grasim, Gujarat Ambuja, Maharashtra Seamless, Sunflag and Shree Cement.

Cement major Lafarge along with Action Ispat and Power Ltd was allocated Rajgamar Dipside (Deavnara) coal block in Chhattisgarh. The block has an estimated reserves of over 76 million tonnes.

In the same state, Monnet Ispat and Energy Ltd was allocated Rajgamar Dipside (south of a nala) coal block with

a reserve of about 62 million tonnes on a sharing basis with Topworth Steels Private Ltd.

Three non-coking coal blocks with a cumulative reserve of about 100 million tonnes were approved for Rungta Projects, Confisteel, Bihar Sponge Iron Ltd and Mukund Ltd in Jharkhand.

Similar number of coal blocks were also allocated to companies, including Birla Corporation in Madhya Pradesh.

Industry sources said the companies that have been allocated coal blocks on a sharing basis, will have to enter into joint ventures to carry out mining activities. They will also have to do value addition in the states, where they have been allocated the mines.

MSL in race to buy Indonesian mining firm

Pramugha Mangain
NEW DELHI

MAHARASHTRA Seamless (MSL), the flagship company of the Rs 3,000-crore DP Jindal Group, is in the race to acquire an Indonesia-based iron ore mining firm for around Rs 300 crore. It is learnt that Indonesian firm has iron ore reserves of close to 20 million tonnes. If the deal goes through, MSL would also establish a 1 million tonne steel plant close to the iron ore deposits in Indonesia with investments of up to Rs 1,200 crore.

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posed steel project as well as the acquisition. When contacted by ET, the company's spokesperson declined to comment.

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MAPPING A PLAN

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paper.dnaindia.com

Mumbai, Saturday, February 16, 2008

DNA MONEY

Maha Seamless will set up billet plant

Firm seeks 1,000 acres near Nagpur; facility to also house pipe plant carted in from Romania

Promit Mukherjee, Mumbai

Pipe manufacturer Maharashtra Seamless Ltd (MSL) is likely to set up its proposed billet plant at a location near Nagpur.

Anil Jain, chief financial officer, MSL, said, "We are yet to decide upon the exact location, but chances are that we will zero in on a place near Nagpur."

The company is scouting for around 1,000 acres of land near the city, along with coal and iron ore linkages, both from the spot market and the government, he said.

The plant, which marks the company's first attempt at backward integration, would have a capacity of 1 million tonnes per annum (mtpa), to be used for captive consumption entirely. It would be ready by 2010.

Jain said the company will also set up the pipe manufacturing plant it is relocating from Romania at the same location.

Sandeep Somani, an analyst with brokerage HSBC Securities and Capital Markets, said in a February 6, 2008 report that the relocation of the Romanian plant, which was acquired on an asset basis, is estimated to accrue a total capital expenditure of Rs 300 crore, including acquisition, dismantling, shipping and relocation.

The company has earmarked a total capital expenditure of Rs1,800 crore for the next three years. Somani said, adding, Rs1,500 crore will



be invested in the billet plant.

The company currently has a seamless pipe manufacturing capacity of close to 3,50,000 TPA and an electric resistance welded pipes capacity of up to 2,00,000 TPA. Somani in his report said MSL, which is currently in the process of de-bottlenecking the plant, will augment ca-



capacity to 5,50,000 TPA in the next three years.

Jain said MSL is targeting a capacity of 7,00,000 TPA of seamless pipes in the next five years and a turnover of up to Rs4,000 crore from Rs1,800 crore now.

"This is an ambitious target and we are quite hopeful to achieve it."

he said.

This could also be possible with some greenfield or brownfield expansion, or may be even further inorganic growth.

"We are scouting for opportunities in several prospective parts of the world, which could add further value to our core business," he said. However, he did not specify where MSL was looking for opportunities.

Going forward, the company could set up a pipe manufacturing plant overseas. "Currently, we are focused on enhancing our domestic production capacity and after five years, a possible overseas facility will be keenly looked at," he said.

Maharashtra Seamless has an order book of Rs500 crore, which it plans to execute over the next three months, said Jain.

