PRELIMINARY INFORMATION MEMORANDUM

For Inviting Expression of Interest

for

STRATEGIC DISINVESTMENT OF

ALLOY STEELS PLANT (ASP)

by

STEEL AUTHORITY OF INDIA LIMITED (SAIL)

भारत सरकार
Government of India

सेल SAIL

Transaction Advisor

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February 14, 2018

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Note: Capitalized terms not defined shall have the same meaning ascribed to them in the Request for Expression of Interest.

TABLE OF CONTENTS

Part A: Preliminary Information Memorandum

IMPORTANT NOTICE **9**

1. Introduction **11**

2. Company Overview **12**

2.1 Introduction 12

2.2 Capital Structure of SAIL 12

2.3 Board of Directors of SAIL 12

2.4 Financial overview 14

3. Details of The Alloy Steels Plant **15**

3.1 Plant location and connectivity 15

3.2 Land 16

3.3 Plant and Machinery 17

3.4 Plant infrastructure 20

3.5 Raw Material Sourcing 21

3.6 Product Mix 23

3.7 Senior Management Personnel in ASP 24

3.8 Human Resource Strength 24

3.9 Statutory permits and licenses 25

3.10 Safety and quality control 26

4. Financial Performance of the Alloy Steels Plant **28**

4.1 Profit and Loss Statement 28

4.2 Balance Sheet 29

4.3 Working Capital Facilities of SAIL 30

4.4 Contingent Liabilities 30

5. Value Drivers **31**

5.1 Strengths 31

5.2 Opportunities 31

6. Appendix **33**

6.1 Appendix I: Audited Financial Statement of ASP for FY 2016-17 33

Part B: Request for Expression of Interest

1. Definitions 35

2. Introduction 38

2.1 Transaction Background 38

2.2 Contact Details 38

2.3 Important Dates 39

2.4 Contents of EOI Request 39

2.5 Clarification 40

3. PROPOSED TRANSACTION 41

3.1 Salient Features of Proposed Transaction 41

3.2 Process for the proposed Transaction 42

4. INSTRUCTIONS TO INTERESTED BIDDERS 45

4.1 General Conditions 45

4.2 Amendment to EOI Request 46

4.3 Submission of Expression of Interest 47

4.4 Evaluation of EOI 51

4.5 Governing Law / Jurisdiction 51

5. ELIGIBILITY CRITERIA 52

5.1 Eligibility Criteria 52

5.2 Other Terms and Conditions 57

6. DISQUALIFICATION 61

7. ANNEXURES 65

Annexure 1: Format for Letter of EOI 65

Annexure 2: Statement of Legal Capacity 72

Annexure 3: Request for Qualification 75

Annexure 4: Power of Attorney 80

Annexure 5: Power of Attorney for Employee Participation 82

Annexure 6: Format for Consortium Agreement (In case IB is a Consortium) 84

Annexure 7: Undertaking by the Interested Bidder 89

Annexure 8: Format of Affidavit 102

Annexure 9: Declaration in relation to Statement of Legal Proceedings 104

Annexure 10: Advertisement 106

Annexure 11: Department of Investment and Public Asset Management (DIPAM) Guidelines 107

LIST OF TABLES

Part A: Preliminary Information Memorandum

Table 2-1: Capital structure and shareholding pattern of SAIL 12
Table 2-2: Brief Profile of Board of Directors of SAIL (as on December 31, 2017) 12
Table 2-3: Key financial indicators of SAIL (standalone) – (FY 13-17 and 9M FY2018) 14
Table 3-1: Allocation of land for plant and ancillary facilities....16
Table 3-2: Details of plant and machinery 17
Table 3-3: Cryogenic Air Separation Plant - Contracted quantity of Gases....18
Table 3-4: Major on-going capital repairs at the plant as on December 31, 2017 19
Table 3-5: Consumption of raw materials and fuel at the plant during FY 15- FY 17 and 9M FY18 21
Table 3-6: Key raw materials and its sources 22
Table 3-7: Production details of ASP....23
Table 3-8: Key customers of ASP 24
Table 3-9: Senior Management Personnel as on December 31, 2017....24
Table 3-10: Details of the Permanent employees as on December 31, 2017 25
Table 3-11: Registered unions - ASP....25
Table 3-12: Key Clearances and approvals- Alloy Steels Plant....25
Table 4-1: Financial performance of ASP (FY 13-17 and 9M FY18)....28
Table 4-2: Balance sheet of ASP (FY 13-17 and 9M FY18) 29
Table 4-3: Details of Contingent Liabilities as on March 31, 2017 30

Part B: Request for Expression of Interest

Table 2-1: Important Dates 39

LIST OF FIGURES

Part A: Preliminary Information Memorandum

Figure 3-1: Location in West Bengal - Alloy Steels Plant....15
Figure 3-2: Overview of the manufacturing process....19

ABBREVIATIONS

AIF	Alternative Investment Fund
AOD	Argon Oxygen Decarburization
ASP	Alloy Steels Plant
BHEL	Bharat Heavy Electricals Ltd
BIS	Bureau of Indian Standards
BOO	Build Own Operate
CCEA	Cabinet Committee of Economic Affairs
CGD	Core Group of Secretaries on Disinvestment
CIM	Confidential Information Memorandum
CISF	Central Industrial Security Force
CRM	Cold Rolling Mill
CRSS	Cold Rolled Stainless Steel
CVD	Countervailing Duty
CWIP	Capital work in progress
DIN	Director Identification Number
DIPAM	Department of Investment and Public Asset Management
DSP	Durgapur Steel Plant
EAF	Electric Arc Furnace
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortization
EHTSC	Extra High Tension Service Connections
Gcal	Giga calorie
GoI	Government of India
GoWB	Government of West Bengal
HRM	Hot Rolling Mill
HSL	Hindustan Steel Limited
IB	Interested Bidder
IISCO	Indian Iron and Steel Company
ISO	International Organisation for Standardisation
LA	Legal Advisor
LF	Ladle Furnace
MSCM	Million Standard Cubic Meter
MT	Metric Tonne
MTPA	Metric Tonne Per Annum
NITI Aayog	National Institution for Transforming India
PAN	Permanent Account Number
PAT	Profit after Tax
PBDT	Profit before Depreciation and Tax
PBDIT	Profit before Depreciation, Interest and Tax
PIM	Preliminary Information Memorandum
SAIL	Steel Authority of India Limited
SMS	Steel Melting Shop
SPV	Special Purpose Vehicle
TPA	Tonnes per Annum

IMPORTANT NOTICE

Steel Authority of India Limited ("**SAIL**" or "the **Company**"), a Maharatna Public Sector Undertaking, was incorporated under the Companies Act 1956, in the year 1973. It is under the administrative control of the Ministry of Steel ("**MoS**"). SAIL was established as a holding company for the management of steel plants in India and was later restructured as an operating company. Presently, the Company has five integrated steel plants, a ferro alloys plant and three special steel plants. In its meeting dated October 27, 2016, the Cabinet Committee on Economic Affairs ("**CCEA"**) gave an in-principle approval for strategic disinvestment of several Central Public Sector Enterprises in line with the recommendations of NITI Aayog including the Alloy Steels Plant ("**ASP**" or "**the Plant**") of SAIL located at Durgapur in West Bengal.

The strategic disinvestment of ASP was approved 'in-principle' by Board of Directors of SAIL on February 9, 2017. Thereafter, the Board approved strategic disinvestment of 100% stake in ASP on August 11, 2017.

This Preliminary Information Memorandum (PIM) and Request for Expression of Interest (EOI Request) has been prepared for providing information about the Company and the proposed Transaction to the Interested Bidders and inviting Expressions of Interest from Interested Bidders for the strategic sale of Alloy Steels Plant **("ASP" or "the Plant").**

This document has been divided into 2 parts

- **Part A:** Preliminary Information Memorandum
- **Part B:** Request for Expression of Interest

The Preliminary Information Memorandum ("**PIM**") and Request for Expression of Interest ("**EOI Request**") are available for downloading from websites of DIPAM at www.dipam.gov.in, MoS at www.steel.gov.in, Company at www.sailtenders.co.in and Transaction Advisor at www.sbicaps.com.

PART A –

Preliminary Information Memorandum

1. INTRODUCTION

Steel Authority of India Limited ("SAIL" or "the Company") is a Maharatna Public Sector Enterprise of Government of India (GoI), incorporated on January 24, 1973, under the Companies Act 1956 as a holding company and was later restructured as an operating company. SAIL, presently, owns and operates five integrated steel plants, namely Bhilai Steel Plant, Bokaro Steel Plant, Durgapur Steel Plant, Rourkela Steel Plant and IISCO Steel Plant, one ferro alloys plant, namely Chandrapur Ferro Alloys Plant and three special steel plants, namely Alloy Steels Plant (at Durgapur in West Bengal), Salem Steel Plant (at Salem in Tamil Nadu) and Visvesvaraya Iron and Steel Plant (at Bhadravati in Karnataka). The total revenue from operations of the Company was Rs. 49,767 crore for the FY 2016-17.[1]

The Company's authorized capital as on December 31, 2017 is Rs. 5,000 crores (5,00,00,00,000 equity shares of Rs. 10.00 each and paid up share capital is Rs. 4,130.53 crore, comprising of 4,13,05,25,289 equity shares, out of which 3,09,77,67,449 shares are held by GoI in the name of the President of India (aggregating to ~75.00% of the entire paid up share capital), and balance (~25.00%) are owned by the public. The total market capitalisation of SAIL, based on closing price on February 12, 2018, was Rs. 39,380.43 crore.[2]

NITI Aayog, in its report dated August 02, 2016 recommended a set of central public sector enterprises for disinvestment. The recommendations included strategic disinvestment of the three special steel plants of SAIL - Alloy Steels Plant, Salem Steel Plant and Visvesvaraya Iron and Steel Plant to a technology partner-cum investor with management control transferred to the private partner. The recommendations for the disinvestment of these units was approved 'in principle' by the Cabinet Committee of Economic Affairs (CCEA) in their meeting dated October 27, 2016. The Board of Directors of SAIL approved, 'in principle', the strategic disinvestment of the special steel plants in its meeting held on February 09, 2017. Thereafter, the Board approved strategic disinvestment of 100% stake in ASP on August 11, 2017.

As a part of the strategic disinvestment, ASP – Divested Unit will be transferred to the strategic investor, on a going concern basis i.e. by way of slump sale through Business Transfer Agreement. The strategic investor will be appointed through a competitive bidding process, which shall be handled by the Government of India ("GOI") and its functionaries including, but not limited to, SAIL and Ministry of Steel.

This Preliminary Information Memorandum (PIM) has been prepared for the purpose of providing information regarding the Alloy Steels Plant (ASP) of SAIL, located at Durgapur in Burdwan district of West Bengal and solicit Expression(s) of Interest from Interested Bidders for sale of the Alloy Steels Plant.

[1] SAIL Audited financial results FY 2016-17

[2] bseindia.com

2. COMPANY OVERVIEW

2.1 Introduction

Steel Authority of India Limited (SAIL) is a Maharatna public sector enterprise incorporated on January 24, 1973 under the Companies Act, 1956 as a holding company and was later restructured as an operating company. Presently, the Company owns and operates five integrated steel plants, a ferro alloys plant and three special steel plants. As a public sector unit, SAIL comes under the administrative control of Ministry of Steel, GoI. Alloy Steels Plant is a special steels unit of SAIL engaged in the production of constructional steels, case hardening steels and other special steels of various grades and dimensions with applications in strategic sectors such as defence and railways.

2.2 Capital Structure of SAIL

The shareholding pattern of SAIL, as on December 31, 2017, is given below.

Table 2-1: Capital structure and shareholding pattern of SAIL

Particulars	No. of Equity Shares	Amount (Rs. crores)*
Authorised Share Capital	5,00,00,00,000	5,000.00
Issued, Subscribed & Paid-up Share Capital	4,13,05,25,289	4,130.53
-Govt. of India (in name of the President of India)	*3,09,77,67,449*	*3,097.77*
-Others (public, depository receipts)	*1,03,27,57,840*	*1,032.76*

**Face value of each Equity Share is Rs. 10.00*

2.3 Board of Directors of SAIL

The Board of Directors of SAIL as on December 31, 2017 comprised the following members:

Table 2-2: Brief Profile of Board of Directors of SAIL (as on December 31, 2017)

S. No.	Name & Designation	Date of Birth	DIN	PAN	Qualification
Functional Directors					
1.	Shri P.K. Singh, Chairman	15.06.1958	06398868	AMCPS6864N	BE(Tech.), Metallurgy
2.	Shri Anil Kumar Chaudhary, Director, Finance	11.12.1960	03256818	AADPC9882H	B. Com (Hons.), ACMA, ACS, LLB, PG Diploma in Personnel Management

S. No.	Name & Designation	Date of Birth	DIN	PAN	Qualification
3.	Shri Kalyan Maity, Director, Raw Materials & Logistics	13.02.1960	06530613	ABFPM4585Q	BE (Hons.) in Mining
4.	Dr. G. Vishwakarma, Director, Projects & Business Planning, Additional Charge, Director, Personnel	18.01.1960	07389419	ADBPV7438F	B.E (Mechanical Engineering), M.E (Environment Science & Engineering), Ph.D.
5.	Shri Raman, Director, Technical	01.08.1958	06840232	ABXPR1035N	B.Tech.
6.	Ms. Soma Mondal, Director (Commercial)	21.04.1963	06845389	AEQPM7503N	B.Sc. (Engineering)
Government Nominee Directors					
7.	Shri Saraswati Prasad, Additional Secretary & Financial Advisor Ministry of Steel	24.12.1960	07729788	ACYPP2298R	Post Graduate in Physics
8.	Ms. Urvilla Khati, Joint Secretary, Ministry of Steel	30.09.1961	07011413	AAAPK5295P	M.Phil, MBA
Independent Directors					
9.	Prof. Ashok Gupta	06.06.1957	07342950	AAAPG1166D	B.Tech., Ph.D.
10.	CA Parmod Bindal	01.10.1962	06389570	AAQPB1314E	Chartered Accountant
11.	Smt. Anshu Vaish	04.09.1952	02924346	ABSPV7032L	M.A. (History), M.A. (Economics)
12.	Shri Nilanjan Sanyal	03.08.1955	03026624	ABPPS9220A	M.Sc. Physics, M.Phil (Public Administration), Diploma in Development Studies.
13.	Dr. Samar Singh	20.06.1960	07725642	AGJPS5943H	M.A., Ph.D.
14.	Shri Kartar Singh Chauhan	01.04.1964	07811175	AAHPC6872B	B.Com (Hons), M.Com, F.C.A
15.	Prof. Narendra Kumar Taneja	07.04.1955	07938062	AAFPT9809H	MA (Economics), Ph D.

2.4 Financial overview

Key financial indicators of SAIL for the past 5 years and 9 months ended December 31, 2017 are provided below.

Table 2-3: Key financial indicators of SAIL (standalone) – (FY 13-17 and 9M FY2018)

(Rs. Crore)

Year Ending March 31,	2013	2014	2015	2016	2017	9M 2018
Revenue from Operations	**49,829**	**52,360**	**51,149**	**43,875**	**49,767**	**41,925**
Raw material consumed	21,198	19,271	18,523	17,155	21,126	19,192
EBITDA	**5,621**	**4,951**	**5,586**	**(2,204)**	**672**	**2,560**
Finance Costs	748	968	1,454	2,300	2,528	1,906
Depreciation	1,403	1,717	1,773	2,402	2,680	2,216
PAT	**2,170**	**2,616**	**2,093**	**(4,021)**	**(2,833)**	**(1,297)**
Net fixed assets (including CWIP)	52,668	60,421	65,365	70,853	73,561	75,839
Net worth	**41,025**	**42,666**	**43,505**	**39,196**	**36,009**	**34,721**

**FY13, FY14 and FY15 financials are as per GAAP method of accounting whereas FY16, FY17 and 9M FY2018 financials are according to Ind AS, hence major differences observed in key financial indicators.*

3. DETAILS OF THE ALLOY STEELS PLANT

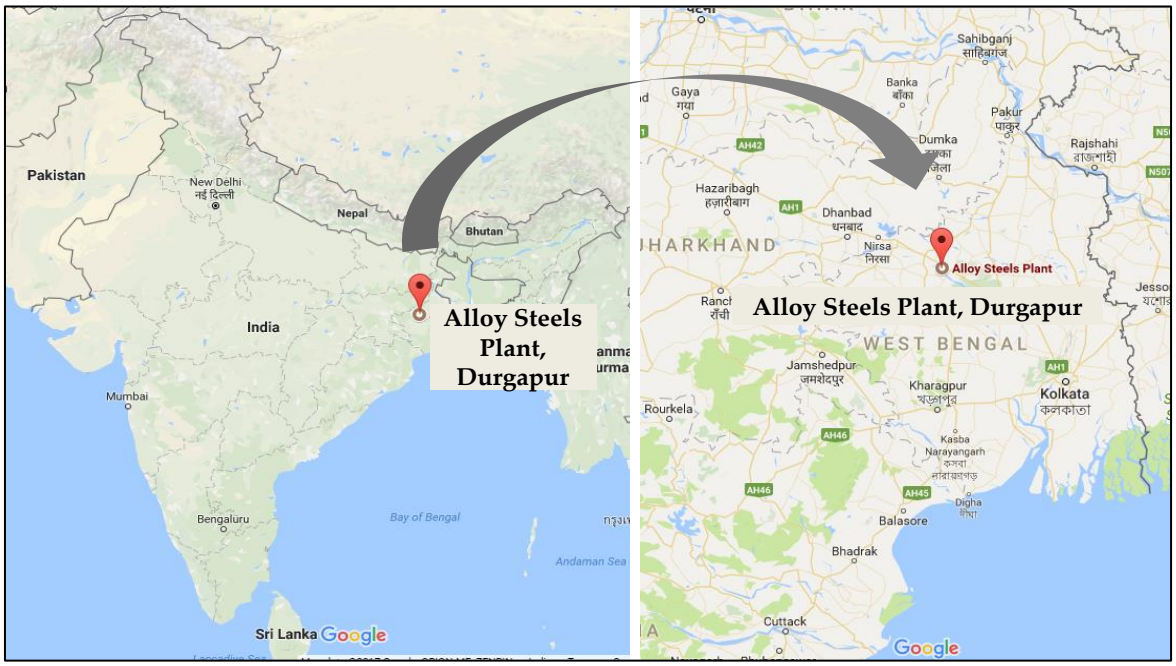
Alloy Steels Plant was commissioned in January 1965 as a unit under Hindustan Steel Limited (HSL). In the year 1973, SAIL was incorporated by the GoI to, *inter-alia*, manage the steel plants which were developed under HSL. Pursuant to the Public Sector Iron and Steel Companies (Restructuring) and Miscellaneous Provisions Act, 1978, HSL was dissolved and its assets were transferred to SAIL resulting in ASP becoming one of the operating units of SAIL. The plant facility is certified with ISO 9001:2008 for Quality Management System (QMS), ISO 14001:2004 for Environment Management System (EMS), OHSAS 18001: 2007 for Health Services, SA 8000:2008 for Social Accountability, ISO 14001:2004 EMS for Township.

Alloy Steels Plant, commissioned in 1965, initially comprised of an electric arc furnace (EAF), blooming and billet mill, forge shop and other facilities. Through multiple expansions, capacity of the plant was increased; new stainless steel making facilities were added and further augmented. The total capacity of the plant is 2,46,000 MT per annum of liquid steel and 1,84,000 MT per annum of saleable steel.

3.1 Plant location and connectivity

The Alloy Steels Plant is located in Durgapur, in the Burdwan district of West Bengal, around 175 km from the state capital Kolkata. The plant is located adjacent to Durgapur Steel Plant (DSP) which is an integrated steel plant of SAIL, in the industrial area of Durgapur. The following map indicates the location of the plant.

Figure 3-1: Location in West Bengal - Alloy Steels Plant



The connectivity and access details of ASP are as under:

Railway	:	Plant is connected to the Howrah-Delhi Main Railway line.
Road	:	The plant site is well connected by Grand Trunk Road (National Highway 19)
Seaport	:	The nearest sea port is at Kolkata, at a distance of about 175 km
Airport	:	The nearest airport is Kazi Nazrul Islam Airport, a private airport located about 15 km from the plant. Limited numbers of flights operate to Kolkata and New Delhi from the airport. The nearest major airport is at Kolkata at a distance of about 175 km.

3.2 Land

The management of the Company has represented that the total area under the possession of ASP amounts to approximately 1,154 acres. The allocation of land to the facilities at ASP is given below.

Table 3-1: Allocation of land for plant and ancillary facilities

(in acres)

S. No.	Land use allocated	Total
1.	Plant area	741.86
2.	Balance for future use	412.14
	Total	**1,154.00**

Out of the plant area of 741.86 acres,

- Approximately 3.336 acres (13,500 m^2) of land has been leased to M/s Goyal MG Gases Private Limited, for setting up and operating a cryogenic air separation unit for supply of gases to ASP, on build own operate (BOO) basis.
- The administrative building is constructed on approximately 5.05 acres of land, and includes the Computers & Information Technology (C&IT) building. Further, license to use has been given to State Bank of India, pursuant to a Memorandum of Understanding, on an area aggregating to 2,594 sq. ft. within the said building.
- ASP substation complex is constructed on approximately 1.49 acres of land comprising Main Power Receiving Substation with six feeders, yard, control room, etc.
- 5.54 acres of land is in possession of Damodar Valley Corporation (DVC) which has constructed a substation on it. In addition, 2.13 acres of land is earmarked to be allocated to the substation. Execution of lease deed with DVC for the said 7.67 acres is under process.

