



## CRISIL Executive Training Industry series Steel sector

Training program: December 06-07, 2017

### Has the steel sector turned the corner?

After a long spell of financial stress, steel makers are seeing a sharp improvement in profitability because of duty support from the government and healthy growth in production.

However, debt repayment capability remains constrained because of sluggish domestic demand, significant under-utilised capacities – especially in the EAF/IF space – and continuing global supply glut.

A lot of money lent to the sector has either turned non-performing or remains at risk of default.

In such a scenario, what should be the strategy to recover non-performing assets? What should be the banker's approach to fresh lending in the steel sector?

CRISIL's programme will analyse the current business scenario, emerging trends, the resilience of business models (based on integration, product segments and technology), and the nuances of the entire steel value chain (CRISIL's segment-level analysis of the value chain quantifies the financial distress and potential for recovery) to help you arrive at crucial decisions.

**CRISIL's special two-day program will help you do exactly that – where you can learn, imbibe and then confidently execute decisions.**

### Key learnings

The program will cover, in granular detail, the following:

- Global steel sector dynamics and their bearing on the domestic market
- Trends in product mix (basis end-use sectoral trends) and implications of technology
- Volatility in raw material prices and their linkages to cost
- Dissection of financial stress and prospects based on business model
- Company performance and credit risks

### So what's in it for you?

Get a granular understanding of the current and emerging nuances across steel segments. That, in turn, will give the confidence to construct your own views on the steel sector – as an investor, lender or other stakeholder.

Understand the risks so that you can devise the appropriate mitigation tools.

## Why CRISIL?

CRISIL's trainers have over 75 years of combined expertise in the steel sector. This is across functions related to market assessment, new technologies, vendor and supply chain management, financial and contract structures, lending issues, and credit risk assessments.

Cumulative 30 years of steel sector experience heading various functions and business units

Over 25 years of banking experience in the credit function



24 years of CRISIL's expertise in the steel sector

Given the global and domestic dynamics of the steel industry, this is the only comprehensive program of its kind that will help participants stay ahead of the curve.

## Program details

**Venue:** CRISIL House, Central Avenue, Hiranandani Business Park, Powai, Mumbai - 400 076.

**Date:** December 06-07, 2017

**Fees:** Rs 50,000 plus applicable taxes (non-residential)

The fees include lunch and refreshments for the duration of the training.

Avail of a 10% discount on fees by confirming participation on or before November 13, 2017.

### To register for the program, contact

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### Payment instructions

- Please pay by cheque/ demand draft drawn in favour of CRISIL Limited and send to:  
Gloria D'silva, CRISIL House, Central Avenue Road, Hiranandani Business Park, Powai, Mumbai 400 076
- Payment can also be made via NEFT.

Cancellation policy: CRISIL reserves the right to retain 25% of the fees for any cancellations less than one week prior to the training programme, and 50% of the fees in case of non-attendance. CRISIL reserves the right to accept or reject nominations at its sole discretion.

CRISIL reserves the right to reschedule/ cancel the programme at any point of time based on the circumstances.

## Training schedule

### Day 1

#### Session 1

- Understanding the steel sector dynamics
  - Global landscape (what is transpiring in China, Japan, the US and the EU)
  - Global demand-supply outlook (what will happen to burgeoning overcapacity in China?)
  - Sector's value chain (iron ore/Coking coal>>>steel intermediates>>steel product>>>value added products)
  - Key end-use segments and product-sector mapping
  - Evolution of the sector's demand-supply dynamics
  - Global trade across the value chain and India's role in the same

#### Session 2

- Trends in end-use consumption pattern
  - End-use sectors and their steel intensity
  - Steel intensity - urban vs rural, changing trends, comparison of global vs India
  - Major growth drivers across end-use sectors
  - Impact of changes in end-use consumption trends on product mix
  - Signposts influencing growth (progress and relevance of key projects in shaping steel demand growth-housing for all, freight corridors, urban infra)