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MSL to buy Rs 250cr plant in Romania

Piyush Pandey & Nevin John
MUMBAI

MAHARASHTRA Seamless (MSL), the flagship company of Rs 3,000-crore DP Jindal Group, is close to acquiring the seamless pipes plant of SC Republica SA in Romania. The deal size is expected to be around Rs 250 crore. The plant based at Bucharest has two lakh tonne annual capacity, said sources in the know.

The move is aimed at doubling the capacity of MSL to seven lakh tonne by 2010-11. The company plans to add another 1.5 lakh tonne by debottlenecking the existing capacity. "A greenfield plant of two lakh tonne capacity would cost the company about Rs 600-700 crore. Thus the acquisition makes sense to the company on financial terms," said the sources.

When contacted by ET, the senior management of the company declined comment on the acquisition.

The capacity of the plant, which is being called a 'pipe academy' because of its sheer size and facilities, at two

lakh tonne per annum, is the largest in Romania. It makes mainly lower-range seamless pipes. With the acquisition, MSL will get access to the European and the Middle East markets. Sources said the acquisition would be completed in two weeks. The company is likely to finance the acquisition through internal accruals, they said.

"As the exploration and production activities rise globally, the demand for seamless pipe is also growing parallel. The sector is ensuring a 20-22% profit margin, which attracts competition. MSL, India's leading manufacturer of seamless pipes, has global oil giants like Saudi Aramco and Kuwait Oil as customers, ensuring 30% growth annually," said the sources.

DP Jindal group has diversified into manufacturing of seamless pipes, ERW pipes, wind power generation, offshore oil and gas drilling and project exports. The group also intends to foray into steel-making as a measure of backward integration, which will enable MSL to expand its profitability on sustainable basis.

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Maharashtra Seamless up on order buzz

THE stock price of Maharashtra Seamless has risen around 24% in the past one month. Market talk is that the DP Jindal Group company has bagged an export order worth Rs 160 crore from the US and Latin America. Dealers tracking the counter expect the announcement to be made over the next couple of days. When contacted, company officials declined to comment on the issue. The stock closed at Rs 613, down 3% from the previous day. Last month, JP Morgan had initiated coverage on the stock with an overweight rating and a target price of Rs 580. According to the broking house, margins could be under pressure during the current financial year because of high price of steel billets, which the company buys in the spot market. JP Morgan expects margins to improve in the next financial year as new orders would be booked at higher realisations.

MSL manufactures upto 14" dia Seamless Pipes. First time in India.



Maharashtra Seamless Limited, the flagship company of the D.P. JINDAL Group, the largest manufacturer of Seamless Pipes & Tubes in India creates another breakthrough. Introducing 14 inch dia Seamless Pipes for the first time in India, using Plug Mill technology supported by world class Reelers. Strategically located, about 100 km from Mumbai Port, MSL Raigarh plant (in Maharashtra) is the only state-of-the-art facility to manufacture large dia Seamless Pipes & Tubes in India with an installed capacity of 3 lacs MT per annum.

Quality commitment of the D.P. Jindal Group backed by the cutting edge Plug Mill technology has enhanced our products complying to the world standards. Better internal surface finish, improved circumferential wall thickness and close tolerance meets all the critical requirements of OCTG and other applications.

Apart from enjoying confidence of overseas customers in Middle East, Asia, Far East, USA and various oil companies worldwide, the company is catering to prestigious quality conscious Indian giants like ONGC, OIL IOCL, GAIL, EIL etc.



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D.P. Jindal, chairman and managing director of Maharashtra Seamless, was in town to announce the setting up a new joint venture with US-based Nasdaq-listed, Hydril company LP. The joint venture, which will involve 50:50 equity participation, will manufacture premium connections, which find applications in onshore and offshore oil and gas pipes. Hydril will provide the threading technology, which will complement MSL expertise in seamless pipes. Threading contributes to 40-50 per cent of the value addition to

the pipes. Commenting on the JV, Christopher T. Seaver, president and CEO of Hydril, said that, besides looking at the growing opportunities in the domestic market thrown up by the new oil and gas finds in the country, the JV would also be looking at using the Indian production base for catering to the demands of the markets in the neighbouring as well as far eastern Asian countries. Jindal was confident of seeing the annual top line growth of 22-25 per cent. He projected the JV to finish with a top line income of Rs2.5 crore.