3.2.1 Land proposed to be transferred to ASP- Divested Unit

The management of the Company has stated that out of the total area of 1154 acres approximately, area aggregating to approximately 600.214 acres is proposed to be disinvested as part of the Transaction, as detailed subsequently, whereas the balance area of 553.786 acres would be retained by SAIL.

1. Out of the plant area of approximately 741.86 acres, it has identified approximately 600.214 acres of land, comprising plant area, administration building/ office complex,

ASP substation complex and DVC substation complex which would form part of unit to be divested on long term perpetual lease basis, along with the plant assets located on it. The said area of 600.214 acres includes area of 3.34 acres over which air separation unit has been setup by M/s Goyal MG Gases Private Limited.

The said 600.214 acres were acquired for and on behalf of the Union Government under the Land Acquisition Act, 1894 for the purpose of setting up a steel plant. A part of the said lands were also transferred / conveyed by the President of India to Hindustan Steel Limited by and under a Transfer Deed dated March 31, 1959. Thereafter, HSL was dissolved and all its assets and undertaking including these lands vested with SAIL vide the Public Sector Iron And Steel Companies (Restructuring) and Miscellaneous Provisions Act, 1978.

2. Other facilities i.e. residential quarters, out of the township area situated on DSP owned land, would be provided to ASP – Divested Unit on lease/ leave and license basis at market determined rates on the principle of arms' length, for a period of 5 years.

3.3 Plant and Machinery

3.3.1 Equipment details- owned by SAIL

The plant comprises a Steel Melting Shop (SMS), Continuous Casting Shop, Blooming and Billet Mill, Forging Mill and associated facilities. The major components of plant and machinery, along with their capacity are listed below:

Table 3-2: Details of plant and machinery

S. No.	Equipment	Unit	Capacity	Commissioned/ year
I	***Steel Melting Shop***			
1.	Electric Arc Furnace (EAF) – 3 nos.	MT per heat	50 (each)	Commissioned in 1965
2.	Vacuum Oxygen Decarburization (VOD)	MT per heat	50	
3.	Vacuum Arc Degassing (VAD)	MT per heat	50	
4.	Argon Oxygen Decarburization (AOD)	MT per heat	60	
5.	Ladle Furnace (LF)- 2 nos.	MT per heat	50; 60	
	Capacity- Steel Melting Shop	**MTPA**	**2,34,000**	
II	***Continuous Casting Shop***			
1.	Ladle	MT per hr	50	Commissioned in 1988
2.	Tundish (14 nos.)	MT per hr	10	
	Capacity- Continuous Casting Shop	**MTPA**	**1,48,000**	
III	***Blooming and Billet Mill***			
1.	Cogging Mill	MT per year	1,60,000	Commissioned in 1968
2.	Bloom Shear	MT	1200	
3.	Two high reversing mill	MT per year	1,60,000	

S. No.	Equipment	Unit	Capacity	Commissioned/ year
4.	Two strands reversing finishing mill	MT per year	1,60,000	
5.	Billet Shear	MT	500	
	Capacity- Blooming and Billet Mill	**MTPA**	**1,60,000**	
IV	***Forging***			
1.	Hydraulic Press	MT	2000	Commissioned in 1966
2.	Pneumatic hammer	MT	5	
	Capacity- Forging	**MTPA**	**9,800**	
V	***Conditioning Shop***			
1.	Swing	MT per day	160	Commissioned in 1965
2.	Auto billet grinder	MT	10	
3.	Auto Slab Billet Grinder (2nos.)	MT per day	300	
4.	Slab grinder	MT per day	100	
	Capacity- Conditioning shop	**MTPA**	**1,58,700**	
VI	***Plate Mill***			
1.	Hi Mill rolls	MT per year	2,500	Commissioned in 1966
2.	Reheating furnaces (2 nos.)	MT per hour	10	
3.	Hearth annealing furnaces (2 nos.)	MT per hour	3	
	Capacity- Plate Mill	MTPA	**2,500**	

3.3.2 Equipment details – On Build, Own & Operate (BOO) basis

Cryogenic Air Separation Plant – ASP has entered into an agreement with Goyal MG Gases Private Limited for supply of nitrogen and oxygen. The supply infrastructure was commissioned in October 2007 and duration of the contract is 15 years from date of commissioning.

The land for the facility (admeasuring to 3.336 acres) has been leased to the contractor, Goyal MG Gases Private Limited. For the contract period, the contractor would be the owner of the production facility. A fixed facility charge is payable by ASP to the contractor on a monthly basis.

The base price for gases is based on the base cost of power and would vary depending on variance in the base cost of power, linked to a pre-defined price variation formula.

The contracted quantity of gases is listed below.

Table 3-3: Cryogenic Air Separation Plant - Contracted quantity of Gases

S.no.	Gases	Unit (NM^3/ hr)	Ton per day
1.	Nitrogen	1500	45
2.	Oxygen	2920	100

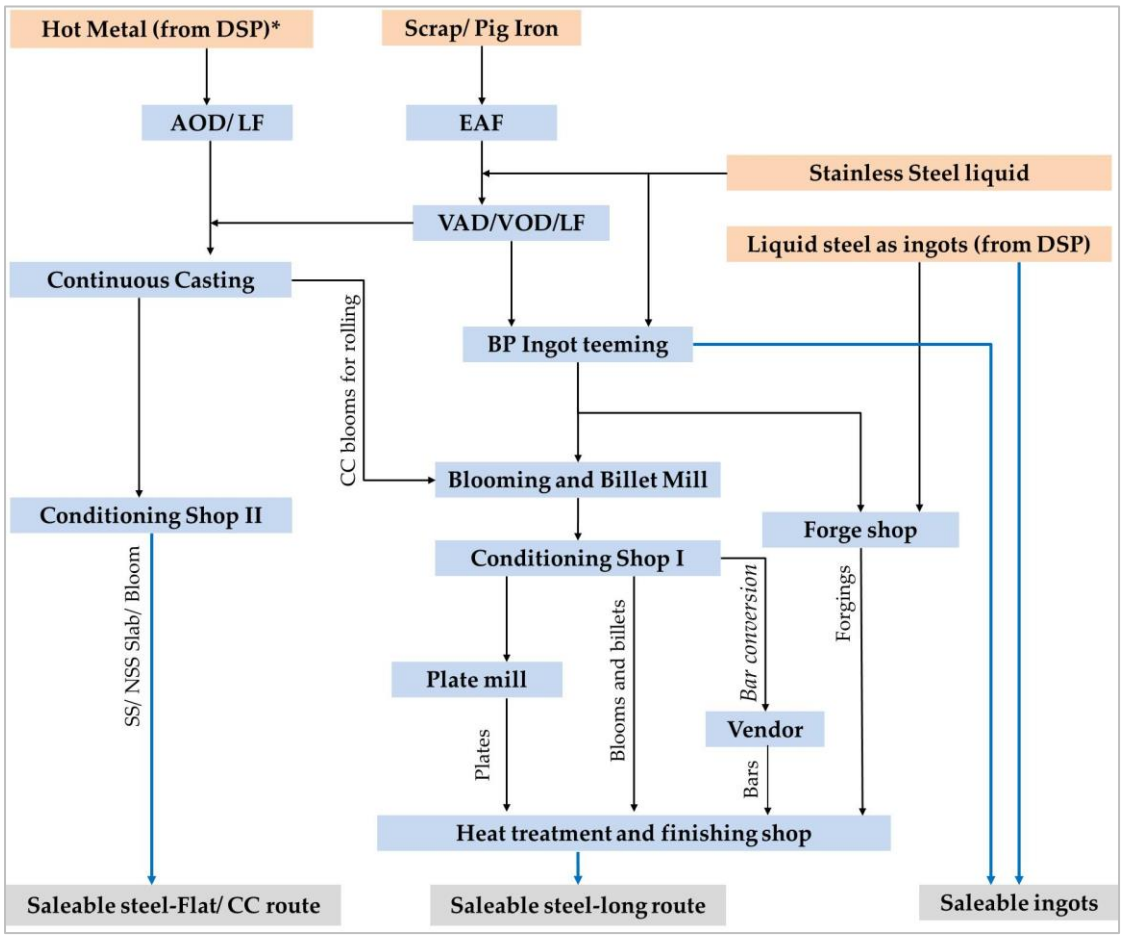
The existing agreement with Goyal MG Gases Private Limited would be assigned to ASP – Divested Unit, subject to prior written consent of Goyal MG Gases Private Limited

Presently, ASP is procuring Argon from DSP-Praxair BOO plant and is distributed by Goyal MG Gases Pvt. Ltd through its pipelines laid inside the plant.

3.3.3 Manufacturing Process

The manufacturing process is presented in the following figure.

Figure 3-2: Overview of the manufacturing process



3.3.4 Renovation and Modernization

Some of the major capital repair and maintenance presently being undertaken at ASP are listed below:

Table 3-4: Major on-going capital repairs at the plant as on December 31, 2017

S.no.	Activity	Cost of Works (in Rs. lakh)
1.	Procurement and Installation of new Pitot Tube type Steam Flow Meter	19.63
2.	Replacement of 100T bails for SMS Pit side cranes	49.52
3.	Replacement of Water Cooling Tower at main Pump House	345.00
4.	Up-gradation of Roof of one of the EAFs	31.12

The estimated cost of the aforesaid repairs and maintenance work is Rs. 445.27 lakh of which Rs. 13.66 lakh has been incurred till December 31, 2017.

3.4 Plant infrastructure

3.4.1 Water

The plant gets raw water from Arjunpur Pump House of DSP on chargeable basis. The water is treated at the plant to produce industrial quality make up water and drinking water. Average intake of raw water from DSP is 2,919 m^3/day. Industrial make up water is pumped to supply make up water to different re-circulating pump houses to compensate losses mainly due to evaporation. There are two circulating water treatment plants / pump houses, to supply water to equipment in steel melting shop, continuous cast shop, and other areas of plant.

Water is proposed to be supplied to ASP - Divested Unit from DSP on long term basis at rates determined on the principle of arms' length.

3.4.2 Power Supply

The power requirement at the plant is met from DSP. The power supplied by DSP is a mix of a captive power from NTPC-SAIL Power Company Limited (NSPCL) and from Damodar Valley Corporation (DVC). The maximum permitted power demand is 35 MVA.

Power is supplied to the main receiving sub-station of ASP and forwarded to arc furnaces, mills, gas manufacturing unit and for auxiliary consumption.

ASP - Divested Unit will be required to make its own arrangement for power procurement by entering into a power purchase agreement with DVC and other power suppliers and trading partners for the quantum of power required for production. In the interim, power is proposed to be supplied, for a period of 1 (one) year, at market determined rates on the principle of arms' length.

3.4.3 Fuel Oil Pump House

Fuel oil is pumped at a pressure of 6 to 6.5 Kg/cm^2g to supply it to different installations in the plant like soaking pits, FS re-heating furnaces, boilers, ladle heaters in SMS / CCS, AOD, tundish pre-heaters in CCM etc. Fuel Oil is procured from Indian Oil Corporation (IOC) normally through railway tank wagon rake and stored in 4 storage tanks installed at fuel oil pump house of total capacity 3,500 kL.

Presently, Coke Oven gas is sourced from DSP through Coke Oven gas pipeline. However, almost all furnaces/ shops at the plant have dual burners for utilizing alternate fuel, such as low-viscosity furnace oil or CBM, in the absence of coke oven gas.

Coke Oven gas is proposed to be supplied to ASP - Divested Unit from DSP for 1 (one) year at market determined rates on the principle of arms' length, subject to availability.

3.4.4 Rail track

The plant has a 42 km railway track till the DSP rail gate out of which about 37 km is inside the area of approximately 600.214 acres identified to be divested. The track is maintained by Permanent way engineering (PWE) of the plant.

The plant possesses two locomotives of 750 HP and one locomotive of 600 HP, four smaller locomotives, multiple rail cranes and dumpers. The plant also possesses 22 8-wheeler wagons and over 80 mould cars.

However, ASP does not have its own railway siding and utilizes the siding of DSP. There is a common railway exchange yard situated about 6 km from weigh bridge of DSP near ASP boundary wall. Rakes are handed over by the railway authorities at the railway exchange yard to DSP which then hands them over to ASP at the aforesaid weigh bridge near ASP boundary wall, for which ASP pays haulage charges to DSP.

A 'Shared facilities and support services' agreement would be executed between SAIL and the Successful Bidder for utilizing railway siding and related infrastructure. Salient features of the said agreement are as under:

- ASP - Divested Unit would be given a long term right to use the railway exchange yard and related infrastructure and services of DSP.
- ASP - Divested Unit would be given a long term right to use the rail track outside the identified 600.214 acres proposed to be divested, and its maintenance shall be undertaken by the Successful Bidder.

Further details regarding the said agreement shall be provided in the CIM.

3.5 Raw Material Sourcing

The raw material primarily comprises scrap metal, alloys, flux and fuel. The quantities consumed during FY 2015 to FY 2017 and 9 months ending December 31, 2017, are provided under the following table.

Table 3-5: Consumption of raw materials and fuel at the plant during FY 15- FY 17 and 9M FY18

S. No.	Raw Materials	Consumption (MT)			
		FY 2015	FY 2016	FY 2017	9M FY 2018
1.	Scrap	73,230	44,464	58,259	36,601
2.	Pig iron	9,238	9,579	8,008	5,463
3.	Sponge iron	3,814	5,333	3,208	-
4.	Hot metal	24,433	5,688	15,115	14,246
5.	Limestone	4,980	8,409	5,859	4,432
6.	Dolomite	2,282	2,167	2,500	1,775
7.	Ferro Manganese	1,262	903	885	737
8.	Ferro Silicon	689	589	420	175
9.	Silico Manganese	289	468	607	506
10.	Aluminium	516	387	426	387
11.	Nickel	187	151	218	190
12.	Ferro Vanadium	16	14	18	17
13.	Ferro Tungsten	-	-	2	2
14.	Ferro Molybdenum	139	87	103	96
15.	Ferro Chrome	896	794	635	455
16.	Others Ferrous Metals	59	64	58	42

S. No.	Raw Materials	Consumption (MT)			
		FY 2015	FY 2016	FY 2017	9M FY 2018
17.	Copper	1	6	6	-
	Fuels				
1.	Fuel Oil	2.41	-	-	1,078
2.	CBM *(in MSCM)*	15.12	12.90	11.02	6.78
3.	Coke Oven Gas *(in Gcal)*	74,227.75	52,765.37	60,687.76	37,698

The sources of procurement for each of the aforementioned raw materials are listed below.

Table 3-6: Key raw materials and its sources

S. No.	Raw Material	Sources	Transportation
1.	Scrap	Procured from other units of SAIL, revert scrap generated at the plant	Railways, road
2.	Pig iron	Procured from other units of SAIL	Railways, road
3.	Hot Metal	DSP	-
4.	Dolomite	DSP	Road
5.	Ferro Manganese	Bokaro in Jharkhand, Kalyaneshwari and Bankura in West Bengal	Road
6.	Ferro Silicon	Meghalaya and Bhutan	Road
7.	Silico Manganese	Kalyaneshwari and Bankura in West Bengal, Raipur in Chhattisgarh	Road
8.	Aluminium	Ingot- NALCO, Bhubaneswar; Cube- Mumbai, from SAIL	Road
9.	Nickel	Multiple domestic and international suppliers	Road
10.	Ferro Vanadium	Bhilai	Road
11.	Ferro Tungsten	Kolkata	Road
12.	Ferro Molybdenum	Jammu	Road
13.	Ferro Chrome	Low Carbon- Kolkata; High Carbon-Odisha	Road
14.	Copper	Multiple domestic suppliers	Road
15.	Burnt Lime	DSP, Raniganj, West Bengal	Road
16.	Pet Coke	Giridh in Jharkhand; Begusarai in Bihar	Road
17.	Argon	Praxair- a build own operate (BOO) basis facility of DSP	-
	Fuels		
18.	Fuel Oil	Multiple domestic suppliers	Road and Railways
19.	Coal based methane	Domestic supplier*	Pipeline
20.	Coke oven gas	From DSP	Pipeline

** Appointment of the supplier is under process through an open tender floated by ASP.*

Note: Presently, ASP procures scrap from DSP, Bokaro Steel Plant (BSL), Bhilai Steel Plant, Rourkela Steel Plant (RSP), Central Marketing Office Warehouse and Raw Material Division of SAIL. ASP also procures pig iron from the DSP, RSP, BSL, BSP and IISCO Steel Plant of SAIL.

The plant also procures hot metal and coke oven gas from DSP. However, there is no long term arrangement for procurement of raw materials from these units.

Post the disinvestment, coke oven gas and hot metal is proposed to be supplied to ASP - Divested Unit from DSP for 1 (one) year at market determined rates, subject to availability. For other raw materials, the Successful Bidder may consider procuring these raw materials from SAIL at market determined rates or any other suitable source, as deemed appropriate.

3.6 Product Mix

The production and capacity for manufacturing various products at ASP is listed in the following table:

Table 3-7: Production details of ASP

(MT /annum)

S. No.	Production	Capacity	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	9M FY 2018
1.	Crude steel	2,34,000	1,35,302	1,21,485	1,04,030	90,720	88,107	69,961
	Capacity utilization (%)		*58*	*52*	*44*	*39*	*38*	*40*
2.	Billet/ Bloom including Export	1,60,000	86,622	92,882	82,253	71,048	70,860	48,355
3.	Bar#	NA#	457	335	798	263	674	650
4.	Forging	9,800	4,558	5,477	4,330	4,353	3,600	3,491
5.	Plate	2,500	1,427	1,663	1,500	1,303	1,661	1,475
6.	Ingots/Slabs	96,000	30,373	11,451	5,312	5,511	5,262	4,308
7.	CC Blooms	1,38,000	2,957	2,538	1,771	-	1,010	5,967
	Total- saleable steel	1,84,000	1,26,394	1,14,346	95,964	82,480	83,067	64,246
	Capacity utilization (%)		*69*	*62*	*52*	*42*	*44*	*47**

** Annualised Capacity Utilization*

#ASP gets material converted into bar from external vendors.

ASP's product basket includes carbon constructional steels, alloy constructional steels (Nickel bearing, Chromium-Molybdenum bearing and Chromium-Nickel-Molybdenum bearing), case hardening steels, die blocks, creep resistant steels, spring steels and high Manganese steels (Hadfield). ASP manufactures high impact resistant steels (armour grade steels) for defence application and special steels for naval application. ASP also manufactures stainless steels (Austenitic, Ferritic and Martensitic), including colouring of stainless steel plates for decorative applications.

Key customers

The key customers of ASP are listed below:

Table 3-8: Key customers of ASP

S. No.	Customers
I	**Indian Railways**
1.	Rail Wheel Factory, Bangalore
2.	Diesel Locomotive Works, Varanasi
3.	Titagarh Wagons, Kolkata
II	**Defence Customers**
4.	Ordnance Factories at Ambajhari, Medak, Dum Dum and Kanpur
5.	Field Gun Factory, Kanpur
6.	Heavy Vehicles Factory, Kanpur
7.	Vehicle Factory, Jabalpur
III	**Automobile sector**
8.	Bombay Forge
9.	Vikrant Forge
10.	GG Auto

Based on the sales volume of the past three financial years, ASP supplies about 34% of its products to the Indian Railways, 18% to the defence sector, 18% to other units of SAIL and balance to other private and public sector units.

3.7 Senior Management Personnel in ASP

ASP of SAIL has a team of qualified and experienced professionals for managing its operations. Brief details of the senior management personnel of ASP are as given below.

Table 3-9: Senior Management Personnel as on December 31, 2017

S. No.	Name	Designation	Qualification	Years of Experience
1.	Shri. Santosh Kumar Misra	Executive Director	MBA (Financial Mgt.), BE (Electrical)	35
2.	Shri. Gopal Bhattacharya	GM I/c (Works)	BE (Mechanical)	34
3.	Shri. Meghnad Banerjee	GM (Steel & Mills)	M.Tech (Mechanical), BE (Mechanical)	33

3.8 Human Resource Strength

The total manpower employed at ASP as on December 31, 2017 was 1,605 with 855 permanent employees and 750 contractual staff.

Details of the permanent employees deployed at the plant are given below:

Table 3-10: Details of the Permanent employees as on December 31, 2017

Particulars	No. of Employees	
	Works	Non-Works
Executive	136	56
Non-Executive	592	71
Total	**728**	**127**

The average age of employees at the plant is 47 years (executive) and 46.8 years (non-executive). The retirement age of the employees is 60 years.

The following is a list of the registered unions at ASP.

Table 3-11: Registered unions - ASP

S. No.	Union (Political Affiliation)	Registration no.	Registered Date
1.	Alloy Steels Worker's Union (Affiliated to INTUC)	10419	12.05.1972
2.	Hindustan Steel Employees' Union (Affiliated to CITU)	5172	29.03.1961
3.	Alloy Steels Employees Association (Affiliated to INTTUC)	23050	23.03.1999
4.	Durgapur Mishra Ispat Karmachari Sangha (Affiliated to BMS & Akhil Bharatiya Ispat Mazdoor Sangha)	13134	23.07.1977

The details on number and category of employees to be transferred to the ASP – Divested Unit would be provided subsequently in the CIM/ RFP.

