Taking over a distressed firm

A structured turnaround plan

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Post-takeover success example | Monnet Ispat (JSW Steel and AION)

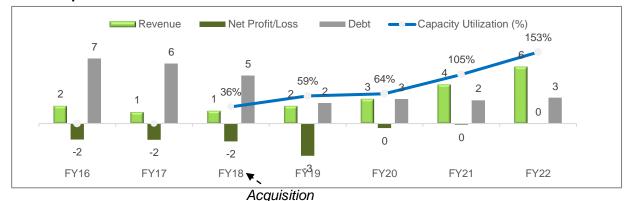
Post-takeover, operational improvements along with strategic/ organic growth

About Monnet Ispat

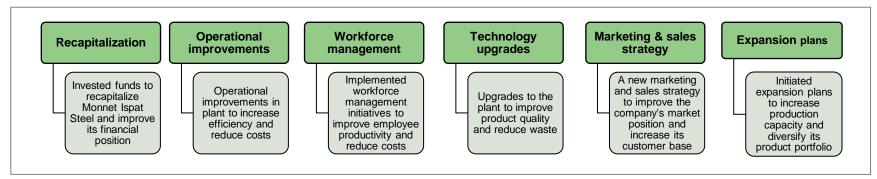
- Financial distress led to insolvency process of NCLT; resolution plan of JSW Steel and AION finally approved
- Plants at Raigarh and Raipur
- Key products included sponge iron, structural steel, rolled products, TMT and ferro alloys

Pre- and post-takeover financial trends

All figures are in INR '000 cr



key initiatives that JSW Steel and AION took for the turnaround of MonnetIspat Steel:



The turnaround initiatives will depend on the ultimate strategic intent of the acquirer. In the case of Monnet Ispat, the focus was on ultimately growing the business strategically by working on the market initiatives, in addition to operations improvement. While in another example, Bhusan Steel turnaround focused on operations rationalization with an eye on integration with Tata Steel's operations

Taking over a distressed firm

Key questions to address after takeover

Questions pertain to the various phases involved in operations turnaround

Managing transition: 1) How do we take control over operations? What do we need to immediately change (unlearn)? Taking stock: What do we need to put in place 1) What is the **status of** immediately? resources vis. Men. machine, material, 2) How do we plug the operating gaps developed during the insolvency process? finances, assets, etc.? 2) What is status of key How much can we produce / source / business sell immediately? stakeholders vis • How much should we produce? customers, suppliers, investors. What are the immediate interventions collaborators, etc.? Overseeing Operations (on required to produce? continued basis): 3) What are the immediately-1) Which measures are required actionable market to be captured, tracked and opportunities - 'Low reported? hanging fruits'? Formulating operations strategy and 2) What should be the plan: mechanism for feedback and corrective actions? 1) What is the **potential** of the business (using existing resources) wrt capacity utilisation? 3) Senior management orientation 2) What should be the **minimum utilisation** for operational viability? 4) Senior management guidance and critical inputs 3) What should be the operations strategy including industry 4.0 among others? 5) Strategic inputs 4) Where are **improvements** desired in the operations vi, structure, process, people,



5) What should be the operations roadmap /

systems?

plan?

Thank you

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