Ready Stock of
schedule sizes available
from 2" to 14" NB

PRODUCT RANGE

Hot Finished Pipes:

OD : 188.30 - 370.00mm

OCTG Range:

Casing (API 5CT) : Up to 330.72mm OD
Plain End Threaded & Coupled with STC, LTC or BTC threads (all grades incl. J-55, N-80, L-80, C-95 & P-110)

Line Pipes (API 5L) : Up to 355.00mm OD

Plain End Threaded and Coupled with API Line Pipe Threads. (all grades upto X-70)



Joint ventures to boost topline

Jitendra Kumar Gupta

There is a growing demand for energy requirements on the back of increasing industrial output. Companies in sectors like oil, gas, power and fertilisers are witnessing growing activities of explorations, drilling, and transportation of energy.

Looking at the energy requirements of the country, emphasis is being given on exploration, drilling and laying of cross-country pipelines, which in turn augur well for companies operating in the pipes and tube industry. Pipes and tubes play a crucial role while extracting oil and gas from deep waters or hard surface and transport these resources miles away.

Maharashtra Seamless Ltd (MSL) is one of the leading manufacturers of seamless pipes and electric resistance welded (ERW) pipes in India. The company has installed capacity of 2,25,000 TPA for seamless pipes and 200,000 TPA capacity in ERW pipes. MSL commands almost 37% market share of seamless pipe and has clients like ONGC, Gail, HPCL, BPCI, ABB, BHEL, Hindalco and SAIL in its order book.

For the year ended March 2005, the company has a sales turnover Rs 769.41 crore over a net profit of Rs 84.88 crore.

While sales went up 23.20% CAGR for the last ten years, net profits managed to move up by 17.26%.

Industry outlook

The Indian pipe industry is broadly divided into three segments, namely seamless pipes, ERW pipes and saw pipes.

Seamless pipes

MSL is one of the leading players in this segment generating almost 64.28% of the total revenue. The seamless pipes have application in high-pressure oil and gas transport as well as drilling and exploration. The market for seamless pipes is set to grow 20-25% in the coming years.

Major players in the oil and gas industry are set to lay pipelines in the country. India has a very low pipe penetration as compared to the developed countries in the world.

The need for identifying and distributing the energy resources has started a momentum in the recent past and which is further expected move up with the increased spending on infrastructure.

ERW pipes

MSL gets almost 34.17% of the total revenue from the ERW division. The company holds

around 10% share in this segment and produces the widest range of ERW pipes. It is the only producer of 16-21 OD pipes in India. The pipes are expected to register double-digit growth due to an upsurge in distribution and exploration of natural gas, oil, petrol, diesel and other inflammable liquid and also surface transport of drinking water and in sewage plants.

Key developments

To set up a steel project in India and also to fund its capital expansion programme, MSL has raised funds of \$73.57 million through FCCBs that can be used for future acquisition plans of the company. MSL has entered into a 50:50 JV through Hydril Jindal International

Pvt Ltd with the US-based Hydril LP to manufacture premium connections and precise joints used in deep-sea drilling.

Hydril is globally engaged in engineering, manufacturing and marketing premium connections and pressure-control products, used for oil and gas drilling and production. In the partnership, Hydril will provide technical expertise and enhance global presence for MSL. The company generates almost 20% of the rev-

PRICE TREND

▶ BV (Rs)	109.00
▶ RONW (%)	27.13
▶ P/CEPS (x)	14.09
▶ PE (x)	17.20
▶ P/BV (x)	4.66
▶ Returns%:	
1M/3M/12M	-1.8/18/100
▶ 52 week H/L	530/214