3.9 Statutory permits and licenses

The key statutory approvals and clearances required for the operation of ASP and their status are summarized below:

Table 3-12: Key Clearances and approvals- Alloy Steels Plant

S. No.	License	Authority	Compliance status	Renewal due
1.	Factory License	Directorate of Factories, Govt. of West Bengal	Complied	31.12.2018
2.	Consent to Operate	West Bengal Pollution Control Board	Complied	31.12.2018
3.	Certificate of Registration (For Principal Employer Under Contract Labour Regulation and Abolition Act, 1970)	Office of Assistant Labour Commissioner, Govt. of India	Complied	-

S. No.	License	Authority	Compliance status	Renewal due
4.	Trading License (For procurement of Iron ore from SAIL/RMD mines)	Govt. of Odisha and Jharkhand	Complied	20.01.2020 and 26.08.2021
5.	Use of Boiler- No. 1, under Indian Boilers Act, 1923	West Bengal Boiler Inspection Department	Complied	21.12.2018
6.	Use of Boiler- No. 2, under Indian Boilers Act, 1923	West Bengal Boiler Inspection Department	Complied	26.02.2018
7.	Use of Boiler No. 3, under Indian Boilers Act, 1923	Inspector of Boilers, West Bengal	Complied	23.05.2018
8.	Renewal of License for importation and storage of 3500 kL Petroleum Class C in bulk	Chief Controller of Explosives, Petroleum and Explosives Safety Organization	Complied	31.03.2018
9.	Public Liability Insurance (for all units of SAIL)	--	Complied	Valid up to June 2018

3.10 Safety and quality control

Safety and Fire services

Safety is taken care of by Safety Engineering & Environment Control Department. The fire crew attends to fire calls in case of an emergency, rescue work and maintains fire-fighting equipment in working order through periodic checks. The fire crew wing also performs mock drills and provides training to increase awareness on first aid and fire-fighting among the employees and contract labour at the plant.

Fire Services are provided by CISF/ Fire located at ASP, which currently employs 64 people.

Quality control

Research and Control Laboratory (RCL) Department of ASP is in-charge of quality control at ASP. RCL has full control over the quality of the processes and products at various stages from melting to finishing and dispatch. Process control, inspection and testing wings under RCL are involved to maintain the quality. Process Control wing observes the metallurgical processes and suggests corrective measure for the online processes. They set the outline of new processes and are responsible for process modification and new product developments. Macrostructure determination on steel by deep etching is also done by process control.

Inspection wing visually inspects the surface of products after exposing the surface by grinding or shot blasting and checks the dimension of the material. The RCL has chemical, mechanical and ultrasonic testing facilities.

ASP is certified with ISO 9001:2008 for Quality Management System and with ISO/TS 16949 Quality Management System for Automotive Industry.

4. FINANCIAL PERFORMANCE OF THE ALLOY STEELS PLANT

4.1 Profit and Loss Statement

The financial performance of ASP for the past 5 years and 9 months ended December 31, 2017 is presented in the table below:

Table 4-1: Financial performance of ASP (FY 13-17 and 9M FY18)

						Rs. Crore
Year Ending March 31,	**2013**	**2014**	**2015**	**2016**	**2017**	**9M 2018**
Revenue:						
From Operations	549.97	534.61	558.85	400.76	392.31	321.35
Other income	4.73	5.36	5.95	3.54	3.42	7.74
Stock transfer to other units	276.09	264.50	227.42	200.14	224.61	148.78
Total Revenue	830.79	804.47	792.22	604.44	620.34	477.87
Expenses:						
Raw material consumed	435.41	405.75	351.01	219.44	233.97	188.69
Total Expenses	**955.14**	**879.49**	**900.47**	**653.17**	**612.82**	**482.74**
PBDIT	**(124.35)**	**(75.02)**	**(108.25)**	**(48.73)**	**7.52**	**(4.87)**
Finance Costs	6.80	8.40	16.43	23.01	29.84	18.51
PBDT	(131.15)	(83.42)	(124.68)	(71.74)	(22.32)	(23.38)
Depreciation	15.43	14.80	10.87	9.27	9.30	7.11
Add: Other Adjustments	27.05	5.31	1.40	-	-	-
Profit before exceptional and extraordinary items	*(119.53)*	*(92.91)*	*(134.15)*	*(81.01)*	*(31.62)*	*(30.49)*
Add: Exceptional items	-	-	-	-	(1.63)	(3.74)
PAT	**(119.53)**	**(92.59)**	**(134.15)**	**(81.81)**	**(33.25)**	**(34.23)**

- The finance costs indicate the interest cost of the debt taken for working capital requirement in ASP. The debt is raised by SAIL at the corporate level and the interest costs are allocated to ASP.
- It is clarified that no debt is proposed to be transferred to the ASP – Divested Unit.

4.2 Balance Sheet

The financial position of ASP as at the end of the past 5 years and 9 months ended December 31, 2017 is presented in the table below:

Table 4-2: Balance sheet of ASP (FY 13-17 and 9M FY18)

						Rs. Crore
Year Ending March 31,	**2013**	**2014**	**2015**	**2016**	**2017**	**9M 2018**
Sources of funds						
Shareholder's funds:						
Reserves & Surplus	(1,905.19)	(1,997.78)	(2,132.63)	(2,215.51)	(2,267.05)	(2,301.28)
Net worth	**(1,905.19)**	**(1,997.78)**	**(2,133.77)**	**(2,215.51)**	**(2,267.05)**	**(2,301.28)**
Borrowed Funds:						
Long-Term Provisions	104.34	73.42	65.49	46.30	56.45	68.89
Other Long Term Liabilities	-	-	-	6.19	7.47	5.97
Total: Liabilities (non-current)	**104.34**	**73.42**	**65.49**	**52.49**	**63.92**	**74.86**
Short-Term Borrowings	(0.25)	0.02	0.03	0.07	0.04	0
Trade Payables	20.91	22.66	22.20	19.04	16.95	24.68
Other Current Liabilities	94.19	123.08	110.80	114.43	113.70	89.99
Short term provisions	39.92	25.97	32.64	34.22	37.69	29.95
Inter unit current account	3,106.51	3,304.33	3,220.66	3,101.01	3,152.24	3,062.03
Total Current Liabilities	**3,261.28**	**3,476.06**	**3,386.33**	**3,268.77**	**3,320.62**	**3,206.65**
Total: Sources of funds	**1,460.43**	**1,551.70**	**1,318.05**	**1,105.75**	**1,117.49**	**980.23**
Use of funds						
Non-current assets						
Property, plant and equipment	175.53	169.41	164.17	157.85	150.67	143.84
Capital work in progress	15.18	12.29	10.48	3.35	3.95	3.6
Intangible assets	0.11	0.62	0.43	0.35	0.26	0.23
Loans and advances	2.76	2.15	1.67	0.84	0.59	0.47
Other non-current assets	0.02	0.01		1.54	1.76	2.59
Total: Non-current assets	**193.60**	**184.48**	**176.75**	**163.93**	**157.23**	**150.73**
Current assets						
Inventories	406.09	421.53	394.55	381.20	407.19	338.05
Trade Receivables	165.85	10.59	7.23	0.44	2.82	10.90
Cash and bank balance	5.49	3.95	4.33	4.33	4.66	4.95
Loans	3.24	3.08	1.71	0.44	0.32	0.28
Other Current Assets	45.30	44.87	45.97	29.35	27.36	25.46
Assets held for sale	-	-	-	0.53	0.68	0.68
Inter unit current account	640.86	883.20	687.51	525.53	517.23	449.18
Total: Current Assets	**1,266.83**	**1,367.22**	**1,141.30**	**941.82**	**960.26**	**829.50**
Total Uses	**1,460.43**	**1,551.70**	**1,318.05**	**1,105.75**	**1,117.49**	**980.23**

- As informed by the Company, there is no encumbrance on the plant's land and fixed assets.

Inter Unit Current Account-

The Inter Unit Current Account is maintained to account for the transfer of resources between SAIL Corporate office and other units of SAIL and ASP. The amount owed to and due from these branches is stated as current liability and current asset respectively. The closing balances of receivables/payables of ASP (other than those due to/ from SAIL Corporate Office) are transferred to SAIL Corporate Office's Inter Unit Account at the beginning of the next financial year. There are net liabilities due to the corporate office from ASP under this account.

It is clarified that no assets/ liabilities on account of inter-unit adjustments would be transferred to the ASP – Divested Unit.

Audited Financial Statements of ASP for FY 2016-17 has been provided in ***Appendix I.***

4.3 Working Capital Facilities of SAIL

SAIL has availed Working Capital facilities of Rs. 13,500 crore from a Consortium of 15 Banks led by SBI. The facility is secured by hypothecation of whole of the current assets of SAIL and all capital equipment procured under project related LC (Capex LC), both present and future.

Accordingly, all current assets of ASP are hypothecated and NOC from lenders for exclusion of current assets of ASP from the hypothecated assets would have to be obtained prior to transfer of the same to ASP – Divested Unit.

4.4 Contingent Liabilities

The contingent liabilities associated with ASP as on March 31, 2017 are listed below.

Table 4-3: Details of Contingent Liabilities as on March 31, 2017

S. No.	Description	Amount (Rs. Crore)
1.	Claims pending appellate / judicial decisions	
i.	Excise duty and service tax	69.71
ii.	Entry tax	6.85
iii.	Civil matters	9.01
2.	Price escalation claims by contractors/ suppliers and claims by employees	8.71
	Total	**94.28**

Claims by employees

In its judgement, the Central Administrative Tribunal (CAT), Kolkata has directed that Ministry of Steel shall take appropriate decision of payment of revised perks and allowances amounting to Rs. 8.71 crore, for the period 26.11.2008 to 4.10.2009. A stay petition in the matter has been filed on 22.12.2016 and is pending before the Calcutta High Court. The matter is presently sub-judice.

5. VALUE DRIVERS

5.1 Strengths

- **Well established facility:** The major facilities of the plant were commissioned in 1965, since then multiple facilities have been commissioned, including installation of an electric arc furnace and AOD converter in 2007.
- **Logistics and supply chain:** The plant is well connected to major consumption centres and raw material sources through an established road network through the NH 19 and through railway exchange yard at DSP.
- **Financial flexibility**: The capex and working capital requirement of the plant operations are funded by debt raised at the corporate level, through transfers from inter-unit current account. However, the aforementioned debt and liabilities associated with inter unit current account will not form a part of the ASP – Divested Unit. ASP- Divested Unit, hence, will have negligible leverage in an industry where most major players have high finance costs and substantial debt.
- **Technology Suppliers:** The equipment has been supplied from reputed companies including Danieli, Hitachi, Sumitomo, Mitsubishi etc.
- **Presence of industrial units in the region:** There are several industrial units associated with steel products manufacturing located in West Bengal.
- **Product mix:** The output/ products from the plant facility have an established market base with consumers such as the factories of Indian Railways and ordnance factories.

5.2 Opportunities

- **Boost to Indian Infrastructure Sector:** Demand for steel in India is expected to be driven by increasing infrastructure spending due to following reasons:
  - Growing urbanization coupled with rising income levels of the burgeoning Indian middle class
  - Several Government initiatives to boost construction and infrastructure sectors like Make in India, Smart Cities, Digital India and Skill India, Affordable housing, expansion and development of railway networks and shipbuilding, etc.
- **Focus of Government on Steel Sector:** The Government of India has recently approved National Steel Policy 2017 to give impetus to the Steel Sector. Some of the key features of the policy are as follows:
  - To increase steel-making capacity from 100 MT in 2016-17 to 300 MT by 2030-31
  - Ministry to ensure availability of raw materials to steel companies at competitive rates
  - To facilitate increase in consumption of steel from existing per capita consumption of 60 kg to 160 kg by 2030-31
  - To provide preference to domestically manufactured iron and steel products in government mandates valued for over Rs 50 Crore
  - To make India self-reliant in meeting the demand for high grade automotive steel, electrical steel, special steels and alloys for strategic applications
  - For alloy and special steel industry

- Necessary efforts will be made to collaborate with foreign players for technical and strategic cooperation
- Ministry would encourage steel producers to have strategic ventures in production and development of technologically more complex products including high end varieties of alloy steel and electrical steel

- For stainless steel industry,
  - Necessary efforts will be made to protect the existing & upcoming stainless steel facilities from unfair trade practices through suitable trade remedial measures
  - Greater use of stainless steel in residential or commercial constructions in coastal and earthquake prone areas of the country will also be promoted.
  - Use of high quality stainless steel in drinking water pipelines, water storage, packaging of food grains etc. will be promoted to prevent intake of hazardous impurities

- **Anti-Dumping Duty/ CVD on CRSS:** In order to protect the domestic stainless steel industry from continued dumping of these goods, the Government had imposed anti-dumping duty ranging from 4.58% to 57.39% of landed value on Cold Rolled Flat Products of Stainless Steel from China, Korea, European Union, South Africa, Taiwan, Thailand and USA on April 17, 2014, which was further extended by five more years as per Government notification dated December 11, 2015. Further, the government recently imposed 18.95% countervailing duty (CVD) on some hot-rolled and cold-rolled stainless steel flat products originating in or exported from the People's Republic of China.
- **Make in India**: The "Make in India" initiative is expected to witness significant investments in Construction, Infrastructure, Automobile, Shipbuilding and Power sectors, which will stimulate steel demand. Use of cost efficient and competitive 'Indian Made steel' will pave the way for infrastructure development and construction activities in the country.

6. APPENDIX

6.1 Appendix I: Audited Financial Statement of ASP for FY 2016-17

The audited financial statement of ASP for FY 2016-17 can be accessed at the link below:

https://sail.co.in/sites/default/files/ASP-accounts2016-17.pdf

PART B –

Request for Expression of Interest

1. DEFINITIONS

Capitalized terms defined herein shall bear the meaning ascribed thereto in this Request for Expression of Interest (EOI Request). Additionally, in this EOI Request, unless there is anything repugnant to the subject or context thereof, the expressions listed below shall have the following meanings:

"Advisors" shall refer to Transaction Advisor, Legal Advisor and Asset Valuer

"Affiliates" with respect to any Person shall mean any other Person which, directly or indirectly: (1) Controls such Person; or (2) is Controlled by such Person; or (3) is Controlled by the same Person who, directly or indirectly, Controls such Person; or (4) is an associate company of such Person. In such context, "associate company", in relation to another company, means a company in which that other company has a significant influence, but which is not a subsidiary company of the company having such influence and includes a joint venture company. For the purposes of this clause, "significant influence" means control of at least twenty per cent of total share capital, or of business decisions under an agreement.

"Asset Valuer" shall mean Protocol Insurance Surveyors & Loss Assessors Private Limited

"ASP" shall mean Alloy Steels Plant of SAIL

"ASP – Divested Unit" shall mean those assets, agreements and liabilities of Alloy Steels Plant which are proposed to be divested under the current Transaction, as more particularly described in Clause 3.1

"Consortium" shall refer to a group of maximum 3 (three) Eligible Entities that have collectively submitted an EOI in accordance with the provisions of this EOI Request and pursuant to a consortium agreement entered into amongst them, and includes an Employee Consortium;

"**Consortium Member(s)**" means an Eligible Entity participating in the Transaction as part of a Consortium.

"Consortium SPV" means the SPV to be formed by Consortium Members in the event it is designated as the Successful Bidder, as more particularly described in Clause 5.1.4.c

"Control" shall include the right to appoint majority of the directors or to control the management or policy decisions exercisable by a person or persons acting individually or in concert, directly or indirectly, including by virtue of their shareholding or management rights or shareholders agreements or voting agreements or in any other manner.

"Definitive Agreements" shall mean agreements to be entered into between SAIL and Successful Bidder or Consortium SPV, as the case may be, to effectuate the sale of ASP – Divested Unit.

"**Eligible Entity**" shall mean the following domestic or international entit(ies), eligible to participate in this bid process and submit an EOI in response to and in accordance with this EOI Request

1. A company incorporated in India under the Indian Companies Act, 1956, or Companies Act, 2013, as the case may be, excluding Central Public Sector Enterprises (CPSEs) i.e. enterprises where the direct holding of the Central Government or of other CPSEs is 51% or more;

2. A company incorporated outside India;

3. A limited liability partnership under the Limited Liability Partnership Act, 2008;

4. A limited liability partnership incorporated outside India;

5. Alternative Investment Funds (AIF) registered with SEBI as per SEBI (Alternative Investment Funds) Regulations, 2012;

6. Employees (as defined hereinafter);

"Employees" shall mean permanent employees of SAIL.

"Expression of Interest or EOI" shall mean and include any document submitted by an Interested Bidder, in response to this EOI Request, in accordance with the terms and conditions as set out herein

"Fee" shall mean a non-refundable fee of INR 5 (Five) Lakhs, to be submitted by the Interested Bidder alongwith the EOI, in the form and manner prescribed in Clause 4.3

"**Governmental Authority**" shall mean any government authority, statutory authority, government department, agency, commission, board, tribunal or court or other law, rule or regulation making entity having or purporting to have jurisdiction on behalf of the Republic of India or any state or other subdivision thereof or any municipality, district or other subdivision thereof.

"Government or GoI" shall mean Government of India acting through Ministry of Steel

"Group Company" means a company which is an Affiliate of another company.

"Interested Bidder or IB" shall mean an Eligible Entity, submitting the EOI, either independently or collectively as a Consortium. Any reference to an Interested Bidder shall include its successors and permitted assigns, as the context may require

"Lead Member" shall mean such Consortium Member holding at least fifty one percent (51%) of voting rights and economic interest in the Consortium

"Legal Advisor" shall mean Luthra & Luthra Law Offices

"Person" means any individual, company, firm, association, trust, or any other organization or entity (including the Government and any governmental or administrative subdivision)

"Place of Effective Management" shall have the meaning ascribed thereto in the Finance Act, 2015 to be determined in accordance with guidelines issued by Central Board of Direct Taxes vide F. No. 142/11/2015-TPL dated January 24, 2017

"Promoter" shall have the same meaning as defined under the Companies Act, 2013 and the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended

"Promoter Group" shall have the same meaning as defined under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended

"Request for Expression of Interest or EOI Request" means this request for expression of interest together with the annexures and documents referred herein, including the Preliminary Information Memorandum and any addenda to this EOI Request.

"Shortlisted Bidders" shall refer to all those IBs who have been shortlisted for participating in the Stage II of the Transaction, as more particularly described in Clause 3.2.A. (iv)

"Successful Bidder" shall mean the Shortlisted Bidder that is finally selected in accordance with Clause 3.2.B to enter into Definitive Agreements.

"Transaction" shall mean strategic disinvestment of 100% stake in ASP along with the transfer of management and Control

"**Transaction Advisor**" shall mean SBI Capital Markets Ltd.

"Ultimate Beneficial Owners" shall have the meaning ascribed thereto in SEBI Master Circular No. CIR/ISD/AML/3/2010 dated December 31, 2010 to be identified in accordance with guidelines issued by SEBI Circular No. CIR/MIRSD/2/2013 dated January 24, 2013

2. INTRODUCTION

2.1 Transaction Background

Steel Authority of India Limited ("**SAIL**" or "the **Company**"), a Maharatna Public Sector Undertaking, was incorporated under the Companies Act 1956, in the year 1973. It is under the administrative control of the Ministry of Steel ("**MoS**"). SAIL was established as a holding company for the management of steel plants in India and was later restructured as an operating company. Presently, the Company has five integrated steel plants, a ferro alloys plant and three special steel plants.

Alloy Steels Plant of SAIL produces alloy constructional steels, case hardening steels, high impact resistant steels, stainless steels and other special steels for industrial and defence applications. In its meeting dated October 27, 2016, the Cabinet Committee on Economic Affairs ("**CCEA"**) gave an in-principle approval for strategic disinvestment of several Central Public Sector Enterprises in line with the recommendations of NITI Aayog, including the Alloy Steels Plant ("**ASP**" or "**the Plant**") located at Durgapur, West Bengal.

2.2 Contact Details

All enquiries related to the Transaction should be addressed to the following representatives of SBICAP at common email id asp.sail@sbicaps.com:

Mr. Vivek Khurana	**Ms. Neha Soni**
Vice President	Asst. Vice President
New Delhi Regional Office	PA&SF Group
SBI Capital Markets Ltd.	SBI Capital Markets Ltd.
Contact : 011 – 2341 8492	Contact : 011 – 2348 5334

Interested Bidders (IBs) should note that all correspondence, enquiries, clarifications in relation to the Transaction should be routed and addressed only through the above mentioned representative(s) of the Transaction Advisor. The IB and its employees shall not reveal their identity and/ or contact any member of SAIL or Ministry of Steel or DIPAM. Neither SAIL nor Ministry of Steel (MoS) shall be responsible in any manner to reply to such communication directly to IBs.

2.3 Important Dates

Table 2-1: Important Dates

Event	Date
Publication of Advertisement, EOI Request and PIM	14.02.2018
First day of taking queries	14.02.2018
Last Date for invitation of Queries through email/ Physical copy	14.03.2018
Last Date for release of response to queries in the form of FAQs, on the above mentioned websites	28.03.2018
Last date & time for Submission of EoIs physically	11.04.2018
Intimation to the Shortlisted Bidders	02.05.2018

Interested Bidders shall be required to participate in the tender process inviting "Expression of Interest" for Strategic Disinvestment of ASP and physically submit all the documents on or before the date and time prescribed at **Clause 2.3**, at the following address:

Mr. Vivek Khurana
Vice President
New Delhi Regional Office
SBI Capital Markets Ltd.
6th Floor, World Trade Tower
Barakhamba Lane
New Delhi – 110 001

2.4 Contents of EOI Request

1) An advertisement has been issued in the newspapers inviting IBs to submit their EOIs to participate in the proposed Transaction. A copy of the advertisement is enclosed as **Annexure 10**.

