

RINL's sale may be fast-tracked

Disinvestment pending since Union Cabinet gave its nod in 2021

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THE ANDHRA PRADESH government led by the Telugu Desam Party (TDP) is likely to support the Centre's plan for strategic disinvestment of Rashtriya Ispat Nigam (RINL), also known as Vizag Steel, to revive its fortunes, TDP sources said.

The stance of TDP, a key ally of the BJP-led government at the Centre, will give the much-needed comfort to the Union government to proceed with the privatisation plan, which has been hanging fire for years due to lack of cooperation from the state government.

N Chandrababu Naidu, who was sworn-in as the chief minister on June 12, is keen that investment flows into the state get accelerated, as he strives to bring the state's economy back on track.

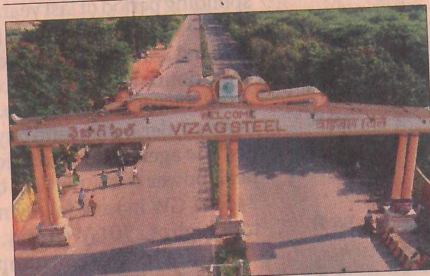
"We will support the Centre's plan for RINL. We don't have a problem," a top TDP functionary said.

Asked about the TDP's stand on the privatisation policy of the Centre, Naidu recently said he didn't have a problem with that as it would bring growth and investment.

Like Neelachal Ispat Nigam (NINL) bought by the Tata Group in January 2022, the privatisation of RINL is crucial to reviving the fortunes of the plant and protecting the interest of the employees.

Currently, the RINL plant has a 7 million tonne (MT) capacity, which can be expanded up to 17 MT if fresh investment is pumped in.

In January 2022, Tata bought Odisha-based ailing NINL jointly owned by four central PSUs and two Odisha government PSUs for ₹12,100 crore. Besides reviving the plant



Strong case for Vizag Steel privatisation

7 MT: Current capacity of plant, which is underutilised

17 MT: Capacity potential through pvt investment

₹2,859 cr

Loss reported by company in FY23; losses in 18 of the last 33 years

₹391 cr

Net worth in FY23, a massive fall from ₹13,659 cr in FY12

■ Turnover declined by 19% on year to ₹22,778 crore in FY23

and protecting the jobs of staff, the Tatas are expanding the capacity of the plant with huge fresh investments.

RINL incurred a loss of ₹2,859 crore in FY23 and its plant capacity was running much below the 7 MT capacity. Its net worth has fallen to just ₹391 crore in FY23 from a high of ₹13,659 crore in FY12, due to the accumulation of losses over the years. Its turnover declined by 19% on year to ₹22,778 crore in FY23. The company is now facing a severe working capital crunch.

The Centre was drawing up a fresh plan for the privatisation of RINL, under which the prospective buyer/s would have to commit to expand its 7 MT plant.

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RINL has a massive land pool of 19,000 acre, which includes a 6,000-acre green belt. Prospective buyers, therefore, won't have to worry about creating a new green belt. However, all these lands are still directly owned by the Centre, which may keep a part of the huge land holding with the state-run company outside the deal's ambit.

In line with the Centre's new public sector enterprise (PSE) policy, the Union Cabinet in January 2021 had given in-principal approval for a 100% disinvestment of the government's shareholding in RINL along with RINL's

stake in its subsidiaries or joint ventures through strategic disinvestment.

RINL disinvestment will take some time to fructify because the asset has to be structured first in order to bring out an expression of interest (Eoi).

The cooperation of the state government in terms of various approvals is crucial for the transaction, given that Visakhapatnam City was created because of the RINL steel plant. Investors also need the comfort of the state government before putting their money.