FINANCIAL SNAPSHOT						
(Rs cr)	QoQ		Quarter-end		YoY	
	%Change	30.06.05	30.06.04	%Change	FY05	FY04
▶ Net sales	44.23	202.5	140.4	56.62	769.41	491.27
▶ Operating expenses	43.59	161.75	112.65	63.91	640.83	390.97
▶ Other income	-49.74	0.97	1.93	-12.25	12.03	13.71
▶ Interest	93.75	0.93	0.48	93.40	3.81	1.97
▶ EBIDTA	46.85	40.75	27.75	28.11	128.51	100.31
▶ Cash profit	23.10	28.51	23.16	32.04	103.97	78.74
▶ PAT	43.73	24.75	17.22	18.77	84.87	71.46
▶ EPS (Rs)	43.72	8.58	5.97	24.64	29.54	23.7
▶ CEPS (Rs)	23.16	9.89	8.03	32.09	36.06	27.3
▶ OPM%	1.52	20.1	19.8	-18.14	16.70	20.40
▶ NPM%	0.83	12.2	12.1	-23.24	10.90	14.20

enue from exports and the JV will boost its presence in Middle East, Caspian countries, Egypt, West Africa and South East Asia.

Concerns

The prices of steel and HR coils play a major role in input cost. The rise in fuel prices will put pressure on the profit margins of the company. The continued reduction in import and custom duties on pipe and tubes from China, CIS and East European countries and consistent appreciation of the rupee against the dollar further pressurises the profitability of the companies in this sector.

Financials

For the year ended March 2005, MSL has shown a growth of 56.62% in sales at Rs 769.41 crore and net profit of Rs 84.87 crore pegged at 18.77%. The rising input cost has reduced the operating margins to 16.70% as compared to 20.40% in the last year 2004. However, for the quarter ended Q1FY06 the company has shown a sales growth of 44.23% at Rs 202.5 crore and net profit has gone up by 43.73%. The operating and net profit margins have improved at 20.1% and 11.2% respectively, for the quarter ended Q1FY06.

Mumbai Monday 19 September 2005

Maharashtra Seamless starts new facility

By OUR CORRESPONDENT

Mumbai, Sept. 18: Seamless and welded pipe manufacturer, Maharashtra Seamless Ltd (MSL), part of the Rs 2,000-crore D.P. Jindal Group, commissioned their 200,000 connections per annum manufacturing facility in Nagothane, Maharashtra, on Saturday.

A 50-50 joint venture between Hydril Company LP of the US and MSL, it will manufacture premium connections which are used in upstream applications in the oil and gas sector by

petro majors like ONGC, Reliance, British Gas and Cairn Energy. All bids by the company for premium connections will henceforth be filed under Hydril Jindal International Pvt. Ltd (HJIPL).

"With this new facility, MSL becomes the first supplier of these pipes from India. The oil and gas drilling operations in India is expected grow between 15-20 per cent every year and as a result, the premium connections market will also grow. We are looking to double exports within two years," said Mr

A 50-50 joint venture between Hydril Company LP of the US and MSL, it will manufacture premium connections which are used in upstream applications in the oil and gas sector by petro majors like ONGC, Reliance, British Gas and Cairn Energy

Christopher Seaver, president and CEO, Hydril Company.

"We invested Rs 25-crore in this facility and will double the capacity to 400,000 connections in less than a year by investing an additional Rs 20 crores. The plant has the ability to triple its present capacity. We expect to grow at 25 per cent annually and foresee a huge demand for saw, spiral and cross pipes. We have bought land in Orissa and are looking to invest Rs 550 crores in a steel project that will provide raw material for our manufacturing plants in Maha-

ashtra. Once all formalities are completed, the project in Orissa should be completed in two years. There is a tremendous demand for our products with the recent discoveries in the Krishna-Godavari basin and Bombay High oil fields," said Mr D.P. Jindal, chairman, D.P. Jindal Group.

MSL also plans to get their Rs 36-crore, 7 MW wind energy project in Satara listed as a clean development mechanism activity and are currently short-listing consultants to help them trade in carbon credits.