2) This EOI Request contains the following:
   a. Proposed Transaction
   b. Instructions to Interested Bidders
   c. Eligibility criteria
   d. Conditions/ Circumstances which may lead to Disqualification of IBs
   e. Format of EOI Letter
   f. Format of Statement of Legal Capacity for Interested Bidder
   g. Format of Request for Qualification

h. Format of Power of Attorney
i. Format of Power of Attorney for Employee Participation
j. Format for Consortium Agreement
k. Format of Undertaking by the Interested Bidder
l. Advertisement inviting EOI
m. Format of declaration with respect to statement of legal proceedings
n. Office Memorandum(s) of guidelines issued by DIPAM

3) This PIM and EOI Request along with annexures have been uploaded on websites of DIPAM at www.dipam.gov.in, MoS at www.steel.gov.in, Company at www.sailtenders.co.in and Transaction Advisor at www.sbicaps.com. Following receipt of EOI Request, Interested Bidders are required to respond in the format as detailed in this EOI Request along with a non-refundable Fee as detailed in Clause 4.3.

2.5 Clarification

Any queries or request for clarification/additional information concerning this EOI Request shall be submitted on the letterhead of the IB duly signed by its authorized signatory physically at the above mentioned address or the scanned copy of such a letter shall be mailed at asp.sail@sbicaps.com, not later than the date mentioned in Clause 2.3.

1) The communications shall clearly bear the following identification/ title:
"Queries/ Request for Additional Information: EOI for Strategic Disinvestment of ASP"

2) All queries or request for clarification/additional information should be sent in the following format:

S. No.	Clause No.	Clarification/ Additional Information required	Rationale for clarification or additional information required

3. PROPOSED TRANSACTION

3.1 Salient Features of Proposed Transaction

The broad terms of the Transaction are detailed as below:

1) Alloy Steels Plant is a special steels unit of SAIL engaged in the production of constructional steels, case hardening steels and other special steels of various grades and dimensions with applications in strategic sectors such as defence and railways, with a total liquid steel capacity of 2,46,000 MTPA and saleable steel capacity of 1,84,000 MTPA. The Cabinet Committee on Economic Affairs (CCEA) has given in-principle approval for strategic disinvestment of ASP along with transfer of management control on October 27, 2016. The Board of Directors of SAIL approved, 'in principle', the strategic disinvestment of the special steel plants in its meeting held on February 09, 2017. Thereafter the Board approved strategic disinvestment of 100% stake in ASP on August 11, 2017.

2) As a part of the strategic disinvestment, ASP – Divested Unit will be transferred to the strategic investor, on a going concern basis i.e. by way of slump sale through Business Transfer Agreement. Further details regarding the Transaction structure shall be provided in the RFP.

3) As part of the Transaction, SAIL proposes to transfer

    a) Area of 600.214 acres of land, comprising plant facilities, administration building/ office complex, ASP substation complex and DVC substation complex and including the area of 3.34 acres over which air separation unit has been setup by Goyal MG Gases Private Limited, to the ASP - Divested Unit on long term perpetual lease basis, along with the plant assets located on it.

4) As part of the Transaction, other facilities i.e. residential quarters, out of the township area situated on DSP owned land, would be provided to ASP – Divested Unit on lease/ leave and license basis at market determined rates on the principle of arms' length, for a period of 5 years

5) As part of the Transaction, SAIL proposes to assign the following to ASP - Divested Unit:

    a) The existing agreement with Goyal MG Gases Private Limited, subject to prior written consent of Goyal MG Gases Private Limited.

b) The existing license to use given to State Bank of India, pursuant to a Memorandum of Understanding, on an area aggregating to 2,594 sq. ft. within the administration building of ASP, subject to prior written consent of State Bank of India.

6) A 'Shared facilities and support services' agreement would be executed between SAIL and the Successful Bidder. The salient features of the agreement are as under:

a) Long term right to use the railway exchange yard and related infrastructure and services of DSP.

b) Long term right to use the rail track outside the identified 600.214 acres proposed to be divested, and its maintenance shall be undertaken by the Successful Bidder.

Further details regarding the said agreement shall be provided in the CIM.

7) As part of the Transaction, SAIL proposes to supply the following to ASP – Divested Unit:

a) Water from DSP on long term basis at rates determined on the principle of arms' length

b) Power for a period of 1 (one) year at market determined rates on the principle of arms' length

c) Coke oven gas and hot metal from DSP for 1 (one) year at market determined rates, subject to availability.

Further details regarding the said agreement shall be provided in the CIM.

8) No assets/ liabilities on account of inter-unit adjustments would be transferred to the ASP - Divested Unit.

9) Debt raised by the Company for operations of ASP is not proposed to be transferred to the ASP - Divested Unit.

3.2 Process for the proposed Transaction

The process for the proposed Transaction has been divided into two stages, as detailed below:

A. Stage I:

i. Through this EOI Request, SAIL is providing the Interested Bidder with instructions for submitting its Expression of Interest to the Transaction Advisor, which would be used for prequalifying the Interested Bidder in accordance with the criteria specified herein in order to proceed with the proposed Transaction.

ii. The EOIs will be evaluated based on the Eligibility Criteria and Disqualification conditions detailed in this EOI Request.

iii. The Interested Bidders which qualify in accordance with the terms of this EOI Request and are shortlisted to proceed with the Transaction, shall be referred to as the "Shortlisted Bidders".

B. Stage II:

i. The Shortlisted Bidders will be provided with Request for Proposal ("RFP"), access to the data room to review documents pertaining to the Plant for conducting a due diligence on the Plant and a Confidential Information Memorandum ("CIM"), which shall provide further details of the Plant and the proposed Transaction including, interalia, the transaction structure. The format and formalities related to the RFP shall be communicated in due course.

ii. Subsequently, a site visit (cost of which will be borne by the Shortlisted Bidders) may be scheduled to facilitate the Shortlisted Bidders in their assessment of the Plant at the discretion of the Company. The modalities related to the visit and due diligence will be provided in the RFP.

iii. The Shortlisted Bidders shall carry out their own due diligence, independent assessment and appraisal of the plant and the Transaction. The Company or their respective consultants, agents, officials, advisors and employees make no representations, in relation thereto and shall not be liable in any manner whatsoever.

iv. The Financial Bids shall be submitted by the Shortlisted Bidders in the manner to be provided in the RFP. The Shortlisted Bidders will also be required to furnish earnest money, if so required by GOI/ Company, and a certificate from the banker or from its statutory auditor that the Interested Bidder has got enough funds to complete the Transaction.

v. Shortlisted Bidders shall have to participate in a transparent bidding process in accordance with the terms of the RFP.

vi. Post-submission of Financial Bids, Core Group of Secretaries on Disinvestment will decide, on case to case basis, whether security clearance is required. In case the security clearance is required, the Administrative Ministry shall approach the Security Committee on Strategic Disinvestment for seeking requisite clearance.

vii. In case the H1 Bidder fails in obtaining the security clearance, if required, next highest bidder will be offered an option to match the financial bid of the H1 Bidder and the next highest bidder's details shall be sent for security clearance. Further details regarding the modalities relating to security clearance will be provided in the RFP.

viii. The Shortlisted Bidder, after receipt of security clearance, would be designated as the "**Successful Bidder**".

4. INSTRUCTIONS TO INTERESTED BIDDERS

4.1 General Conditions

1) PIM and EOI Request is available for downloading from websites of DIPAM at www.dipam.gov.in, MoS at www.steel.gov.in, Company at www.sailtenders.co.in and Transaction Advisor at www.sbicaps.com.

2) The documents including this PIM and EOI Request and all attached documents are and shall remain or become the properties of the GOI and are transmitted to the IBs solely for the purpose of preparation and submission of an EOI in accordance herewith. IBs are to keep all data/ information of SAIL (shared as part of the Transaction) as strictly confidential and shall not use it for any purpose other than for preparation and submission of their EOI/ Financial Bid.

3) The Interested Bidder and its employees shall not reveal their identity and/ or contact any member of SAIL or Ministry of Steel or DIPAM.

4) The Interested Bidders shall bear all costs associated with the preparation and submission of the EOI and also all costs associated with conducting the due diligence. The Advisors/GOI/Company shall not, under any circumstances, be responsible or liable for any such costs, whether direct, incidental or consequential and no cost incurred by the IBs in this regard shall be borne by the Company, GOI or the Advisors.

5) The Interested Bidders are expected to carry out their own investigations and other examination in relation to the Transaction before submitting their EOIs.

6) Interested Bidders shall have satisfied themselves of their queries before participating in the proposed Transaction.

7) Notwithstanding anything to the contrary contained in this PIM, the detailed terms specified in the Definitive Agreements shall have overriding effect; provided, however, that any conditions or obligations imposed on the IB hereunder shall continue to have effect in addition to its obligations under the definitive agreements.

8) EOIs are liable to be rejected by the Company if IBs fails to meet the qualifying eligibility criteria as specified in section titled 'Eligibility Criteria' and/or are disqualified in accordance with the conditions specified in section titled 'Disqualifications' in this EOI Request or for any other reason deemed fit, or even without assigning any reason whatsoever.

9) GOI/ Company reserves the right to modify/postpone/cancel or call off the proposed Transaction without communicating any reasons whatsoever. In such an event no financial obligation whatsoever shall accrue to GOI, the Company, the Advisors or any of their respective officers, employees, advisors or agents.

10) The GOI/ Company/ Advisors, and their respective officers, employees and agents or advisors shall not be liable for any omission, mistake or error in respect of any of the above or on account of any matter or thing arising out of or concerning or relating to the PIM or the EOI process, including any error or mistake therein or in any information or data given by the Transaction Advisor.

11) The GOI/ Company reserves the right not to respond to questions raised or provide clarifications sought, at their sole discretion if considered inappropriate or prejudicial to do so or even otherwise. Nothing contained in this document shall be taken or read as or construed or deemed as compelling or requiring the GOI/ Company to respond to any question or to provide any clarification to the IBs. No extension of any time and date referred to in this EOI Request shall be granted on the basis or grounds that the GOI/ Company has not responded to any question/ provided any clarification.

12) Notwithstanding anything contained in this EOI, the GOI reserves the right to reject any or all EOIs on the grounds of national interest, national security, public interest or any other grounds without communicating any reasons thereof and without any liability or any obligation for such rejection.

13) The Interested Bidders may note that the files containing information about ASP can be in various formats including without limitation, doc, xls, ppt, pdf, jpg, jpeg, zip etc. and it shall be the responsibility of the Interested Bidder to have suitable facilities at their end to download the uploaded files.

4.2 Amendment to EOI Request

At any time prior to the Due Date for submission of EOI, GOI/ Company may, for any reason, whether at its own initiative or in response to clarifications requested by any Interested Bidder, modify this EOI Request by the issuance of an addendum. Any addendum/clarification issued shall be uploaded on websites of DIPAM at www.dipam.gov.in, MoS at www.steel.gov.in, Company at www.sailtenders.co.in and Transaction Advisor at www.sbicaps.com.

In order to afford the Interested Bidders a reasonable time for taking an addendum into account, or for any other reason, GOI/ Company may, in their sole discretion, extend the Due Date for submission of EOI.

4.3 Submission of Expression of Interest

a) The Expression of Interest (EOI), conforming to the conditions of this EOI Request shall be submitted physically along with all annexure(s) duly filled in, in original, at following address on or before the scheduled date and time mentioned in Clause 2.3.

Mr. Vivek Khurana
Vice President
New Delhi Regional Office
SBI Capital Markets Limited
6th Floor, World Trade Tower
Barakhamba Lane
New Delhi – 110 001

b) EOIs shall be submitted during the working hours (Monday to Friday 10:00 a.m. to 6.00 p.m.) on or before scheduled date and time as stipulated in Clause 2.3.

c) Submission of the EOI by any other means, electronic and/or facsimile, etc. will not be accepted.

d) The completed forms, "Annexures" of the bid shall be considered a part of the Definitive Agreements in the case of Successful Bidder.

e) The EOIs received after the appointed time and date at Clause 2.3 will be rejected.

f) The Interested Bidder shall submit the EOI physically by mentioning the page number on each document and to be submitted in sequence in a **sealed, covering envelope** clearly marked "**Private and Confidential – Expression of Interest for the Strategic Sale of Alloy Steels Plant at Durgapur in West Bengal**" in different file folders as per the following directions:

Covering envelope:

Envelope 1:

1. Demand Draft of INR 5,00,000 (Rupees Five Lakh Only) towards non-refundable fee drawn in favour of SBI Capital Markets Ltd. – Fee for EOI, payable at New Delhi

2. EOI Letter in the format specified in **Annexure 1.**

3. Statement of Legal Capacity as per **Annexure 2**.

4. Duly filled in **Request for Qualification** by IB/ each Consortium Member along with all supporting documents (as per **Annexure 3**), including but not limited to the following key information/ supporting documents:

   i. Executive summary providing brief description of the IB and (where appropriate) of each Consortium Member, containing details like ownership structure, identity of the natural persons who are the Ultimate Beneficial Owners and effectively control the IB/ Consortium Member, the Place of Effective Management of business of the Interested Bidder and each Consortium Member. It shall include a brief commentary on the capability of the Interested Bidder/ Consortium Member, as demonstrated, inter alia, in its past track record, to run its own business.

   ii. Contact information of the IB/ each Consortium Member including full name, address, telephone and facsimile numbers, e-mail address and the names and the titles of the persons who are the principal points of contact for IB/ each Consortium Member and identifying Lead Member of the Consortium (if applicable). Details of the website, if maintained, of the IB/ each Consortium Member are also to be provided.

   iii. Basic information of the IB/ each Consortium Member pertaining to place of incorporation, registered office, current directors, key management personnel and principal shareholders.

   iv. A copy of Memorandum of Association, Articles of Association, Certificate of Incorporation, Certificate of Commencement of Business, Charter Documents, Constitution Documents, Partnership Deed, etc. as may be applicable and SEBI Registration Certificate for AIFs.

   v. A certificate for list of Board of Directors, principal shareholders, key management personnel and designated partners (as applicable), duly signed by the respective Company Secretary of IB/ each Consortium Member and also counter signed by its authorized signatory.

   vi. A certificate by an independent chartered accountant/ statutory auditor/ Company Secretary or any other office in-charge of secretarial affairs for the shareholding pattern of the IB/ each Consortium Member.

vii. A certificate duly signed by Company Secretary/ any other officer in charge of legal affairs, for eligibility to participate in the proposed Transaction.

viii. A certificate from Statutory Auditor of the Interested Bidder/ Lead Member of Consortium certifying that it has been operating in [a Mining Industry/ Core Industry/ Metal Industry] for atleast 5 (five) years OR self-certified true copies of Consents to Operate issued by the relevant State Pollution Control Board.

ix. An independent chartered accountant/ statutory auditor certificate certifying fulfilment of the Financial Criteria as defined in the Eligibility criteria.

x. Audited Financial Statements (on standalone and consolidated basis)/Annual Reports for the previous five financial years.

In case the IB/ Consortium Member is an unlisted company, and its audited financial statements are not available for the immediately preceding financial year, the latest available unaudited/provisional numbers may be submitted as certified by the statutory auditors. In case the IB/ Consortium Member is a listed company, and its audited financial statements are not available for the immediately preceding financial year, the information contained in Quarterly Limited Review report is to be submitted. However, if the IB/ Consortium Member submits unaudited financials at the time of submission of EOI, it shall submit the audited financial statements, as and when prepared as per the statutory requirements and timelines of the relevant countries where the IB/ Consortium Member is incorporated.

xi. Extract of the charter documents and documents such as a board or shareholders' resolution in favor of the person executing the Power of Attorney for the delegation of power on behalf of the IB.

xii. Management Organization: An overview of IB's and each Consortium Member's senior management and organization structure certified by its company secretary.

xiii. International Operations/ Joint Venture/Alliances: Brief note of IB's/ each Consortium Member's international operations, its joint ventures, and alliances (whether international or domestic), including incorporation details, registered office, effective management and control, nature and size of such operations, equity ownership, if applicable, and copies of the audited financial statements

for the immediately preceding financial year (as per definition of financial year in the respective jurisdiction) for such companies.

xiv. Professional Advisors: Names and addresses of those companies and professional firms, if any, who are (or will be) advising the IB/ Consortium for the proposed Transaction, together with the names of the principal individual advisors at those companies and firms.

Note: This information can be provided at a later stage, if not available at this stage.

xv. Outstanding Litigation: The IB/ each Consortium Member, (including the beneficial owner, Promoters, persons in control, thereof) must provide with the EOI, a statement of those pending litigations that, if decided against the IB/ Consortium Member, shall disqualify them in terms of the prescribed eligibility criteria and extant Government instructions on disinvestment.

xvi. FDI Restrictions: If the Interested Bidder is a foreign entity, specify list of statutory approvals from the Government of India/ the Reserve Bank of India/ the Foreign Investment Promotion Board/ relevant ministry/ any other Government agency applied for/ obtained/ awaited.

5. Duly executed Power of Attorney authorizing the signatory of the EOI to commit the IB (as per **Annexure – 4 or Annexure 5, as applicable**).

6. In case of a Consortium (including Employee Consortium), a Consortium Agreement duly executed amongst each of the Consortium Members (as per **Annexure 6**).

7. Duly executed Undertaking by the Interested Bidder (as per **Annexure 7)**.

8. Duly executed Affidavit (as per **Annexure 8)**.

9. A declaration in relation to statement of legal proceedings (as per **Annexure 9)**.

10. A Compact Disc containing scanned copies of the EOI including all the supporting documents referred in this EOI Request

g) Unless otherwise specified, a copy of any document that is not the original, shall be a certified true copy (duly verified by a notary) for submission.

h) The EOI and all related correspondence and documents in relation to the EOI shall be in English language. Any documents that are not in the English language shall be

accompanied by an official translation duly notarized and apostilled/ consularised by the Indian mission of the home country.

i) GOI/ Company/ Transaction Advisor shall bear no responsibility for non-receipt of documents sent by post/courier.

j) Any additional information supplied subsequent to the Due Date of submission of EOI as prescribed in Clause 2.3, unless the same has been expressly sought for by GOI/ Company/ Transaction Advisor, shall be disregarded.

k) EOIs shall be opened only after the due date and time of submission of EoIs.

4.4 Evaluation of EOI

1) Any condition or qualification or any other stipulation contained in the EOI shall render the EOI liable to rejection as a non-responsive EOI.

2) The Company reserves the right to call for any additional document (s)/ information / physical copies of any document from the IBs, which may be considered necessary, without any liability to the Company.

3) The Transaction Advisor may seek appropriate clarifications from the IB, if required, while examining the EOI.

4) The GOI reserves the right to verify all statements, information and documents submitted by the IB in response to the EOI Request, or the EOI process and the IB shall, when so required by the GOI, make available all such information, evidence and documents as may be necessary for such verification. Any such verification or lack of such verification, by the GOI shall not relieve the IB of its obligations or liabilities hereunder nor will it affect any rights of the GOI thereunder.

5) In shortlisting Interested Bidders and in selecting the Successful Bidder, the Company will pay due attention, inter-alia to the security requirements of the country.

4.5 Governing Law / Jurisdiction

1) This EOI Request and all matters incidental hereto shall be governed by and construed in accordance with the laws of India. All disputes arising out of and in connection herewith shall be subject to the exclusive jurisdiction of the courts at New Delhi.

5. ELIGIBILITY CRITERIA

5.1 Eligibility Criteria

The Eligibility Criteria for the IBs are as follows:

1) **Incorporation Criteria:**

   a. Any Eligible Entity which is permitted to invest under the laws of India (subject to such entity obtaining all statutory approvals by themselves from the GOI, FIPB, RBI, relevant ministry etc. as applicable) can submit an EOI either independently or as a Consortium Member. (**"Interested Bidder"**)

   b. No IB shall submit more than one EOI. An IB submitting EOI independently or as a Consortium Member shall not be entitled to submit another EOI either independently or as a member of any other Consortium, as the case may be.

   It is clarified that Central Public Sector Undertakings (CPSUs) and Central Government owned Cooperative Societies i.e. where Government's ownership is 51% or more, are not eligible to participate in the Transaction, in accordance with OM issued by Ministry of Disinvestment vide letter No. 4(32)/2002-MoDI dated September 18, 2002. In such context, Government's ownership means direct holding of the Central Government or of other CPSEs.

2) **Financial Criteria:**

   The Interested Bidder shall satisfy the following financial criteria:

   a. **Net-worth:** The Interested Bidder should have a minimum net-worth of INR 150 Crore.

      Explanation: *Net-worth shall mean*

      - ***In case of a company*** *– "Net-worth" shall be calculated as the aggregate value of the paid-up share capital and all reserves created out of the profits and securities premium account, after deducting the aggregate value of the accumulated losses, deferred expenditure, Intangible Assets, redemption reserves, reserves made for any specific purpose and miscellaneous expenditure not written off, as per the audited balance sheet, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation. Further, the cross holding of investments amongst the Consortium Members is also to be deducted where the IB is a Consortium.*
      - ***In case of LLP*** *- "Net-worth" shall be calculated as Partners' Capital and all reserves created out of the profits, after deducting the aggregate value of the accumulated losses, deferred expenditure, Intangible Assets, redemption reserves, reserves made for any specific purpose and miscellaneous expenditure not written off, as per the audited balance sheet, but does not include reserves created out of revaluation of assets, write-*

back of depreciation and amalgamation. Further, the cross holding of investments amongst the Consortium Members is also to be deducted where IB is a Consortium.

- ***In case of AIF** – Net-worth shall mean Maximum Permissible Investment Limit in a single company*

b. **Sales:** The Interested Bidder should have sales of atleast INR 600 Crore in each of the past three financial years.

Explanation: *Sales shall mean Gross Revenue from Operations*

c. **Profitability:** The "cash profit" of the Interested Bidder must be 'positive' in at least three of the immediately five preceding financial years.

Explanation: *Cash Profit shall mean Profit after Tax plus Depreciation plus Deferred Tax Liability*

d. Financial Criteria shall be assessed on the basis of:

i. **In case of entities other than AIFs and employees:** Audited financial statement of an Interested Bidder (on consolidated basis), of which the latest audited financial statement shall not be older than 12 months from the date of publication of this EOI Request.

