

# JSW, Tata, Vedanta eye Bhushan Power

Seven entities express interest in firm undergoing insolvency process

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**J**SW Steel, Tata Steel and Vedanta are among the seven companies that have expressed interest in Bhushan Power & Steel, undergoing the Reserve Bank of India-mandated insolvency process.

Apart from the three companies, a private equity player, an investor from the UAE, a mid-sized domestic steel company and the existing promoter, Sanjay Singal, have also submitted EOIs (expressions of interest).

The resolution professional for Bhushan Power & Steel and head & partner, business restructuring vertical, BDO India LLP, Mahender Kumar Khandelwal, declined to comment. E-mails sent to JSW Steel and Vedanta remained unanswered.

A spokesperson for Tata Steel said, "As a process, we do assess and evaluate various strategic opportunities for growth. This is an ongoing process in the company."

Bhushan Power & Steel was on the list of 12 large non-performing accounts that the RBI had recommended for insolvency proceedings under the Insolvency and Bankruptcy Code (IBC). The other steel



The hydrogen-based bell annealing furnace of Bhushan Power & Steel company at Sahibabad

PHOTO: COMPANY WEBSITE

companies were Essar Steel, Bhushan Steel, Electrosteel Steels and Monnet Ispat & Energy.

The unlisted Bhushan Power & Steel has a steel-making capacity of three million tonnes across Odisha, West Bengal and Chandigarh. A hot-rolled steel facility is in Odisha and cold-rolling facilities are in Kolkata and Chandigarh. Bhushan also has a

captive power plant, a pellet plant and an iron ore beneficiation plant.

Bhushan's debt in FY16 stood at ₹37,248.26 crore, net sales were at ₹7,699.81 crore and losses were at ₹2,435.95 crore.

Bhushan Power & Steel ran into trouble after its licences for iron ore and coal mines were cancelled. The company was allotted a coal mine,

## BHUSHAN POWER & STEEL FINANCIALS

(In ₹ crore)

Year ended	Networth	Total debt	Net sales	PBIT	PAT
FY11	3,722.5	13,401.8	4,678.4	1,416.5	437.9
FY12	5,459	17,907.5	6,751.1	2,056.1	534.1
FY13	6,266	24,810.5	8,669.8	2,705.1	571.9
FY14	8,072.4	30,558.3	10,309.4	3,295	635.5
FY15	6,804.13	33,784.73	9,247.96	2,002.18	-1,366.06
FY16	4,366.34	37,248.26	7,699.81	1,202.54	-2,435.95

Source: Capitaline

Compiled by BS research Bureau

with reserves of around 250 million tonnes, but this was deallocated in 2014. The iron ore mines were committed by the Odisha government. Two mines were allocated in 2012 and 2014 after Supreme Court intervention. Subsequently, the amended Mines and Minerals (Development and Regulation) Act was passed in 2015. As a result, Bhushan's iron ore mines also were cancelled.

After making a shortlist from the EOIs, an information memorandum will be circulated to the selected companies and bids for Bhushan Power & Steel will be invited based on this. "Quite a few players have evinced interest in the company. But how many of them will finally bid remains to be seen," said an industry source.

Among the companies that have submitted EOIs, Tata Steel and JSW Steel are looking to ramp up capacity and the ongoing insolvency process has provided an opportunity to achieve their targets.

Tata Steel plans to double capacity in India to 26 million tonnes in the next five years.

JSW plans to take its capacity to 40 million tonnes from the current 18 million tonnes by 2030 through a mix of organic and inorganic operations. For Vedanta, steel would be an unchartered territory, if it does decide to bid. Vedanta Resources Plc Chairman Anil Agarwal had recently told Business Standard the company would bid for stressed assets only if it ensured return on capital.