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<p>The Listing Department, National Stock Exchange of India Ltd Exchange Plaza Bandra Kurla Complex MUMBAI 400051</p> <p>Symbol & Series: MMTC /EQ (Fax No: <u>022-26598237/</u> <u>8238/8347/8348</u></p>	<p>Department of Corporate Services Bombay Stock Exchange Limited Phiroze Jeejeebhoy Towers Dalal Street MUMBAI 400 001</p> <p>Company Scrip Code:513377</p> <p>(Fax No:<u>022-22723121/ 22722037 / 22722039</u></p>
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Sub: Disinvestment of Neelachal Ispat Nigam Limited

Dear Sir,

In continuation of our earlier disclosures on the above subject, please find attached herewith the Press Release issued by the Department of Investment and Public Asset Management on 31.01.2022.

This is for your information & record.

Yours faithfully,
For MMTC Limited

(G.Anandanarayanan)
Company Secretary

STRATEGIC BUYER APPROVED FOR PRIVATIZATION OF NEELACHAL ISPAT NIGAM LTD

Alternative Mechanism, comprising Shri Nitin Gadkari, Minister for Road Transport and Highways, Smt. Nirmala Sitharaman, Finance Minister and Shri Piyush Goel, Commerce & Industry Minister, which is empowered by the Cabinet Committee on Economic Affairs, have approved the highest bid of M/s Tata Steel Long Products Limited for 93.71% of shares of Joint Venture partners of 4 CPSEs and 2 Odisha Govt State PSEs at the Bid Enterprise Value of Rs. 12,100 cr.

NINL is a joint venture of 4 CPSEs, namely MMTC, NMDC, BHEL, MECON and 2 Odisha Govt. PSUs, namely OMC and IPICOL. NINL has an integrated steel plant with a capacity of 1.1 MT, at Kalinganagar, Odisha. The company has been running in huge losses and plant is closed since 30.3.2020. The company has huge debt and liabilities exceeding Rs. 6,600 crores as on 31.3.2021, including huge overdues of promoters (Rs 4116 cr.), Banks (Rs 1741 cr), other creditors and employees. The company has negative networth of Rs. 3487 cr. and accumulated losses of Rs. 4228 cr. as of 31.3.2021.

Govt of India does not hold any equity in the company. However, on the request of the Boards of selling shareholder PSEs and on concurrence by the Govt of Odisha, CCEA 'in-principle' approved strategic disinvestment of NINL on 8.1.2020, and authorised DIPAM to undertake the transaction.

The transaction was made through an open-market, competitive bidding process towards the enterprise value of the company, comprising the liabilities of the company as on 31.3.2021 and the 93.71% equity of the company held by the 6 selling PSE shareholders. The transaction was executed through the extant consultative multi-layered decision mechanism-based procedure involving Inter Ministerial Group (IMG), Core Group of Secretaries on Disinvestment (CGD) and the empowered Alternative Mechanism. Govt. of Odisha with their companies, OMC & IPICOL having stake of 32.47% was also part of the decision-making at every stage.

The Expressions of Interest (EoI) were invited on 25.01.2021. Multiple EoIs were received by the due date of 29.03.2021. The interested parties were given opportunity to undertake due diligence procedure by providing them access to virtual data room of the company. These interested parties also made site visits and were provided with the proposed terms and conditions of the sale in the form of the draft SPA. Considering their feedback, the SPA was finalised on approval by AM, and was shared with the bidders along with the RFP issued on 03.12.2021 for inviting financial bids.

In response, 3 bids were received by the due date, i.e 23.12.2021 in sealed cover which were kept in safe custody. As per the extant procedure, the Reserve Price was subsequently recommended by the IMG after detailed examination of the valuation reports prepared by the TA and the AV, and was approved by the CGD at Rs. 5616.97 cr.

Thereafter, the financial bids were opened for the following qualified bidders, who had submitted the bids:-

- (i) Consortium of M/s Jindal Steel & Power Limited and Nalwa Steel and Power Ltd.
- (ii) M/s JSW Steel Limited
- (iii) M/s Tata Steel Long Products Limited (TSLP)

M/s Tata Steel Long Products Limited (TSLP) emerged as H-1 bidder, whose bid has been accepted by the AM. Letter of Intent (LoI) is being issued to TSLP inviting them to sign the SPA. At this stage, 10% of the bid amount shall be paid by the successful bidder into the Escrow account.

On the closure date, shares will be transferred to the strategic buyer and the balance amount will be received to be utilized in the manner prescribed in the Waterfall agreement 27.10.2021 signed amongst the selling shareholders. Part-sale proceeds would be infused in the company to the extent of the liabilities which will be set-off and the balance amount in the escrow account will selling shareholders proportional to their shareholding.

This is the first instance of privatization of a public sector steel manufacturing enterprise in India. The success of the transaction is a win-win situation for all. The biggest advantage of privatization will be to the local economy of the region as the strategic buyer will be able to revive a closed plant, bring in modern technology, best managerial practices and make infusion of fresh capital, which will help in augmenting the capacity of the plant.

Govt. of Odisha has given active support to the process of privatization. The privatization will help in creating new jobs in the region by creation of ancillary industries and supplier's network. Keeping in view the best interest of the serving employees, it was decided to keep the employees' dues as the top most ranking liability in the Waterfall Agreement to be satisfied first before any other liability.

The transaction is on "going concern" basis and the employees of NINL will continue to be the employees of the company in terms of the Share Purchase Agreement (SPA), which binds the buyer to have a lock-in period of one year. The strategic buyer will also be bound to follow the terms of VRS applicable to CPSEs whenever such a decision is taken.

Post-sale consideration will go towards settling of the liabilities of the company, in the order provided in Waterfall Agreement.