- If the audited financial statements are not available for the immediately preceding financial year, unaudited/provisional numbers as certified by the statutory auditors (in case of an unlisted company) or information contained in Quarterly Limited Review report (in case of a listed company) shall be considered.
- The Financial Criteria should be certified by a statutory auditor (in case of a company) or an independent chartered accountant (in case of other Eligible Entities).

ii. **In case of AIFs:** The Maximum Permissible Investment Limit would be considered as per independent Chartered Accountant/ Statutory Auditor's certificate not older than 3 months from the date of EOI Request.

iii. **In case of bids by employees of SAIL:**

- For Employees: Practicing Chartered Accountant's certificate not older than 3 months from the date of EOI Request, certifying Net-worth of employees.
- For bank/venture capitalist/financial institution: Statutory Auditor/ practicing Chartered Accountant's certificate not older than 3 months from the date of EOI Request, certifying its Net-worth.

The 'Sales' and 'Profitability' criteria shall not be applicable in case of bids by employees of SAIL.

e. Where the financial statements are expressed in a currency other than the Indian Rupee, the eligible amount as described above shall be computed by taking the equivalent amount at the exchange rates prevailing on the dates of such financial statement as stipulated by Reserve Bank of India. All financial information required for satisfying the eligibility criteria shall be represented in Indian Rupees.

f. In case an Interested Bidder is a subsidiary of another company incorporated in India or outside India, the Financial Criteria of such holding company may also be considered:

Provided that, in such case, the Interested Bidder must continue to be a subsidiary of such holding company until such time the Interested Bidder meets the aforementioned Financial Criteria threshold(s)

3) **Technical Criteria:** The Interested Bidder shall satisfy the following technical criteria:

a. Minimum five (5) years of

i. experience in mining of iron ore or manganese ore or chrome ore; or

ii. manufacturing/ processing experience in any Core Industry as included in Index of Eight Core Industries published by Department of Industrial Policy & Promotion, Ministry of Commerce and Industry or in Metals traded on London Metal Exchange, as listed below:

Core Industry	Metals traded on London Metal Exchange
Cement	Aluminium
Coal	Cobalt
Crude Oil	Copper
Electricity	Lead
Fertilizer	Molybdenum
Natural Gas	Nickel
Refinery Products	Steel
Steel	Tin
--	Zinc

b. The Technical Criteria shall not be applicable in case of bids by employees of SAIL

4) Conditions for bidding by Consortium:

Eligible Entities are permitted to form a Consortium to participate in the Transaction.

a. Lead Member: The Consortium shall have only one (1) Lead Member.

b. Minimum stake requirement:

i. Lead Member shall hold atleast 51.00% stake in the Consortium with the same shareholding in the equity share capital of the Consortium SPV (to be promoted in case it becomes the Successful Bidder), as in the Consortium.

ii. Each Consortium Member shall hold at least 20% stake in the Consortium with the same shareholding in the equity share capital of the Consortium SPV (to be promoted in case it becomes the Successful Bidder), as in the Consortium

c. Formation of Consortium SPV: In case of EOI by a Consortium, the Consortium shall incorporate a Special Purpose Vehicle, in the form of a company (the **"Consortium SPV"**) in India/under the laws of India, within a stipulated time, once finally selected to enter into the Definitive Agreements. The shareholding of the Consortium Members in the Consortium SPV shall be the same as their shareholding in the Consortium.

d. Financial Criteria

i. Net-worth:

- Where IB is a Consortium, the Combined Net-worth of all the Consortium Members should meet the Minimum Net-worth Criteria as mentioned in Clause 2(a) above.

  Explanation: *Combined Net-worth = (Net-worth of Lead Member X % Equity shareholding in consortium) + (Net-worth of Member 2 X % Equity shareholding in consortium) + (Net-worth of Member 3 X % Equity shareholding in consortium.*

- The Lead Member of the Consortium shall have a Net-worth contribution, of at least 51%, towards the calculation of Minimum Net Worth for testing it eligibility

- Each Consortium Member shall have a positive Net-worth.

ii. Sales:

Where IB is a Consortium, any one Consortium Member who meets the Technical Criteria, must meet the Minimum Sales Criteria as mentioned in Clause 2(b) above.

iii. Profitability Criteria:

Where IB is a Consortium, all Consortium Members (excluding AIFs and employees), must meet the Profitability Criteria as mentioned in Clause 2(c) above.

e. Technical Criteria

Where IB is a Consortium, the Technical Criteria stipulated in Clause 3(a) above, shall have to be met by the Lead Member of the Consortium

f. Restriction on change in composition of Consortium:

i. **Prior to Due Date for submission of EOI:** The IB is permitted to change Consortium Members prior to the due date of submission of EOI by withdrawing the EOI and submitting a fresh EOI before the due date of submission of EOI.

ii. **After the Due Date for submission of EOI till determination of Shortlisted Bidders:** No change, either by way of withdrawal/substitution/addition of any Consortium Member or any change affecting the composition of the Consortium will be permitted after the due date for submission of EOI, as prescribed in Clause 2.3, till shortlisting of Interested Bidders.

5) Conditions in case of employee bids:

a. Subject to compliance with Guidelines for management-employee bids in strategic sale issued vide Office Memorandum No. 4/38/2002/DD-II dated April 25, 2003 ("Employee Guidelines") and the terms and conditions stipulated in this EOI Request, Employees can participate in the Transaction as Interested Bidders either (a) directly and independently ("**Direct Employee Participation**") or (b) by forming of a consortium along with a bank, venture capitalist or a financial institution **("Employee Consortium").**

b. Where EoI is submitted by Employees (whether as Direct Employee Participation or Employee Consortium), it shall be accompanied by a duly executed Power of Attorney (as per **Annexure 5**) where Employees forming part of such EOI shall appoint one participating Employee to be their lawful attorney for submission of EOI and connected documents and be the lawful attorney of the other participating Employees.

c. The GOI and Advisors may provide for such further clarifications, conditions, criteria as it may deem necessary for the purposes of Employees to participate.

d. It is clarified that whole-time directors on the Board of SAIL cannot participate in the Transaction. However, in case of any other conflict between the Employee Guidelines and this EOI Request, the Employee Guidelines shall apply.

6) An IB can submit only one EOI i.e. either as a sole bidder or as a member of one Consortium. In case, more than one EOI is submitted by an IB, all such EOIs shall be disqualified.

7) IB should not have been convicted by a court of law or indicted/ have any adverse order passed against them by any other regulatory authority in any matter involving a grave offence and/ or which casts a doubt on its ability to participate in the proposed Transaction. Further such entities or their Affiliates should not have any charge sheet filed against them by any agency of Government of India or any court of law, which involves a matter concerning security and integrity of India. The mere fact that an appeal against any such order mentioned above is pending in any court of law or any regulatory authority will not affect the Disqualification. Additionally, IBs should not have any existing legal proceedings by them or against them in respect of Company/ ASP and its Associate Companies.

5.2 Other Terms and Conditions

1) The IB must meet the Eligibility Criteria as stated in Clause 5.1 of this EOI Request, on the date of submission of the EOI and must continue to be eligible throughout the Transaction until its completion. IB shall have the obligation to immediately notify the Transaction Advisor on its becoming ineligible any time during the Transaction. In the event of any IB getting disqualified or not meeting the eligibility criteria, such IB shall not be permitted to continue to participate in the Transaction.

2) All the bid(s) shall be valid for 180 days from the last date of submission of EOI as stipulated in Clause 2.3 and may need to be further extended by another 180 days on intimation to the Interested Bidders of the same.

3) All financial statements or data to be derived therefrom for the evaluation of Financial Criteria referred herein shall mean on a consolidated basis.

4) In the event the ASP – Divested Unit is transferred to an SPV ("**ASP SPV**"), the Successful Bidder and Consortium SPV, if applicable, shall be required to lock-in its shareholding in ASP SPV (including any shares subscribed to in future) for a minimum period of five (5)

years from the date of closing under the Definitive Agreements and the Successful Bidder/ Consortium SPV shall not be permitted to cede with Control of the ASP SPV for such period. The Successful Bidder / Consortium SPV shall be obliged to ensure that the ASP SPV does not part with the ASP – Divested Unit (or a substantial portion thereof) for the aforesaid period of five (5) years from the date of closing under the Definitive Agreements. Further details and other terms and conditions shall be provided in the RFP.

5) In the event the ASP – Divested Unit is transferred directly to the Successful Bidder or the Consortium SPV, as the case may be, the Successful Bidder/ Consortium SPV shall not be permitted to part with the ASP – Divested Unit (or a substantial portion thereof) for a minimum period of five (5) years from the date of closing under the Definitive Agreements. Further details and other terms and conditions shall be provided in the RFP.

6) Where the IB is a Consortium, upon being declared Successful Bidder,

    a. There shall be no change in composition of the Consortium SPV or dilution of shareholding or change in inter se shareholding ratio of the Consortium Members in the Consortium SPV, without the prior approval of Government of India/ SAIL, for a period of five (5) years from the date of closing under the Definitive Agreements.

    b. The Lead Member shall continue to hold at least 51% shareholding in the Consortium SPV and remain in Control of the Consortium SPV for a minimum period of five (5) years from the date of closing under the Definitive Agreements.

7) **Requisite approvals:** The Interested Bidder shall be required to obtain all necessary approvals under applicable laws from relevant government agencies, including the Ministry of Steel, as may be required to enable the Interested Bidder to enter into the Definitive Agreements before completing the Transaction.

8) Where the Interested Bidder/ Consortium Member is a foreign entity, it shall ensure that it meets extant FDI norms and regulations.

9) The Interested Bidders shall evaluate and ensure that they are permitted to invest under applicable laws to the extent they propose to participate.

10) Only Interested Bidders which are permitted under applicable laws to participate (to the extent of their proposed participation) shall be permitted to bid.

11) After the submission of the EOI, there shall be no change in the Control of the Successful Bidder and each Consortium Member for a minimum period of five (5) years from the date of closing under Definitive Agreements, without prior approval of GOI/ Company.

12) **Change in Consortium or conversion of non-consortium IB to Consortium:** If the Shortlisted Bidder desires a change in the Consortium by inclusion/ exclusion of Consortium Members or if a non-consortium Shortlisted Bidder desires to form a Consortium by inducting new member(s), it shall have to apply for such change to the Transaction Advisor. The TA in writing shall apprise the Ministry of Steel about such change, with due consideration to the identity being concealed. The MoS may approve such inclusion/ exclusion, subject to the following:

    a. The change shall be permitted only once per Shortlisted Bidder/ Consortium.
    b. No change in Lead Member shall be allowed. In case of non-consortium Shortlisted Bidder, such Shortlisted Bidder should act as Lead Member of the Consortium, upon approval of induction of the new member.
    c. Jumping from one Consortium to another shall not be permitted. Further, two or more Shortlisted Bidders shall not be permitted to form a Consortium.

    The application for such modification/ withdrawal/ substitution shall be made within 2 (two) months from being designated as Shortlisted Bidder.

13) The Interested Bidder shall continue the business of the plant in its entirety as being conducted as on the completion of the Transaction on a going concern basis.

14) The Interested Bidder is expected to bring in requisite technology to run the plant efficiently.

15) The Interested Bidders shall ensure that they are permitted to invest under applicable laws to the extent they propose to participate.

16) The GOI/ Company reserves the right to seek any additional indemnities, warranties, representations or performance obligations from the Interested Bidders or any of their Group Companies to its sole satisfaction.

17) Notwithstanding anything contained in this EOI Request, the GOI reserves the right to reject any EOI and to annul the EOI process and reject all EOIs at any time without any liability or any obligation for such acceptance, rejection or annulment, including on grounds of national integrity, national security and national interest and without assigning any reasons therefore. In the event that the GOI rejects or annuls all the EOIs, it may, in its discretion, invite all eligible IBs to submit fresh EOIs hereunder.

18) The GOI reserves the right not to proceed with the EOI process at any time, without notice or liability, and to reject any EOI without communicating any reasons.

6. DISQUALIFICATION

1) GOI/ Company/ Transaction Advisor shall not consider for the purpose of qualification, any EOI which has been found to be incomplete in content or attachments.

2) Without prejudice to any other rights or remedies available to GOI/ Company, the GOI/ Company reserves the right to disqualify any IB or Consortium Member and exclude its EOI from further consideration for any of the reasons, including without limitation, listed below:

   a. Any misrepresentation/ false statement made by an IB/ any Consortium Member at any stage of the Transaction, whether in the EOI, the financial bid, supporting documentation or otherwise and whether written or oral.

   b. If the EOI submitted by the IB is in any respect inconsistent with, or demonstrates any failure to comply with, the provisions of the EOI Request, including not being accompanied by the non- refundable Fee.

   c. Any condition or qualification or any other stipulation inserted by the IB/ any Consortium Member, in the EOI

   d. Failure by IB/ any Consortium Member to provide the necessary and sufficient information required to be provided in the EOI in accordance with this EOI Request.

   e. Failure by IB/ any Consortium Member to provide, within the time specified by the GOI/ Company/ Transaction Advisor, the supplemental information sought by the GOI/ Company/ Transaction Advisor for evaluation of the EOI.

   f. Submission of more than one (1) EOI by any IB either as sole bidder or as Consortium Member in which case, all such EOIs shall be rejected.

   g. The IB not satisfying the eligibility and requisite qualification criteria specified in the EOI Request and hence not being eligible.

   h. Failure by IB/ any Consortium Member to comply with any other condition or requirement as listed in the EOI Request.

   i. In case the IB/ any Consortium Member is a CPSU or Central Government owned Cooperative Societies i.e. where Government's ownership is 51% or more.

j. Failure to comply with any reasonable request of GOI/ Company/ Transaction Advisor in relation to the Transaction.

k. If GOI/ Company is not satisfied with sources of funds/ownership structure of the IB.

l. If at any time it is discovered that the IB/ Consortium Member are subjected to winding up/ insolvency/ bankruptcy proceedings or other proceedings of a similar nature.

m. Any of the outstanding indebtedness of the IB/ any Consortium Member or its respective parent or subsidiaries availed from either banks or financial institutions being classified as 'non-performing asset' or any equivalent classification in their respective jurisdiction.

n. Any information regarding or in connection with the IB/ Consortium Member which becomes known that is detrimental to the national security and/or national interest and/or the Transaction and/or the interests of the Company.

o. If at any stage of the Transaction, the IB/ Consortium Member and/ or its directors/ Promoters are denied security clearance or their security clearance is revoked by the GOI.

p. Initiation or existence of any legal proceedings, by or against the IB/ Consortium Member in respect of the Company, which proceeding may be prejudiced by the participation of the IB/ Consortium Member in the selection process or the Transaction.

q. IB/ Consortium Member or its Promoters or Promoter Groups or directors is debarred from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities by any Governmental Authority.

r. IB/ Consortium Member or its Promoters or Promoter Groups or directors are appearing in the RBI list of wilful defaulters or any such list by a competent authority in their respective jurisdiction.

   For the purpose of this clause, "Wilful Defaulter" means an issuer who is categorized as a wilful defaulter by any bank or financial institution or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the Reserve Bank of India and includes an issuer whose director or Promoter is categorized as such.

s. IB/ Consortium Member is an erstwhile Overseas Corporate Bodies (OCB) which is incorporated outside India and are under the adverse notice of RBI.

For the purpose of this clause, "Overseas Corporate Bod(ies)" mean a company, partnership firm, society and other corporate body owned directly or indirectly to the extent of at least sixty per cent by Non-Resident Indians and includes overseas trust in which not less than sixty per cent beneficial interest is held by Non-resident Indians directly or indirectly but irrevocably, which was in existence as on the date of commencement of the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCBs) Regulations, 2003) and immediately prior to such commencement was eligible to undertake transactions pursuant to the general permission granted under Foreign Exchange Management Regulation Act, 1999.

t. IB/ Consortium Member is prohibited or restricted from investing in SAIL/ ASP – Divested Unit on the basis of status or sector in which SAIL operates under FEMA, 1999 or any regulations made thereunder and including the provisions of the consolidated Foreign Direct Investment Policy (FDI Policy). It being clarified that sectors where government approval is required will not be considered as 'restricted' from investing.

u. If it is discovered at any stage of the Transaction that the IB/ Consortium Member does not possess requisite corporate authorizations to participate in the Transaction.

3) Where IB is a Consortium, if any of the Consortium Members are disqualified, the Consortium shall automatically stand disqualified.

4) Breach of Undertaking executed by the IB;

5) In regard to matters relating to the national security and national integrity, any charge-sheet by any Governmental Authority / conviction by a court of law including under the provisions of the Indian Penal Code or Official Secrets Act or any other relevant legislation for an offence committed by the IB or any of the Consortium Members or by any of their respective Affiliate(s) or any of their Promoters, Promoter Group and directors would result in disqualification. The decision in regard to the relationship between the IB or any of the Consortium Members and the Affiliate(s) would be taken based on the relevant facts and after examining whether the two entities are substantially controlled by the same person/persons.

6) The IB / any Consortium Member who is not qualified to participate in the Transaction pursuant to the Government of India office memorandum No. 3/9/2016-DoD-II-B dated September 28, 2017 (as per Annexure 11A), as amended from time to time.

7) If the IB/ any Consortium Member does not satisfy any of the requirements as may be issued by the GOI by way of notifications / guidelines / circulars or such similar notifications from time to time, including any conditions for qualification, the EOI submitted by the IB shall be disqualified.

8) Integrity Pact Clause: If an IB/ any Consortium Member is found involved in corrupt practices, unfair means or illegal activities during any stage of the Transaction or during the bid process and during the negotiation and execution of the Definitive Agreements, the IB shall be disqualified, at the sole discretion of GoI.

9) If any default, as above, becomes known after the IB has been shortlisted to receive the CIM that would have entitled GOI to reject or disqualify the IB, GOI reserves the right to reject or disqualify the IB at the time such information becomes known to GOI.

10) GOI's determination that one or more of the events specified in this Clause 6 has occurred shall be final and conclusive.

7. ANNEXURES

Annexure 1: Format for Letter of EOI

(To be typed on the letterhead of the IB/ Lead Member of the Consortium submitting the EOI)

Reference No. _____Date _____

To,

Mr. Vivek Khurana
Vice President
New Delhi Regional Office
SBI Capital Markets Ltd.
6th Floor, World Trade Tower
Barakhamba Lane
New Delhi – 110 001

Kind Attention: Mr. Vivek Khurana

Sub: EXPRESSION OF INTEREST FOR STRATEGIC DISINVESTMENT OF ALLOY STEELS PLANT AT DURGAPUR

Sir/ Madam,

This is with reference to the advertisement dated 14.02.2018 (**"Advertisement"**) inviting Expression of Interest ("**EOI**") for strategic disinvestment of Alloy Steels Plant at Durgapur, West Bengal ("**ASP**" or "the **Plant**") by SAIL ("**Company**") along with transfer of management control (**"**the **Transaction"**).

This communication has been issued by the [Interested Bidder (as defined below) OR Lead Member (as defined below) for and on behalf of the Consortium (as defined below).][3]

We have read and fully understood the contents of the Advertisement, the Preliminary Information Memorandum and EOI Request dated 14.02.2018, including all of the qualification requirements and information provided therein. Capitalised expressions used in this letter

[3] Strike out, whichever is not applicable

(including all enclosures) have the same meaning as ascribed thereto in the EOI Request dated 14.02.2018.

We hereby express our interest for participating in the Transaction and confirm and undertake as follows:

1. We are interested in bidding for the strategic sale of ASP.

2. [We are submitting this EOI as [●] [insert name of Interested Bidder] having its registered office at [●]

OR

2. We have formed a consortium comprising [●] members (**"Consortium"**) as follows:

    a. [●] holding [●]% shareholding in the Consortium, acting as the Lead Member of the Consortium (**"Lead Member"**);

    b. [●] holding [●]% shareholding in the Consortium; and

    c. [●] holding [●]% shareholding in the Consortium

OR

2. We are permanent employees of SAIL and are participating in this Transaction independently. The list of employees is provided below:

S. No.	Name of the Employee	Designation	Employee Code, if any	Residential Address	Identity proof (Adhaar No/ Passport No)	PAN and TAN

OR

2. We are permanent employees of SAIL have formed a consortium with [●] [insert name of bank/ FI/ VC Fund]] as follows:

    a. Employees holding [●]% shareholding in the Consortium; and

b. [●] holding [●]% shareholding in the Consortium;

The list of employees is provided below:

S. No.	Name of the Employee	Designation	Employee Code, if any	Residential Address	Identity proof (Adhaar No/ Passport No)	PAN and TAN

][4] (hereinafter referred to as the **"Interested Bidder" or "IB"**)

3. [We agree to form a Special Purpose Vehicle (in the form of a company), within a stipulated time, once finally selected to enter into the Definitive Agreements. The shareholding of the Consortium SPV shall be the same as the shareholding of the Members in the Consortium.][5]

4. We satisfy the eligibility criteria detailed in the Advertisement and the Request for Expression of Interest, including the guidelines of Department of Investment and Public Asset Management OM No. 3/9/2016 – DoD-II-B dated September 28, 2017, as amended from time to time.

5. We are engaged in the business of [●] [insert name of Mining Industry/ Core Industry/ Metal Industry in which IB operates]for the past [●] years

6. We confirm and represent that we have the requisite corporate authorisations to submit the EOI.

7. We undertake and confirm that in the event we become the Successful Bidder,

   a. We shall continue the business of the Plant in its entirety as being conducted on the completion of the Transaction, on a going concern basis.

   b. We shall bring in requisite technology to run the plant efficiently.