#### Session 3

- Manufacturing process and technology mix
  - Global mix of key technologies - BF/EAF/DRI
  - Technology mix in India and evolution of the same (Why does DRI have a higher relevance in India than globally? How is the mix in India is evolving?)
  - Technology-wise capacity and production trends
  - Technology-product mapping
  - Cost of production via various routes

#### Session 4

- Raw material linkages, associated costs and profitability
  - Trends in captive vs merchant procurement (iron ore and coking coal)
  - Cost differential between captive and merchant iron ore
  - Trends in iron ore and coking coal prices
  - Key factors governing price trends
  - Profitability outlook for steel value chain - how it differs across intermediates, products and integrated / non-integrated players

#### Session 5

- Dissection of the financial stress
  - Rating distribution and changes in rating (upgrades downgrades) and reasons for change
  - Analysis of key financial indicators for the industry
  - Analysing the Indian steel sector's financial stress in a global context (how Indian companies fare globally on debt and financial indicators)
  - Evaluating underlying reasons for stress - by product, technology, scale of operation, and regulations
  - Factors influencing debt repayment
  - Product-segment level debt prospects (which product segments, groups will recover faster)

### Day 2

#### Session 6

- Early stage stress management
  - Project implementation delay – causative factors and treatment options
  - Change in project ownership
  - Financing cost overrun
  - Identifying stress signals

- Sourcing critical information and data
- Determining stress severity
- Special mention accounts
- Formation of JLF and corrective action plan
- Approval mechanism, timelines, process flow and regulatory stipulations

#### Session 7

- Stress Resolution options
  - Flexible structuring of long-term loans (5:25 scheme)
  - Post-DCCO Refinancing of project loans
  - Strategic debt restructuring
  - Scheme for Sustainable Structuring of Stressed Assets
    - o Scheme features
    - o Relaxations and restrictions

#### Session 8

- Recovery options
  - Insolvency proceedings under IBC
  - Sale to ARC
  - SARFAESI process
  - Winding up petition

#### Session 9

- Case study: Uttam Galva Steels Ltd
  - Analysis of past 5 years' financials
  - Discussion on prospects
  - Examination of possible resolution options
  - Recommended approach for the case

#### Session 10

- Case study: Visa Steel Ltd
  - Analysis of past 5 years' financials
  - Discussion on prospects
  - Examination of possible resolution options
  - Recommended approach for the case

### **About CRISIL Limited**

CRISIL is an agile and innovative, global analytics company driven by its mission of making markets function better. We are India's foremost provider of ratings, data, research, analytics and solutions. A strong track record of growth, culture of innovation and global footprint sets us apart. We have delivered independent opinions, actionable insights, and efficient solutions to over 100,000 customers.

We are majority owned by S&P Global Inc., a leading provider of transparent and independent ratings, benchmarks, analytics and data to the capital and commodity markets worldwide.

### **About CRISIL Research**

CRISIL Research is India's largest independent integrated research house. We provide insights, opinion and analysis on the Indian economy, industry, capital markets and companies. We also conduct training programs to financial sector professionals on a wide array of technical issues. We are India's most credible provider of economy and industry research. Our industry research covers 86 sectors and is known for its rich insights and perspectives. Our analysis is supported by inputs from our large network sources, including industry experts, industry associations and trade channels. We play a key role in India's fixed income markets. We are the largest provider of valuation of fixed income securities to the mutual fund, insurance and banking industries in the country. We are also the sole provider of debt and hybrid indices to India's mutual fund and life insurance industries. We pioneered independent equity research in India, and are today the country's largest independent equity research house. Our defining trait is the ability to convert information and data into expert judgments and forecasts with complete objectivity. We leverage our deep understanding of the macro-economy and our extensive sector coverage to provide unique insights on micro-macro and cross-sectoral linkages. Our talent pool comprises economists, sector experts, company analysts and information management specialists.

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