Maharashtra Seamless to set up billet making unit in Orissa

Maharashtra Seamless Ltd, the flagship company of Rs 1,400 crore, DP Jindal Group is setting up billet making facilities as a measure of backward integration at Duburi, Orissa. The total project cost has been estimated at Rs 550 crore. The MoU for the project has been signed with the State Government of Orissa, the requisite land for the project has been identified and allocated and the cost for the same has been paid to the Government and the other various project formalities are in progress, a notice to the Stock Exchange, Mumbai said. Apart from long term borrowings, the company plans to finance the project through issue of equity shares, Foreign Currency Convertible Bonds (FCCBs), among other instruments of around \$100 million. The backward integration project would bring substantial value by way of reduction in the Raw Material cost to the company after its completion, the notice said. Meanwhile, the company has entered into 50:50 joint venture with Hydril Company LP of the USA for manufacturing premium connections on seamless pipe for the Indian and export markets.

PACT WITH US FIRM HYDRIL

MSL in tie-up

MSL, the flagship of the DP Jindal Group, and the US-based Hydril Company have set up a 50:50 joint venture called Hydril Jindal International to manufacture premium connections on seamless pipe. MSL will provide the full range of seamless pipe, while Hydril will provide threading technology and marketing support for the Indian and export markets.

Maharashtra Seamless targets Rs 700 cr turnover this fiscal

OUR CORPORATE BUREAU
Mumbai, Oct 6 2004

DP Jindal group company Maharashtra Seamless Ltd expects to cross the Rs 700 crore turnover mark during the current fiscal. The company on Wednesday informed BSE that it has visualised a boom in the oil & gas sector both in domestic and international market and accordingly stressed on production of both higher DIA seamless and ERW pipes.

"The demand trend is good

for the order book position of the company, which is over Rs 300 crore ranging from various customer and various countries," the notice to the BSE stated. Apart from seamless pipe manufacturing, the company also manufactures ERW pipes.

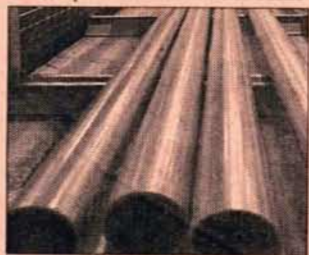
The company has secured an order for supply of ERW pipes from IOCL worth Rs 95 crore along with an export order worth Rs 25 crore from Dhaka-based Titas Gas Transmission & Distribution Company Ltd. ◆

M'ashtra Seamless in tie-up with US co

Our Delhi Bureau

12 OCTOBER 2003

MAHARASHTRA Seamless is in talks with Hydril of the US for manufacture of CRA premium connection seam-



IN THE PIPELINE

less pipes used for drilling. The pipe manufacturer is likely to forge ahead with a joint venture with Hydril if the negotiations come through.

This was stated by Maharashtra Seamless managing director Saket Jindal. "We are in advanced stages of negotiation. If everything goes well, we will announce the project soon."

The company is also looking for an acquisition in the domestic market to complete its backward integration plans. Under the plan, the company will acquire capacity to manufacture billets, the raw material for manufacture of seamless pipes.

"We are looking for a low-cost billet project that suits our plans," explained Mr Jindal.

The company is looking at Orissa and Goa as a part of its strategy to put up steel mills.

The company has already expanded from 7" to 14" and has doubled its capacity in the 7" category. Maharashtra Seamless will be the first company to produce seamless pipes beyond 7".

Talking about the 14" project, Mr Jindal said, "The erection work is complete and the trial run is likely to commence in the middle of next year."

Maharashtra Seamless is also planning to set up a coating plant for line pipes that is used mainly for the oil and gas sector.

ECONOMIC TIMES

13-10-2003

MSL Eyes Acquisitions In Domestic Market

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Nagothane, Sept 9 2003

Moving ahead with its Rs 150 crore project to manufacture seamless pipes of 14" OD, Maharashtra Seamless Ltd (MSL) is eyeing acquisitions in the domestic market. It is looking at areas like Orissa and Goa as part of its growth strategy and also plans to set up a steel mill to manufacture steel billets as part of its backward integration plan. The company is also negotiating for a 50:50 joint venture (JV) with US-based Hydril to manufacture CRA premium connections which are used in the oil and gas sector.