[4] Strike out, whichever is not applicable

[5] Strike out in case of Sole IB

c. In the event the ASP – Divested Unit is transferred to an SPV ("**ASP SPV**"), the [Successful Bidder/ Consortium SPV][6], shall be required to lock-in its shareholding in ASP SPV (including any shares subscribed to in future) and shall continue to be in Control of ASP SPV for a minimum period of five (5) years from the date of closing under the Definitive Agreements and shall be obliged to ensure that the ASP SPV does not part with the ASP – Divested Unit (or a substantial portion thereof) for the aforesaid period of five (5) years. We undertake to comply with the terms and conditions which may be included in the RFP.

d. In the event the ASP – Divested Unit is transferred directly to the [Successful Bidder / Consortium SPV][7], shall not be permitted to part with the ASP – Divested Unit (or a substantial portion thereof) for a minimum period of five (5) years from the date of closing under the Definitive Agreements. We undertake to comply with the terms and conditions which may be included in the RFP.

e. [The Lead Member shall continue to hold at least 51% shareholding in the Consortium SPV and remain in Control of the Consortium SPV for a minimum period of five (5) years from the date of closing under the Definitive Agreements.

f. There shall be no change in composition of the Consortium SPV or dilution of shareholding or change in inter se shareholding ratio of the Consortium Members in the Consortium SPV, without the prior approval of Government of India/ SAIL, for a period of five (5) years from the date of closing under the Definitive Agreements.][8]

8. We acknowledge that after the submission of the EOI, there shall be no change in Control of [the Interested Bidder/ any Consortium Member][9], without the prior approval of Government of India/ SAIL, for a period of five (5) years from the date of closing under the Definitive Agreements (as applicable).

9. We certify that neither have we been convicted by any Court of law, indicted, nor has any adverse order been passed against us by a regulatory authority which would cast a doubt

[6] Strike out, whichever is not applicable

[7] Strike out, whichever is not applicable

[8] Strike out in case of Sole IB

[9] Strike out, whichever is not applicable

on our ability to manage the public sector unit when it is disinvested or which related to a grave offence that outrages the moral sense of the community.

10. We further certify that in regard to matters relating to security and integrity of the country, no charge sheet has been filed by any agency of the Government of India nor have we been convicted by a Court of law, including under the provisions of the Indian Penal Code or Official Secrets Act, for any offence committed by us or by any of our Affiliates or Group Companies.

11. We further certify that no investigation by a regulatory authority is pending either against us or against our Affiliates or Group Companies or against any of our directors or key managerial personnel or employees.

12. In the event we are attracted by any of the disqualifications in terms of the EOI Request during the pendency of the process of Strategic Disinvestment/ Transaction, owing to change in facts or circumstances, we would intimate the Transaction Advisor of the same immediately.

13. We represent that we are not disqualified to enter into or perform our obligations in relation to the Transaction (including acting as Promoter of the company) pursuant to the applicable laws including regulations, guidelines, orders, directions or instructions of any regulatory authority (including SEBI or RBI), administrative authority or department or ministry of central or state government or any court in India.

14. We however, understand that the GOI/ Company reserves the right to decide whether or not to qualify our EOI without assigning any reason whatsoever and without any liability.

15. We represent that the loans availed by us or by our parent or subsidiaries, have not been classified as 'non-performing asset' or such equivalent classification by either banks or financial institutions.

16. We represent that we or our Promoters or Promoter Groups or our directors are not debarred from accessing or operating in the capital markets.

17. We represent that we or our Promoters or Promoter Groups or our directors not appearing in the RBI list of wilful defaulters or any such competent authority in their respective jurisdiction.

18. We represent that we are not erstwhile Overseas Corporate Bodies which are incorporated outside India and are under the adverse notice of RBI.

19. We represent that we are not prohibited or restricted from investing in SAIL or ASP – Divested Unit on the basis of status or sector in which SAIL operates, under FEMA, 1999.

20. We confirm that we are not and have not been classified as Central Public Sector Undertaking or a central government owned Cooperative Society (i.e. where Government's ownership is 51% or more)

21. We shall keep this EOI valid for 180 days from the Due Date of submission of EOI as specified in the EOI Request and shall be further extended by another 180 days on intimation from the Company/ Transaction Advisor.

22. [The Statement of Legal Capacity, Declaration in relation to Statement of Legal Proceedings and Request for Qualification as per formats given in Annexures of the EOI Request, duly signed by us are enclosed along with the stamped and notarized Power of Attorney.

    OR

    The Statement of Legal capacity, Declaration in relation to Statement of Legal Proceedings, Request for Qualification, duly signed by representative members who jointly satisfy the eligibility criteria are enclosed along with the certified true copy of the Consortium Agreement between the Consortium Members as per formats given in Annexures of the EOI Request. Further, the stamped and notarized Power of Attorney of each Consortium Member is also enclosed.][10]

23. We shall be glad to receive further communication on the subject.

(In case of entities having PAN and TAN registration in India)

Our PAN number is _____. [insert PAN of IB/ Lead Member]
Our TAN number is _____. [insert PAN of IB/ Lead Member]

(In case of entities not having PAN and TAN registration in India) [following details of the IB/ Lead Member to be provided]

- Name, Email-ID, contact number
- Address in the country of residence

[10] Strike out, whichever is not applicable

- Country of tax residency
- Tax Identification Number ("TIN") in the country of residence; if no TIN is being issued, any other unique identification number issued by the government of such country.

Thank you.

Yours sincerely,

For and on behalf of: [name of the Interested Bidder/ Lead Member]

Signature: (Authorised Representative and Signatory)

Name of the Person: [●]

Designation: [●]

Enclosures:

1. Demand Draft for Non-refundable Fee
2. Statement of Legal Capacity
3. Request for Qualification [submitted by each Consortium Member][11]
4. Power of Attorney [submitted by each Consortium Member][12]
5. Declaration on Statement of legal proceedings [submitted by each Consortium Member][13]
6. [Certified true Copy of the Consortium Agreement between the Consortium Members][14]

[11] Delete if not applicable

[12] Delete if not applicable

[13] Delete if not applicable

[14] Delete if not applicable

Annexure 2: Statement of Legal Capacity

(To be submitted on the letterhead of the IB/ each Consortium Member submitting the EOI)

Reference No. _____Date _____

Mr. Vivek Khurana
Vice President
New Delhi Regional Office
SBI Capital Markets Ltd.
6th Floor, World Trade Tower
Barakhamba Lane
New Delhi – 110 001

Kind Attention: Mr. Vivek Khurana

Sub: EXPRESSION OF INTEREST FOR STRATEGIC DISINVESTMENT OF ALLOY STEELS PLANT AT DURGAPUR ("ASP")

Sir/Madam,

This is with reference to the advertisement dated 14.02.2018 (**"Advertisement"**) inviting Expression of Interest ("EOI") for strategic disinvestment of Alloy Steels Plant at Durgapur, West Bengal ("**ASP**" or "the **Plant**") by SAIL ("**Company**") along with transfer of management control (**"Transaction"**).

We have read and fully understood the contents of the Advertisement, the Preliminary Information Memorandum and EOI Request dated 14.02.2018, including all of the qualification requirements and information provided therein and hereby express our interest for participating in the Transaction and confirm and undertake as follows:

1. We are interested in bidding for the strategic sale of ASP.

2. [We are a member of the Consortium comprising [●] members (**"Consortium"**) as follows:

a. [●] holding [●]% shareholding in the Consortium, acting as the Lead Member of the Consortium (**"Lead Member"**);

b. [●] holding [●]% shareholding in the Consortium and

c. [●] holding [●]% shareholding in the Consortium

][15] (hereinafter referred to as the **"Interested Bidder" or "IB"**)

3. We have examined in detail and have understood the terms and conditions and eligibility criteria stipulated in the Advertisement and the EOI Request and [we satisfy the eligibility criteria OR we jointly satisfy the eligibility criteria alongwith other Consortium Members][16] stipulated in the EOI Request and the Advertisement.

4. We represent that we have the requisite corporate authorisations to submit the EOI.

5. We represent that all the information provided in the EOI along with supporting documents is complete and accurate in all material respects.

6. [We have agreed that [●] [insert name and designation of individual] will act as our representative on our behalf (**"Representative"**) and has been duly authorised to submit the EOI.
Further, the Representative is vested with requisite powers to furnish this letter and Request for Qualification and authenticate the same.

OR

6. We have agreed that [●] [insert name and designation of individual] chosen as representative of our Consortium on our behalf ("**Representative**") and has been duly authorised to submit the EOI. Further, the Representative is vested with requisite powers to furnish this letter and Request for Qualification and authenticate the same.][17]

(In case of entities having PAN and TAN registration in India)

Our PAN number is _____. [insert PAN of IB/ Consortium Member]
Our TAN number is _____. [insert PAN of IB/ Consortium Member]

[15] Strike out if not applicable

[16] Strike out, whichever is not applicable

[17] Strike out, whichever is not applicable

(In case of entities not having PAN and TAN registration in India) [following details of the IB/ Consortium Member to be provided]

- Name, Email-ID, contact number
- Address in the country of residence
- Country of tax residency
- Tax Identification Number ("TIN") in the country of residence; if no TIN is being issued, any other unique identification number issued by the government of such country.

Thank you.

Yours sincerely,

For and on behalf of: [name of the Interested Bidder/ Consortium Member]

Signature: (Authorised Representative and Signatory)

Name of the Person: [●]

Designation: [●]

Annexure 3: Request for Qualification

(To be submitted on letterhead of Interested Bidder/ each Consortium Member)

A. **Name of the Interested Bidder/ Consortium Member**_____

B. **Executive Summary:** providing brief description of the Interested Bidder/ Consortium Member, containing details like

1) Ownership structure

2) Identity of the natural persons who are the Ultimate Beneficial Owners

3) The Place of Effective Management of business of the IB/ Consortium Member

4) Write up on business history and growth, business areas/ activities, revenue details.

It shall include a brief commentary on the capability of the IB/ Consortium Member, as demonstrated, inter alia, in its past track record, to run its own business.

C. **Contact Information** of the IB/ Consortium Member**:**

1)Following details to be provided

a) Registered Office – Address, phone number, facsimile number

b) Head Office (if different from Registered Office)– Address, phone number, facsimile number

c) Address for correspondence [indicate whether Registered Office/ Head Office/ any other]

2)If IB is a Consortium, name of the Lead Member of the Consortium:

3)Contact Person(s):

a) Name:

b) Designation:

c) Phone No.:

d) Mobile No.:

e) Fax No.:

f) Email:

[please provide email ID that would be used for all correspondence with the IB]

4)Website details of IB/ Consortium Member.

D. **Basic Information:**

1) Constitution [strike out whichever is not applicable]
   a) Public Limited Company
   b) Private Limited Company
   c) Limited Liability Partnership
   d) Others, if any [Please specify]
2) Date and Place of incorporation of IB/ Consortium Member
3) Date of commencement of business of IB/ Consortium Member [in case of Public Limited Company]
4) Role/ Interest of each Consortium Member (if applicable).
5) Nature of business carried out/ products dealt with by the IB/ Consortium Member and a profile containing information on the IB's/ Consortium Member's operations.
6) Salient features of financial performance for the last years

E. **Management Organization:**

1) An overview of IBs/ Consortium Member's senior management and organization structure certified by the company secretary.
2) IB/ Consortium Member shall provide details on (a) the Ultimate Beneficial Owner (as per SEBI Circular No. CIR/MIRSD/2/2013 dated January 24, 2013), (b) Place of Effective Management of the business of the IB/ each Consortium Member (as per Central Board of Direct Taxes Guideline F. No. 142/11/2015-TPL dated January 24, 2017).

F. **International Operations/ Joint Ventures/ Alliances:**

1) Brief note of IB/ Consortium Member's international operations, joint ventures, alliances, (whether international or domestic), including incorporation details, registered office, nature and size of such operations, equity ownership, if applicable, copies of the audited financial statements of immediately preceding financial year for such companies.

Provided that, in the event such company is an unlisted company, and does not have the audited financial statements of immediately preceding financial year, the latest available unaudited/ provisional financial statements may be given as certified by its statutory auditor; in case such company is a listed company, and its audited financial statements are not available for the immediately preceding financial year, the information contained in Quarterly Limited Review report is to be submitted. However, the audited financial statements of such companies shall be submitted, as and when prepared as per the statutory requirements and timelines of the relevant countries where it is incorporated.

G. **Professional Advisors:**

1) Please provide names and addresses of those companies and professional firms, if any, who are advising the IB for the Proposed Transaction, together with the names of the principal individual advisors at those companies and firms.

   Provided that in the event of appointment of any advisor after the submission of EOI, the IB shall promptly submit the relevant details to the Transaction Advisor

   Note: This information can be provided at a later stage, if not available at this stage.

H. **Outstanding Litigation/ Contingent Liability:**

1) IB/ Consortium Member to provide details of all outstanding litigations, if any, and if materialised, have or would reasonably be expected to have, a material adverse effect on the business, operations (or results of operations), assets, liabilities and/or financial condition of the IB/ Consortium Member, or other similar business combination or transaction.

2) IB/ Consortium Member to provide details of all contingent liabilities that, if materialised, have or would reasonably be expected to have a material adverse effect on the business, operations (or results of operations), assets, liabilities and/or financial condition of the IB/ Consortium Member, or other similar business combination or transaction.

I. **Foreign Direct Investment (FDI) Restrictions:**

1) If the IB/ Consortium Member is a foreign company/ overseas corporate body – Please specify list of statutory approvals required from any Governmental Authority including, *inter-alia*, the Government of India/ the Reserve Bank of India/ the Foreign Investment Promotion Board/ Ministry of Steel/ any other Government agency, and whether these have been applied for/ are obtained/ are awaited.

S. No.	Clearance/ Approval	Relevant Governmental Authority	Status
			Applied / obtained/ Awaited

J. **Enclosures**

1) Certificate of Incorporation, Memorandum and Articles of Association, Certificate of Commencement of Business, Charter Documents, or other Constitution Documents, i.e., Partnership Deed etc., as may be applicable and SEBI Registration Certificate for AIFs

2) A certificate for list of Board of Directors and key management personnel duly signed by the Company Secretary of IB/ Consortium Member and also counter signed by its authorized signatory.

3) A certificate by an independent chartered accountant/statutory auditor/Company Secretary or any other office in-charge of legal affairs for the shareholding pattern of the IB/ Consortium Member.

4) Basis of eligibility for participation in the Transaction:

   a) A certificate duly signed by the Company Secretary/ any other officer in charge of legal affairs, stating that the IB is eligible to participate in the proposed Transaction in terms of Clause [●][specific reference to the said provision may be drawn]of its Memorandum and Articles of Association/Partnership Deed/ [●] [insert name of relevant Constitution Document].

   b) A certificate from Statutory Auditor of the Interested Bidder/ Lead Member of Consortium certifying that it has been operating in [a Mining Industry/ Core Industry/ Metal Industry] for atleast 5 (five) years OR self-certified true copies of Consents to Operate issued by the relevant State Pollution Control Board.

   c) Certificate from an independent chartered accountant/statutory auditor certifying the Financial Criteria (i.e. Net Worth, Sales, Cash Profit) as defined in Clause 5.1 Eligibility criteria, of the EOI Request. Such certificate should clearly mention that the issuing authority is the [statutory auditor of the company OR independent chartered accountant] and that each of the Financial Criteria stated therein has been computed in accordance with Clause 5.1 of the EOI Request

5) Audited Financial Statements (on standalone and consolidated basis)/Annual Reports for the previous five financial years.

   Provided that, in the event the IB/ Consortium Member is an unlisted company, and its audited financial statements as on March 31, 2017 or December 31, 2017, as the case may be, are not available, the unaudited/ provisional financial statements may be given as certified by the statutory auditors; in the event the IB/ Consortium Member is a listed company, and its audited financial statements as on March 31, 2017 or December 31, 2017, as the case may be, are not available, the information contained in Quarterly Limited Review report is to be submitted. However, if the IB/ Consortium Member submits unaudited financials at the time of submission of EOI, it shall submit the audited financial statements, as and when prepared as per the statutory requirements and timelines of the relevant countries where the IB/ Consortium Member is incorporated.

6) Extract of the charter documents and documents such as a board or shareholders' resolution in favour of the person executing the Power of Attorney for the delegation of power on behalf of the IB/ Consortium Member.

Yours sincerely,

For and on behalf of: [name of the Interested Bidder/ Consortium Member]

Signature: (Authorised Representative and Signatory)

Name of the Person: [●]

Designation: [●]

Place:

Date:

Note: *Please follow the order adopted in the Format provided. If the IB/ Consortium Member is unable to respond to a particular question/ request, the relevant number must nonetheless be set out with the words "No response given" against it*

Annexure 4: Power of Attorney

(To be appropriately stamped on non-judicial stamp paper of appropriate value as per Stamp Act relevant to place of execution and notarized)

Power of Attorney for signing of Expression of Interest (EOI)

To all to whom these presents shall come, We…… [name of the IB] having our registered office at _____ [address of the registered office] do hereby exclusively, unconditionally and irrevocably constitute, nominate, appoint and authorize Mr./Ms. (name),……son/daughter/wife of …… and presently residing at ……, who is presently employed with [us/ the Lead Member of our Consortium][18] and holding the position of ……, as our true and lawful attorney (hereinafter referred to as the "Attorney") to do in our name and on our behalf, to do, execute, and perform all such acts, agreements, deeds, matters and things as are necessary or required in connection with or incidental to submission of our application for qualification for the proposed strategic sale of 100% stake in Alloy Steels Plant at Durgapur in West Bengal, including but not limited to signing and submission of all applications, EOIs, affidavits, bids, and other documents and writings, participating in participating in conferences, if any, and providing information/ responses to GOI/Company/ Transaction Advisor, representing us in all matters before GOI/ Company/ Transaction Advisor and generally dealing with GOI/ Company/ Transaction Advisor in all matters in connection with or relating to or arising out of our application for qualification for the Transaction (as defined in the EOI Request dated 14.02.2018 issued by Transaction Advisor).

AND we hereby agree to ratify and confirm and do hereby ratify and confirm all acts, deeds and things done or caused to be done by our Attorney pursuant to and in exercise of the powers conferred by this Power of Attorney and that all acts, deeds and things done by the Attorney in exercise of the powers hereby conferred shall and shall always be deemed to have been done by us concerning or touching these presents as fully and effectually as if we were present and had done, performed or executed the same itself.

We confirm and declare that we have not executed any other power of attorney in favour of any other person(s) in relation to the subject matter of this power of attorney and this power of attorney is irrevocable.

All the terms used herein but defined shall have the meaning ascribed to such terms in the EOI Request dated 14.02.2018.

IN WITNESS WHEREOF WE…… THE ABOVE NAMED PRINCIPAL HAVE EXECUTED THIS POWER OF ATTORNEY ON THIS …… DAY OF ……..

[18] Strike our whichever is not applicable

……..

(Signature, name, designation and address)

In the presence of:

1.

2.

Accepted

(Signature, Name, Designation and Address of the Attorney)

[To be duly notarized]

[To affix common seal, if applicable]

Notes: 1) The mode of execution of the Power of Attorney should be in accordance with the procedure, if any, laid down by the applicable law and the charter documents of the executant(s) and when it is so required, the same should be under common seal affixed in accordance with the required procedure. 2) Wherever required, the Interested Bidder should submit for verification the extract of the charter documents and documents such as a board or shareholders' resolution/ power of attorney in favour of the person executing this Power of Attorney for the delegation of power hereunder on behalf of the Interested Bidder. 3) For a Power of Attorney executed and issued overseas, the document will also have to be legalized by the Indian Embassy and notarized in the jurisdiction where the Power of Attorney is being issued. However, the Power of Attorney provided by Interested Bidders from countries that have signed the Hague Legislation Convention 1961 are not required to be legalized by the Indian Embassy if it carries a conforming Apostle certificate

Annexure 5: Power of Attorney for Employee Participation

(To be stamped on Rs. 1000 Stamp Paper and Notarized)

Special Power of Attorney

To all to whom these presents shall come, I ……, son/daughter/wife of …… and presently residing at …… being presently employed with Steel Authority of India Limited (SAIL) having employee code [●]/ being whole-time director on the Board of SAIL having DIN No. [●], do hereby exclusively, unconditionally and irrevocably constitute, nominate, appoint and authorize Mr./Ms. ……, son/daughter/wife of …… and presently residing at ……, who is presently employed with [●]

I, **[●] ,** do hereby irrevocably nominate, constitute and appoint ……, as my true and lawful attorney (hereinafter referred to as the "Attorney") to do in my name and on my behalf, to do, execute, and perform all such acts, agreements, deeds, matters and things as are necessary or required in connection with or incidental to submission of our application for qualification for the proposed Strategic Disinvestment by Steel Authority of India Limited of 100% stake in ASP – Divested Unit including but not limited to signing and submission of all applications, participating in conferences, if any and providing information/ responses to GoI/Company/ Transaction Advisor and generally dealing with GoI/Company/ Transaction Advisor in all matters in connection with or relating to or arising out of our application for qualification for the Transaction (as defined in the EOI Request dated 14.02.2018 issued by the Transaction Advisor.

AND we hereby agree to ratify and confirm and do hereby ratify and confirm all acts, deeds and things done or caused to be done by our Attorney pursuant to and in exercise of the powers conferred by this Power of Attorney and that all acts, deeds and things done by the Attorney in exercise of the powers hereby conferred shall and shall always be deemed to have been done by us concerning or touching these presents as fully and effectually as if we were present and had done, performed or executed the same ourselves.

We confirm and declare that we have not executed any other power of attorney in favour of any other person(s) in relation to the subject matter of this power of attorney and this power of attorney is irrevocable.

All the terms used herein but defined shall have the meaning ascribed to such terms in the EoI Request dated 14.02.2018.

IN WITNESS WHEREOF WE,…… THE ABOVE NAMED PRINCIPAL HAVE EXECUTED THIS POWER OF ATTORNEY ON THIS …… DAY OF ……..

……..

(Signature, name, designation and address)

In the presence of:

1.

2.

Accepted

(Signature, Name, Designation and Address of the Attorney)

[To be duly notarized]

Notes: 1) For a Power of Attorney executed and issued overseas, the document will also have to be legalized by the Indian Embassy and notarized in the jurisdiction where the Power of Attorney is being issued. However, the Power of Attorney provided by Interested Bidders from countries that have signed the Hague Legislation Convention 1961 are not required to be legalized by the Indian Embassy if it carries a conforming Apostle certificate.

Annexure 6: Format for Consortium Agreement (In case IB is a Consortium)

(To be appropriately stamped on non-judicial stamp paper of appropriate value as per Stamp Act relevant to place of execution and notarized)

THIS Consortium Agreement ("**Agreement**") is executed on this_____ day of _____Two thousand_____ between

1. M/s **[**insert name of Lead Member**]** _____ [a limited liability partnership OR company] incorporated under the laws of _____ and having its [Registered Office OR Principal Place of Business] at _____ (hereinafter called the "**Member-1**", which expression shall include its successors, executors and permitted assigns);

2. M/s _____ [a limited liability partnership OR company] incorporated under the laws of _____ and having its [Registered Office OR Principal Place of Business] at _____ (hereinafter called the "**Member-2**", which expression shall include its successors, executors and permitted assigns);

3. M/s _____ [a limited liability partnership OR company] incorporated under the laws of _____ and having its [Registered Office OR Principal Place of Business] at _____ (hereinafter called the "**Member-3**", which expression shall include its successors, executors and permitted assigns); and

for the purpose of submitting response to Advertisement dated 14.02.2018 inviting Expression of Interest for strategic disinvestment of 100% stake in Alloy Steels Plant at Durgapur, West Bengal (**"ASP" or "the Plant"**) by SAIL **("Company")** along with transfer of management control.

WHEREAS, each Member individually shall be referred to as the "**Member**" and all of the Members shall be collectively referred to as the "**Members**" in this Agreement.

WHEREAS the Instructions for submitting EOI as per EOI Request stipulates that in case EOI is being submitted by a Consortium of Interested Bidders, the Consortium Members will have to submit a legally enforceable Consortium Agreement in a format specified by GOI.

Capitalised terms used in this Agreement but not defined herein shall have the meaning as per EOI Request.

NOW THEREFORE, THIS AGREEMENT WITNESSTH AS UNDER:

In consideration of the above premises and agreements all the Members in this Consortium do hereby mutually agree as follows:

1. We, the Consortium Members and Members to the Agreement do hereby unequivocally agree that Member-1 (M/s_____), shall act as the Lead Member as defined in the EOI Request for self and agent for and on behalf of Member-2, _____ , and Member-3, _____ , and to submit the EOI;
2. We have formed consortium comprising ____ members as follows:
   1. _____(Insert name)/% of Shareholding in the Consortium
   2. _____(Insert name)/% of Shareholding in the Consortium
   3. _____(Insert name)/% of Shareholding in the Consortium
3. The Lead Member is hereby authorized by the Consortium Members and Members to the Agreement to bind the Consortium and receive instructions for and on their behalf.
4. The Lead Member shall be liable and responsible for ensuring the individual and collective commitment of each of the Consortium Members in discharging all of their respective obligations. Each Member further undertakes to be individually liable for the performance of its part of the obligations without in any way limiting the scope of collective liability envisaged in this Agreement.
5. We undertake and confirm that in the event we become the Successful Bidder,
   a. We shall continue the business of the Plant in its entirety as being conducted on the completion of the Transaction, on a going concern basis.
   b. We shall incorporate a Special Purpose Vehicle (in the form of a company), within a stipulated time, to enter into the Definitive Agreements and the shareholding of the Consortium Members in the Consortium SPV shall be the same as their shareholding in the Consortium.
   c. In the event the ASP – Divested Unit is transferred to an SPV ("**ASP SPV**"), the Consortium SPV shall continue to be in Control of the ASP SPV for a minimum period of five (5) years from the date of closing under the Definitive Agreements and shall be obliged to ensure that the ASP SPV does not part with the ASP Divested Unit (or a substantial portion thereof) for the aforesaid period of five (5) years from the date of closing under the Definitive Agreements. The entire shareholding of the Consortium SPV in the ASP SPV (including any shares subscribed to in future) shall be subject to lock-in restrictions for a minimum period of five (5) years from the date of closing under the Definitive Agreements.

d. The Consortium Members shall continue to be in Control of the Consortium SPV for a minimum period of five (5) years from the date of closing under the Definitive Agreements and shall ensure that the Consortium SPV does not part with the ASP – Divested Unit (or a substantial portion thereof) for the aforesaid period of five (5) years from the date of closing under the Definitive Agreements.

e. The composition of the Consortium shall be maintained for a period of 5 (five) years from the date of closing under the Definitive Agreements (as applicable). There shall be no dilution of shareholding (including any shares subscribed to in future) or change in inter se shareholding ratio of the Consortium Members in the Consortium SPV, without the prior approval of Government of India/ SAIL, for a period of five (5) years from the date of closing under the Definitive Agreements. The Lead Member shall continue to hold at least 51% shareholding in the Consortium SPV and remain in Control of the Consortium SPV for a minimum period of five (5) years from the date of closing under the Definitive Agreements.

6. We acknowledge that after the submission of the EOI, there shall be no change in Control of each Consortium Member for a minimum period of 5 (five) years from the date of closing under the Definitive Agreements.

7. The Lead Member, on behalf of the Consortium, shall inter alia undertake full responsibility for liaising with any authority or persons as required.

8. In case of any breach of commitment by any of the Consortium Members, the Lead Member shall be liable for the consequences thereof.

9. Except as specified in the Agreement, it is agreed that sharing of responsibilities as aforesaid shall not in any way be a limitation of responsibility of the Lead Member under these presents.

10. The Lead Member shall be liable irrespective of its scope of work or financial commitments.

11. This Agreement shall be construed and interpreted in accordance with the Laws of India and courts at New Delhi alone shall have the exclusive jurisdiction in all matters relating thereto and arising thereunder.

12. It is further expressly agreed that the Agreement shall be in force and remain valid until such time that each Consortium Member is a shareholder of the Consortium SPV, unless

expressly agreed to the contrary by the Consortium Members, with the prior written consent of the Company and GOI.

13. The Lead Member is authorized and shall be fully responsible for the accuracy and veracity of the representations and information submitted by the Consortium Members respectively from time to time in the EOI.

14. It is hereby expressly understood between the Consortium Members that no Consortium Member at any given point of time, may assign or delegate its rights, duties or obligations under the EOI except with prior written consent of the Company and GOI.

15. This Agreement

    (i) has been duly executed and delivered on behalf of each Member hereto and constitutes the legal, valid, binding and enforceable obligation of each such Member;

    (ii) sets forth the entire understanding of the Members hereto with respect to the subject matter hereof; and

    (iii) may not be amended or modified except in writing signed by each of the Members and with prior written consent of the Company and GOI .

IN WITNESS WHEREOF, the Members have, through their authorized representatives, executed these present on the Day, Month and Year first mentioned above.

For M/s _____ **[Member 1]**

_____ (Signature, Name & Designation of the person authorized vide [board resolution/power of attorney duly executed by such partners as authorized by the partnership deed governing such partnership] dated [●])

Witnesses:

(i) Signature _____

Name:

Address:

(ii) Signature _____

Name:

Address:

For M/s _____ **[Member 2]**

_____ (Signature, Name & Designation of the person authorized vide [board resolution/power of attorney duly executed by such partners as authorized by the partnership deed governing such partnership] dated [●])

Witnesses:

(i) Signature _____

Name:

Address:

(ii) Signature _____

Name:

Address:

For M/s _____ **[Member 3]**

_____ (Signature, Name & Designation of the person authorized vide [board resolution/power of attorney duly executed by such partners as authorized by the partnership deed governing such partnership] dated [●])

Witnesses:

(i) Signature _____

Name:

Address:

(ii) Signature _____

Name:

Address:

_____

[Signature and stamp of Notary of the place of execution]

[To affix common seal, if applicable]

Annexure 7: Undertaking by the Interested Bidder

(To be appropriately stamped on non-judicial stamp paper of appropriate value as per Stamp Act relevant to place of execution and notarized)

(If IB is a Consortium, to be signed by each Consortium Member)

UNDERTAKING BY THE INTERESTED BIDDER

This **UNDERTAKING** ("**Undertaking**") is made on this ……. day of ……., 2018.

BY

M/s _____ **[**insert name of Interested Bidder/ Lead Member**]** a [limited liability partnership OR company] incorporated under the laws of _____[insert name of the country] and having its [Registered Office OR Principal Place of Business] at _____ (hereinafter called the [“**Interested Bidder**” OR "**Lead Member**"]**]**[19], which expression shall include its successors, executors and permitted assigns);

[AND

M/s _____ **[**insert name of Consortium Member**]** a [limited liability partnership OR company] incorporated under the laws of _____ [insert name of the country] and having its [Registered Office OR Principal Place of Business] at (hereinafter called "**Member-2**", which expression shall include its successors, executors and permitted assigns);

AND

M/s _____ **[**insert name of Consortium Member**]** a [limited liability partnership OR company] incorporated under the laws of _____ [insert name of the country] and having its [Registered Office OR Principal Place of Business] at (hereinafter called "**Member-3**", which expression shall include its successors, executors and permitted assigns);

[19] Delete whichever is not applicable

The Lead Member, Member-2 and Member 3, shall be collectively referred to as **Interested Bidder**][20]

OR

[The permanent employees of SAIL, as listed in the table below:

S. No.	Name of the Employee	Designation	Employee Code, if any	Residential Address	Identity proof (Adhaar No/ Passport No)	PAN and TAN

(hereinafter called "**Employees**", which expression shall include its successors, executors and permitted assigns);

AND

M/s _____ **[**insert name of bank/ FI/ VC Fund**]** a [bank/ FI/ VC Fund] incorporated under the laws of _____ [insert name of the country] and having its [Registered Office OR Principal Place of Business] at (hereinafter called "**Employee Consortium Member**", which expression shall include its successors, executors and permitted assigns);

The Employees and Employee Consortium Member, shall be collectively referred to as **Interested Bidder**][21]

IN FAVOUR OF:

The Joint Secretary, Ministry of Steel, (the "**Administrative Ministry**");

AND

Steel Authority of India Limited (SAIL), a company incorporated under the Companies Act, 1956, bearing corporate identification number L27109DL1973GOI006454, having its registered office at Ispat Bhawan, Lodhi Road, New Delhi -110003, India ("**SAIL**" or the "**Company**").

AND

[20] Delete if IB is not a Consortium

[21] Delete if IB is not a group of Employees/ Employee Consortium

SBI Capital Markets Limited, whose registered office is at 202, Maker Tower 'E', Cuffe Parade, Mumbai 400 005, India (hereafter referred to as the **"Transaction Advisor"),**

AND

Luthra & Luthra Law Offices, whose registered office is at 103 Ashoka Estate Barakhamba Road New Delhi- 110001, India (hereafter referred to as the **"Legal Advisor"),**

AND

Protocol Insurance Surveyors & Loss Assessors Private Limited, whose registered office is at B-13B, SFS Flats, Mayur Vihar, Phase – 3, Delhi – 110096, India (hereafter referred to as the **"Asset Valuer").**

WHEREAS:

A. The Interested Bidder has submitted an Expression of Interest for participation in the strategic disinvestment of Alloy Steels Plant at Durgapur in West Bengal ("**ASP**" or "the Plant") by SAIL ("the Company") along with the transfer of management control (the "**Transaction**")

B. In the context of the IB's interest in the Transaction, the Disclosing Party (as defined hereinafter) may disclose Confidential Information (as defined hereinafter) to the Receiving Party (as defined hereinafter) to enable the IB to evaluate the Transaction.

NOW, THEREFORE, in consideration for receiving the Confidential Information, the IB hereby executes this Undertaking and undertakes, represents, warrants, covenants and agrees to the terms and conditions contained herein:

1. Capitalised terms and expressions used but not defined in this Undertaking shall have the same meaning ascribed thereto in the EOI Request. The following capitalized expressions used in this Undertaking (including the recitals) shall have the meaning assigned to them hereunder;

1.1. "**Confidential Information**" means and includes any and all facts, knowledge, information, documents and materials whether written or otherwise, concerning the business, operations, prospects, finances, or other affairs of the Company, its Plant, affiliates, associates or subsidiaries. It includes, without limitation, documents delivered in connection with due diligence, investigation, information relating to the existing business of the Company and the Plant and new businesses (if any) proposed to be undertaken by the Company, market and Plant-specific data, agreements related to its

business including know-how and technology agreements, agreements relating to licence to use intellectual property rights, graphs, drawing, past, current, and planned research and development, current and planned marketing or distribution methods and processes, customer lists, current and anticipated customer requirements, price lists and other end-user pricing related information, market studies, computer software and programs, database technologies, systems, structures and architectures, historical financial statements, activities, products, specifications, data, know-how, compositions, designs, sketches, photographs, business plans, financial projections and budgets, historical and projected sales, capital spending budgets and plans, current or prospective financing sources, the names and backgrounds of personnel, personnel training techniques and materials, reports relating to the Company's and Plant's operations prepared by external consultants which are proprietary to the Company or the GOI or the Administrative Ministry, and any information memorandum /or draft / final offer document, request for proposal, drafts of shareholders and share purchase agreements or other materials prepared in connection with the Transaction, howsoever documented, that has been or may hereafter be provided or shown to the Receiving Party by the Disclosing Party or is otherwise obtained from review of the Disclosing Party's documents or property or discussions with the Disclosing Party by the Receiving Party irrespective of the form of the communication, and also includes all notes, analyses, compilations, studies, summaries, and other material prepared by the Receiving Party containing or based, in whole or in part, on any information included in the foregoing.

Notwithstanding the foregoing, the following information will not constitute "Confidential Information" for purposes of this Undertaking:

(a) Information which the Interested Bidder can prove was already in the possession of the Receiving Party and was available to the Receiving Party on a non-confidential basis prior to its disclosure to the Receiving Party by the Disclosing Party;

(b) Information which is obtained by the Receiving Party from a third person who, insofar as is known to the Receiving Party, is not prohibited from disclosing the information to the Receiving Party under a contractual, legal or fiduciary obligation to the Disclosing Party; and

(c) Information which is or becomes generally available to the public otherwise than as a result of a breach of this Undertaking by the Receiving Party.

The decision of the Government and/or the Company on whether any information qualifies within the exceptions in (a), (b) and (c) above shall be final, conclusive and binding.

1.2. "**Disclosing Party**" means the Advisors, the Company, the Administrative Ministry, the GOI, other Governmental Authority and/or their respective Representatives, whether jointly or severally.

1.3. "**Receiving Party**" means the Interested Bidder and its/ their Representatives, whether jointly or severally.

1.4. "**Representative(s)**" of any Person includes the directors, officers, employees, agents, consultants, advisors, lenders for financing of this Transaction or other representatives, including legal counsel, accountants and financial advisors of such Person and also includes the Representatives of the Representatives of any Person.

2. The Confidential Information disclosed by the Disclosing Party to the Receiving Party, or acquired by the Receiving Party in the course of any studies conducted by the Receiving Party, will be received and treated by the Receiving Party as strictly confidential, subject to its obligations contained herein, and the Receiving Party shall not, without the Company's as well as the Government's prior written consent or as expressly permitted herein, directly or indirectly disclose to any other Person, or use or allow others to disclose or use, the Confidential Information.

3. The Receiving Party will use the Confidential Information only to evaluate the Transaction and to decide whether or not it wishes to proceed with the Transaction and not for any purpose other than the Transaction. The Receiving Party will not directly or indirectly use the Confidential Information for any other purpose or in any other manner whatsoever and shall particularly ensure that the interests of the Company/ GOI/ Advisors are not adversely affected in any manner whatsoever.

4. In consideration of the Disclosing Party providing the Receiving Party with Confidential Information, by the Interested Bidder's execution of this Undertaking, the Interested Bidder, for itself and on behalf of all other Receiving Party, agrees that all of the Confidential Information shall be held and treated by the Receiving Party in strict confidence. The Interested Bidder agrees (a) to disclose Confidential Information only to Consortium Members and/or those of its Representatives who need to know the Confidential Information for the purposes of an evaluation of the Transaction and each such Interested Bidder or Representative of the Interested Bidder will be informed and advised in writing by the Interested Bidder of the confidential nature of such information and the contents of and the obligations under this Undertaking and (b) to satisfy itself that each such Consortium Member and/or Representative of the Interested Bidder will hold and treat the Confidential

Information in confidence and act in accordance therewith. The Interested Bidder agrees that the Confidential Information shall not, without the Company's as well as the Government's prior written consent, be disclosed by the Interested Bidder and/or its/ their Representatives in any manner whatsoever, in whole or in part, to any third Person, and shall not be used by the Interested Bidder or its Representative other than in connection with an evaluation of the Transaction.

The Interested Bidder recognises and acknowledges the competitive value and confidential nature of the Confidential Information and the possible resultant impact to the Company and the Government if the Confidential Information is disclosed or allowed to be disclosed to an unauthorised party or used for any purpose other than evaluating the Transaction. The Interested Bidder acknowledges and agrees that it is imperative that all Confidential Information remains confidential.

The Interested Bidder, before disclosing any of the Confidential Information to any shareholder/ member/ partner/ Representative of the Interested Bidder, or any shareholder/ member/ partner/ Representative of a Consortium Member(s), as the case may be, shall ensure that such shareholder/member/ partner/ Representative of the Interested Bidder or Consortium Member(s), as the case may be, has already executed and furnished to the Advisors, a written undertaking identical in form and content as this Undertaking in favour of the Government, the Company and the Advisors.

Notwithstanding any agreement or undertaking, the Interested Bidder agrees that it shall continue to be responsible and liable for any breach of this Undertaking even though the same is caused by any act or omission of any of the shareholders/ members/ partners/ Representative of the Interested Bidder and shareholder/ members/ partners/ Representative of a Consortium Member(s), as the case may be, and shall indemnify and hold the Government, the Company, and the Advisors harmless (including provisions of clause 6 and 15 set forth herein) from any breach of this Undertaking or consequences and claims arising therefrom.

[In case the Interested Bidder is a Consortium, it agrees that for the purpose of this Undertaking, its liability shall be joint and several with each of the Consortium Members.][22]

5. Except as permitted by Clause 4 herein and except as expressly permitted by the Definitive Agreements, entered into by the Interested Bidder, and/or any company formed and promoted by them for the acquisition of ASP – Divested Unit, the Receiving Party will not directly or indirectly disclose to any Person (including another prospective purchaser who

[22] Delete, if IB is not a Consortium

has been provided Confidential Information) the fact that the Confidential Information has been made available to the Receiving Party or that the Receiving Party have inspected any portion of the Confidential Information. Except with the prior written consent of the Company and the Government, and except as expressly permitted by such definitive share purchase agreement, the Receiving Party will not directly or indirectly disclose to any Person the fact that any discussions or negotiations are taking place concerning the Transaction, including the status and content of such discussions or negotiations.

6. On acquiring the Confidential Information on the terms stated in this Undertaking or otherwise, the Receiving Party shall comply with all applicable law, and the Interested Bidder hereby jointly and severally indemnifies and agrees to hold the Advisors, the Government and the Company indemnified and harmless (without prejudice to Clause 15 set forth below) against all and any consequences arising from any violation by the Receiving Party of such applicable laws.

7. If the Receiving Party is requested or becomes legally compelled (by oral questions, summons, interrogatories, requests for information or documents, subpoena, civil or criminal investigative demand, or similar process) or is required by a Governmental Authority and/or regulatory body (including any self-regulated organisation) to make any disclosure that is prohibited or otherwise constrained by this Undertaking or any similar undertaking or agreement, the Receiving Party will provide the Advisors, the Government and the Company with prompt written notice of such request so that the Advisors, the Government or the Company may seek an appropriate injunction, protective order or other appropriate remedy. Subject to the foregoing, the Receiving Party may furnish that portion (and only that portion) of the Confidential Information that, in the written opinion of the Interested Bidder's legal counsel (reasonably acceptable to the Advisors, the Government and the Company), the Receiving Party is legally compelled or is otherwise legally required to disclose or else stand liable for contempt or suffer other material censure or material penalty; provided, however, that the Receiving Party must use best efforts to obtain reliable assurance that confidential treatment will be accorded to any Confidential Information so disclosed.

8. The confidentiality obligations contained in this Undertaking may, at the discretion of the Government, the Company and the Advisors, be amended, modified or superseded upon the Interested Bidder and/or any company formed and promoted by them for executing Definitive Agreements, but shall be without prejudice to any of the Advisors', the Government's or the Company's rights in respect of any breach of this Undertaking which may have occurred prior to such amendment, modification or supersession.

9. The Interested Bidder agrees that the Government reserves the right, in its sole discretion to modify the process of the Transaction in any part and/or to vary any terms at any time without prior notice to the Interested Bidder and/or to reject any or all proposals made by the Interested Bidder with regard to the Transaction.

   The Government and/or the Company may elect at any time to terminate further access by the Receiving Party to any Confidential Information required by the Interested Bidder in connection with its evaluation of the Transaction. After any such termination by the Government and/or the Company as specified in Clause 8 above, or after the decision of the Interested Bidder to not proceed with the Transaction, the Interested Bidder:

   (a) will promptly deliver to the concerned Disclosing Party, all Confidential Information including all documents or other materials furnished by such Disclosing Party to the Receiving Party, together with all copies and summaries thereof in the possession or under the control of the Receiving Party, and

   (b) will destroy materials generated by the Receiving Party that include or refer to any part of the Confidential Information, without retaining a copy of any such material.