Speaking to FE, MSL managing director Saket Jindal said that as part of its future growth plans, the company is looking to set up its own billet production plant which would be able to produce about four lakh tonne of billets. "We are looking at a low cost billets project. However, we will take up this project only when our 14" OD seamless plant expansion is completed," Mr Jindal added.

Talking about MSL's 14" OD seamless plant, he said that the erection work has already begun and the trial run is expected to commence from August 2004. Orders have been

placed for all major equipment and additional load of power has been sanctioned by MSEB.

"The investment is being done through internal accruals and we do not plan to raise borrowings. If there is need, then we might look at low interest loans," he added.

The company is hopeful that returns from this capex will pour in by 2005, and plans to double capacity within three years.

MSL plans to increase installed capacity from one lakh tonne per annum (tpa) to two lakh tpa of ERW tubes and pipes. This will be done by installing additional balancing equipment in the plant. Talking about the JV with Hydril, Mr Jindal said that they are looking at a 50:50 JV plan, which should be finalised within a month. A royalty fee will be paid to Hydril.

The company also plans to set up a coating plant for line pipes which is mainly used in the oil sector and is likely to cost about Rs 50 crore. However, this project is not likely to be taken up before 2005-06. With the 14" OD expansion plan, MSL will be the first company in India to produce seamless pipes beyond 7" and up to 14" OD.

Travel for the story was sponsored by Maharashtra Seamless Ltd

MSL TO CONTINUE GROWTH MOMENTUM IN COMING QUARTERS

Maharashtra Seamless Limited, the flagship company of Rs. 1400 crore D. P. Jindal group is the market leader of seamless & higher dia. erw pipes in India. With the boom in oil & gas sector both in domestic and international market, the pipes and tubes industry is going to witness a demand growth of 20-25% in next 3-5 years. The company has visualised this opportunity and accordingly emphasised on production of both higher dia seamless and erw pipes. MSL with its newly expanded capacity is the only company in the country manufacturing upto 20" dia. erw pipes & upto 14" seamless pipes in India.

The demand potential is also clearly visible in higher dia seamless pipes segment as the company is receiving lots of orders for its added capacities, which is set to crystallise in firm orders in due course. ONGC is also in the process of placing orders of approx. 80000 mt of seamless pipe for its requirement in the coming months the company is rightly poised to exploit this demand potential with its newly commissioned 14" seamless mill.

The company is having very good order book position over rs. 200 crores ranging in all sizes of seamless and erw from various customers and various countries such as usa, middle east, far east, bangladesh etc. globally the market of seamless pipes is continuously growing up on the upsurge of crude oil & gas with newer demands for pipes for the new wells. The company has also benefitted with the increase in export quantities compared to last year with better sales realisation.

The company expects good increase in both its topline and bottomline with its new mill in the remaining portion of the current year during december march 05.

Rs 225-cr expansion

Samik Dasgupta
NEW DELHI 27 OCTOBER 2002

D P JINDAL promoted Maharashtra Seamless Limited (MSL) is planning to expand to global standards and qualities in the category of seamless pipes and tubes. This will come at a capital cost of Rs 225 crore to the company. Most of the project cost will come from internal accruals leaving a small portion to the tune of Rs 50 crore to Rs 75 crore to be mobilised through bank loans.

D P Jindal, chairman, MSL confirmed the development. He said: "The global standard is 3 lakh tonne of capacity under various categories of seamless pipes. We plan to match that by installing and adding balancing equipment to our already existing plant capacity."

For the increased capacity, the actual production will start in two years time. The current capacity is 1 lakh tonne. The capacity will turn 1.5 lakh tonne by the end of 2003 and be 2 lakh tonne by the end of 2004.

The pipes manufacturing company is also planning to increase its range from the current 7 inch to 14 inch. "As we expand our range from 7 inch to 14 inch, we will have virtual monopoly in the category of 12 inch and 14 inch pipe," explains Mr Jindal.