   Any such destruction pursuant to the foregoing must be confirmed by the Interested Bidder in writing to each of the Advisors, the Government and the Company (such confirmation must include a list of the destroyed materials). The Interested Bidder acknowledges that the return of the Confidential Information and the return or destruction of the Confidential Information pursuant to termination or otherwise shall not release the Receiving Party from its obligations under this Undertaking.

10. The Receiving Party shall not deal or communicate (except in the ordinary course of its business) with any officer, director or employee of the Government or the Company regarding the business, operations, prospects or finances of the Company or the Plant, without the Advisors' prior written consent. It is understood that the Advisors will arrange for appropriate contacts for due diligence purposes in connection with the Transaction. Unless otherwise agreed to by the Advisors in writing (i) all communications regarding any possible transaction, (ii) any requests for additional information, (iii) any requests for management meetings, and (iv) any queries regarding the Transaction, will be directed exclusively to the Advisors. However, if the Receiving Party is called upon by the Government and/or the Company for any discussions, the Receiving Party will do so or meet the Government and/or the Company only after duly informing the Advisors in writing.

11. The Disclosing Party and its employees shall not reveal their identity and/or contact any member of the Company or the Administrative Ministry/ DIPAM and also keep the data/ information of the Company and ASP (shared as part of Transaction) strictly confidential.

12. The Government and/or the Company reserves the right, in its sole discretion, to reject any and all proposals made by the Receiving Party with regard to the Transaction and to terminate discussions and negotiations with the Receiving Party at any time. Without limiting the preceding sentence, nothing in this Undertaking (i) requires either the Interested Bidder or the Government to enter into the Transaction or to negotiate such Transaction for any specified period of time or (ii) requires the Advisors, the Government or the Company to enter into an agreement or an understanding, or prohibits the Advisors, the Government or the Company from entering into any agreement or understanding, for proceeding with the Transaction with any other Person.

13. In the event that the Receiving Party is not declared as the Successful Bidder, it shall not, directly or indirectly, solicit for employment or hire any employee of the Company for a period of 1 year from the date of this Undertaking or till six months from the completion of the Transaction, whichever is later.

14. The Receiving Party agrees that from the date of this Undertaking till the completion of the Transaction or till the time the Interested Bidder decides not to proceed with the Transaction, as the case may be, the Receiving Party shall not, directly or indirectly, buy, sell, negotiate, or enter into any arrangements for the purchase of any interest in ASP, or advise any other person directly or indirectly to buy, sell, negotiate or enter into any arrangements for purchase and / or sale of any of the shares of the Company, or take any action or make any statement or announcement that may affect the price of the shares of the Company on any stock exchange or elsewhere or which may affect the existing shareholding structure of the Company.

15. The Interested Bidder understands, acknowledges and agrees that the Government, the Advisors and the Company retain the right to determine, in their sole discretion, the information that they wish to make available to the Receiving Party and the personnel through whom the same will be made available. Further, nothing in this Undertaking shall amount to or be construed as the Disclosing Party making any representations or warranties, express or implied, as to the accuracy and/or completeness of the Confidential Information and the Disclosing Party shall have no liability whatsoever to the Receiving Party resulting from the Interested Bidder's use of the Confidential Information. The Interested Bidder also

agrees that if it determines to proceed with the Transaction, its determination will be solely based on the terms of the Definitive Agreements as well as on its own investigation, analysis and assessment of its investment. Moreover, unless and until such agreements are entered into, neither the Government nor the Interested Bidder will be under any legal obligation of any kind with respect to the Transaction except for the matters specifically agreed to in this Undertaking or in another written and duly executed Definitive Agreement.

16. The Interested Bidder hereby indemnifies and agrees to hold the Advisors, the Government and the Company indemnified and harmless from all and any damages, losses, costs, or liabilities (including legal fees and the cost of enforcing this indemnity) arising out of or resulting from any unauthorized use or disclosure by any Receiving Party of the Confidential Information or other violation of this Undertaking (notwithstanding that a Receiving Party may not be party to this Undertaking) or of any similar undertaking or agreement. In addition, because an award of money damages (whether pursuant to the foregoing sentence or otherwise) would be inadequate for any breach of this Undertaking or any similar undertaking or agreement by the Receiving Party and any such breach would cause the Disclosing Party irreparable harm, the Interested Bidder also agrees that, in the event of any breach or threatened breach of this Undertaking or such similar undertaking or agreement, the Advisors, the Government or the Company will also be entitled, without the requirement of posting a bond or other security, to equitable relief, including injunctive relief and specific performance. Such remedies will not be the exclusive remedies for any breach of this Undertaking but will be in addition to all other remedies available at law or equity to the Advisors, the Government and/or the Company.

17. The Interested Bidder understands, acknowledges, confirms and agrees that each of the Government, the Company and the Advisors are beneficiaries under this Undertaking. The Interested Bidder further agrees and confirms that each of the Government, the Company and the Advisors, will be entitled to and may enforce, either individually or jointly, the obligations imposed on the Receiving Party under this Undertaking.

18. The Receiving Party agrees that in case the Interested Bidder or any Consortium Member decides not to proceed with the Transaction or if the GOI/ Company/ Advisors notify the Interested Bidder or any Consortium Member that the GOI/ Company does not wish the IB or any such Consortium Member to consider the Transaction any further, the terms of the Undertaking shall survive on even subsequent to the date of receipt of notification of such decision by the relevant party.

19. The Interested Bidder agrees that no failure or delay by the Advisors/the Government / the Company in exercising any right, power or privilege hereunder will operate as a waiver thereof nor will any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any right, power or privilege hereto.

20. The terms of this Undertaking may be varied only with the Company's and the Government's prior written agreement. This Undertaking shall be effective as of the date first above given on the first page of this Undertaking.

21. This Undertaking shall be governed by and construed in accordance with the substantive laws of India without giving effect to its conflict of law principles.

22. All notices required or permitted to be given hereunder shall be in writing and shall be valid and sufficient if dispatched by registered airmail, postage prepaid, or by cable or facsimiles as follows.

If the notice is to the Government:

Mr. N. K. Wadhwa
Deputy Secretary
Ministry of Steel
Room No. 65, Udyog Bhawan
New Delhi- 110 011

If the notice is to the Advisors:

Transaction Advisor:

Mr. Vivek Khurana
Vice President
New Delhi Regional Office
SBI Capital Markets Limited
6th Floor, World Trade Tower
Barakhamba Lane
New Delhi- 110 001

Legal Advisor:

Mr. Samir Dudhoria, Partner/ Ms. Damini Bhalla, Partner
Luthra & Luthra Law Offices
103, Ashoka Estate,
Barakhamba Road,

New Delhi- 110001

Asset Valuer:

Mr. Kunal Kanda
Head- Corporate Valuations
Protocol Insurance Surveyors & Loss Assessors Private Limited
H-54, Sector 63
Noida- 201307
Uttar Pradesh

If the notice is to the Company:

Mr. Mukesh Chand Jain
Executive Director (F&A) and Company Secretary
Steel Authority of India Limited
Ispat Bhawan, Lodhi Road
New Delhi- 110 003

If the notice is to the Interested Bidder:

IB/ Lead Member	**[Member-2**	**Member-3]**[23]
[●]	[●]	[●]

Any of the Interested Bidder, the Company or the Advisors may change its address by a notice given to the other in the manner set forth above. All notices and other communications shall be deemed to have been duly given (i) on the expiry of seven days after posting, if transmitted by registered airmail or (ii) on the date immediately after the date of transmission with confirmed answer back if transmitted by cable or facsimile whichever shall first occur.

IN WITNESS WHEREOF, this Undertaking has been executed by the duly authorized representative of the Interested Bidder on the date and year first hereinabove written.

Witnessed by:	[Name of the Interested Bidder/ Lead Member of Consortium]

[23] Delete if not applicable

Name: Address:	By: Name: Designation:
Witnessed by: Name: Address:	[Name of the Consortium Member] By: Name: Designation:
Witnessed by: Name: Address:	[Name of the Consortium Member][24] By: Name: Designation:

[24] Delete if not applicable

Annexure 8: Format of Affidavit

(To be duly executed and adequate stamp duty to be paid by the Interested Bidder/ Lead Member of Consortium with respect to this document.)

AFFIDAVIT

I, [name] aged [age] years, resident of [address] working as [designation] an Authorised Signatory on behalf of [name of the Interested Bidder]("**Interested Bidder**") hereby state as under:

1. I am the [designation of the deponent] of the Interested Bidder. I am conversant with the facts and circumstances surrounding the subject of this affidavit [and have been authorised to depose to the same pursuant to the power of attorney dated [date] issued pursuant to [particulars of corporate approval]]. I am filing this affidavit to place on record verification of facts and documents in connection with the bidding process concerning strategic disinvestment of Alloy Steels Plant (ASP).

2. [Insert separate paragraphs for each information/ document physically submitted with the Transaction Advisor, in a chronological sequence].

3. [If applicable, _____].

4. That nothing has been concealed in the information submitted as mentioned above.

Solemnly affirmed and verified on this [day] day of [month][year] at [place].

(Signature)

Name, Designation & Address

VERIFICATION

I, [name], [the [designation of the deponent] of] the Interested Bidder above named, having my office at [address], do hereby solemnly declare that what is stated above is on the basis of the

books and records of the Interested Bidder, and verify that the contents of the above affidavit are true and correct, no part of it is false and nothing material has been concealed therefrom.

Verified at [day] day of [month] [year] at [place].

Deponent

(Signature)

[particulars of notarisation]

Name, Designation & Address

Annexure 9: Declaration in relation to Statement of Legal Proceedings

(To be forwarded on the letterhead of the IB /each Consortium Member submitting the EOI)

DECLARATION

1. We solemnly declare that we, our Group Companies, our Director(s), CEO, principal officers, managers, promoters or partners are not convicted by any court of law or are indicted or have received any adverse order from regulatory authority which would cast a doubt on our ability to manage the ASP – Divested Unit or which relates to a grave offence with regard to matters other than the security and integrity of the country.

   Grave offence for this purpose shall be an offence which is of such nature that outrages the moral sense of the community and shall include:

   a) SEBI orders which directly relate to "Fraud" as defined in the SEBI Act, and/ or regulations
   b) SEBI orders casting doubt on the ability of the IB to manage ASP – Divested Unit, when it is disinvested
   c) Any conviction by a court of law
   d) In case SEBI passes a prosecution order, disqualification will arise only on conviction by court of law.

2. We further declare that we, our Group Companies, our Director(s), CEO, principal officers, managers, promoters or partners have not been issued a charge sheet by any Governmental Authority or convicted by a court of law for any offence with regard to matters relating to the security and integrity of the country.

3. We further declare that we, our Group Companies, our Director(s), CEO, principal officers, managers, promoters or partners are not under any investigation pending before any Governmental Authority, regulatory authority or other authority, which if decided against us or our Group Companies, our Director(s), CEO, principal officers, managers, promoters or partners (as the case may be), would disqualify us in terms of (1) and/ or (2) above or in terms of the Eligibility Criteria and Disqualification conditions detailed in the EOI Request.

4. We declare that complete information as required is provided in the EOI and Request for Qualification and Statement of Legal Capacity.

Yours sincerely,
For and on behalf of: [name of the Interested Bidder/ Consortium Member]

Signature: (Authorised Representative and Signatory)

Name of the Person: [●]

Designation: [●]

Note: *In case any IB is unable to give above undertaking in view of any conviction, indictment, adverse order or investigation as above, full details of the same shall be provided including names of persons involved, designation, charge/ offence, ordering/ investigating agency, status/ outcome etc. with supporting/ relevant documents, to the satisfaction of GoI. Any entity, which is disqualified from participating in the Transaction, shall not be allowed to remain associated with it or get associated merely because it has preferred an appeal against the order based on which it has been disqualified. The mere pendency of appeal will have no effect on the disqualification.*

Annexure 10: Advertisement

GLOBAL INVITATION FOR EXPRESSION OF INTEREST FOR PROPOSED STRATEGIC DISINVESTMENT OF ALLOY STEELS PLANT AT DURGAPUR BY STEEL AUTHORITY OF INDIA LTD.

Steel Authority of India Limited (SAIL) ("Company") is a 'Maharatna' Public Sector Enterprise, promoted by the Government of India. The Company was incorporated under the Companies Act 1956, in the year 1973. Presently, the Company has five Integrated Steel Plants, a Ferro Alloys Plant and three Special Steel Plants. Alloy Steels Plant of SAIL (ASP) is proposed for strategic disinvestment and the Company has appointed SBI Capital Markets Limited (SBICAP) as its Transaction Advisor to advise and manage the strategic disinvestment process.

This disinvestment process is to be implemented through open competitive bidding route. Accordingly, Expression of Interest (EOI) is invited from Interested Bidders, to be submitted at the below mentioned address **by 6.00 p.m.** on **11.04. 2018**. The details of PIM/ EOI Request can be downloaded from websites of DIPAM at www.dipam.gov.in, Ministry of Steel at www.steel.gov.in, Company at www.sailtenders.co.in and Transaction Advisor at www.sbicaps.com. In future any amendments to the PIM/ Request for Expression of Interest/ extension in time for submission of EOI will be uploaded on the above websites only.

Address for submission of EOI:

Mr. Vivek Khurana
Vice President
New Delhi Regional Office
SBI Capital Markets Limited
6th Floor, World Trade Tower
Barakhamba Lane
New Delhi – 110 001

Annexure 11: Department of Investment and Public Asset Management (DIPAM) Guidelines

DIPAM has issued Guidance Note – 1 on strategic disinvestment on October 5, 2017. Please find below the link for reference:

http://dipam.gov.in/sites/default/files/Guidance%20Note%20on%20Strategic%20Disinvestment.pdf?download=1

Annexure 11A: Guidelines for qualification of Bidders seeking to acquire stakes in Public Sector Enterprises through the process of disinvestment

No. 3/9/2016-DoD-II-B
Government of India
Department of Investment and Public Asset Management
Block 14, CGO Complex
New Delhi.

Dated: 28th September, 2017

OFFICE MEMORANDUM

Sub: Guidelines for qualification of Bidders seeking to acquire stakes in Public Sector Enterprises through the process of disinvestment

Government has examined the issue of framing comprehensive and transparent guidelines defining the criteria for bidders interested in PSE-disinvestment so that the parties selected through competitive bidding could inspire public confidence. Earlier, criteria like net worth, experience etc. used to be prescribed. Based on experience and in consultation with concerned departments, Government has decided to prescribe the following additional criteria for the qualification / disqualification of the parties seeking to acquire stakes in public sector enterprises through disinvestment:

a) In regard to matters other than the security and integrity of the country, any conviction by a Court of Law or indictment / adverse order by a regulatory authority that casts a doubt on the ability of the bidder to manage the public sector unit when it is disinvested, or which relates to a grave offence would constitute disqualification. 'Grave Offence' is defined to be of such a nature that it outrages the moral sense of the community. The decision in regard to the nature of the offence would be taken on case to case basis after considering the facts of the case and relevant legal principles, by the Government. 'Grave Offence' would include the below noted cases:

a. Only those orders of SEBI are to be treated as coming under the category of 'Grave Offences' which directly relate to 'fraud' as defined in the SEBI Act and/or regulations.

b. Only those orders of SEBI that cast a doubt on the ability of the bidder to manage the public-sector unit, when it is disinvested, are to be treated as adverse.

c. Any conviction by Court of Law;

d. In cases in which SEBI also passes a prosecution order, disqualification of the bidder should arise only on conviction by the Court of Law.

b) In regard to matters relating to the security and integrity of the country, any charge-sheet by an agency of the Government/ conviction by a Court of Law for an offence committed by the bidding party or its Associate Company as defined in Companies Act, 2013 would result in disqualification. The decision in regard to the relationship inter-se between the concerns would be taken, based on the relevant facts and after examining whether the two concerns are substantially controlled by the same person/persons.

c) In both (a) and (b), disqualification shall continue for a period that Government deems appropriate.

d) Any entity, which is disqualified from participating in the disinvestment process, would not be allowed to remain associated with it or get associated merely because it has preferred an appeal against the order based on which it has been disqualified. The mere pendency of appeal will have no effect on the disqualification.

e) The disqualification criteria would come into effect immediately and would apply to all bidders for various disinvestment transactions, which have not been completed as yet.

f) Before disqualifying a bidder, a Show Cause Notice why it should not be disqualified would be issued to it and it would be given an opportunity to explain its position.

g) These criteria will be prescribed in the advertisements seeking Expression of Interest (EOI) from the interested parties. The interested parties would be required to provide the information on the above criteria, along with their Expressions of Interest (EOI). The bidders shall be required to provide with their EOI an undertaking to the effect that no investigation by a regulatory authority, which if decided against the bidder, may disqualify the bidder in terms of (a) & (b) above or the eligibility criteria prescribed in the EoI, is pending against them. In case any investigation is pending in case which if

decided against the bidder, may disqualify the bidder in terms of (a) & (b) above on the eligibility criteria prescribed in EoI against the bidder or the concern in which the bidder has substantial interest or against its CEO or any of its Directors/ Managers, full details of such investigation including the name of the investigating agency, the charge/ offence for which the investigation has been launched, name and designation of persons against whom the investigation has been launched and other relevant information should be disclosed, to the satisfaction of the Government. For other criteria also, a similar undertaking shall be filed along with EOI.

-sd/-

(Aseem Kumar Jha)

Under Secretary to the Government of India

Please find below the link for the aforementioned OM for reference:

http://dipam.gov.in/sites/default/files/guidelines.pdf?download=1

Annexure 11B: Participation of Central Public Sector Undertakings (PSUs)/Cooperative Societies controlled by the Government in disinvestment of other PSUs.

No. 4(32)/2002-MoDI
Government of India
Ministry of Disinvestment

Block No. 14, CGO Complex,
Lodi Road, New Delhi -110003.
Dated 18th September, 2002

OFFICE MEMORANDUM

Sub: Participation of Central Public Sector Undertakings (PSUs)/Cooperative Societies controlled by the Government in disinvestment of other PSUs.

The undersigned is directed to say that the issue of participation of Central Public Sector Undertakings (PSUs) and Central Government owned Cooperative Societies in the disinvestment of other PSUs has been engaging the attention of the Government for the past some time. Government has examined this issue in the light of policy of the Government on Disinvestment.

2. After careful examination of the various issues, the Government of India has now decided that henceforth, as a general policy, Central Public Sector Undertakings and Central Government owned Cooperative Societies (i.e. where Government's ownership is 51% or more), should not be permitted to participate in the disinvestment of other PSUs as bidders. If in some specific case, any deviation from these restrictions is considered desirable in public interest, the Ministry/Department concerned may bring up an appropriate proposal for consideration of the Core Group of Secretaries on Disinvestment.

3. The Ministries/Department are requested to communicate the above decision of the Government to all the PSUs and the Cooperative Societies under their administrative control.

(T.S. Krishnamachari)

Deputy Secretary to the Government of India

Phone no. 436 8523

Fax No. 436 6524

Annexure 11C: Guidelines for Management-Employee Bids in Strategic Sale.

No. 4(38)/2002-DD-II
Government of India
Ministry of Disinvestment

Block No. 14, CGO Complex,
Lodi Road, New Delhi -110003.
Dated: 25th April, 2003

OFFICE MEMORANDUM

Employee participation and protection of employee interests is a key concern of the disinvestment process. The practice of reserving a portion of the equity to be disinvested for allocation to employees, at concessional prices, has been adopted in a number of cases. It is necessary and expedient to evolve and lay down guidelines to encourage and facilitate management-employee participation in the strategic sales and thus to acquire controlling stakes and manage disinvested public sector undertakings. The undersigned is directed to state that Government has, therefore, decided to lay down the following guidelines for evaluating employee/management bids:-

i. The term 'employee' will include all permanent employees of a PSU and the whole time directors on the board of the PSU. A bid submitted by employees or a body of employees will be called an "employee bid".
ii. At least 15% of the total number of the employees in a PSU or 200 employees, which ever is lower, should participate in the bid.
iii. An employee bid would be exempted from any minimum turn over criterion but will be required to qualify in terms of the prescribed net worth criterion. They will be required to follow the procedures prescribed for participation by Interested Parties in the process of strategic sale including, but not limited to, filing the expression of interest along with all details, as applicable to other investors, furnishing of bank guarantee for payment of the purchase price etc.
iv. Employees can either bid directly and independently or, for the purpose of meeting the financial criteria like net worth, can form a consortium or bid through a joint venture (JV) or a special purpose vehicle (SPV), alongwith a bank, venture capitalist or a financial institution. However employees will not be permitted to form consortia with other companies.
v. If the bidding entity of the employees is a consortium, JV or SPV, employees must have a controlling stake and be in control of the bidding entity.

vi. If the bid is submitted through a consortium, JV or SPV, employees must contribute at least 10% of the financial bid.

vii. If the employees form a consortium, the consortium partners would be prohibited from submitting individual bids independently.

viii. If it is not the highest bid, the employee bid shall be considered only if the said bid is within 10% of the highest bid.

ix. The employee bid shall, subject to fulfilling the conditions above, have the first option for acquiring the shares under offer provided they match the highest bid and the highest bid being equal to or more than the reserve price.

x. If the employee bid is not the highest bid and there are more than one employee bids within the 10% band, the highest of the employee bids will have precedence for purchase at the highest bid. If such employee bidder is unwilling or unable to match the highest bid, the option will pass on to the next highest employee bid and so on till all the employee bids, within the 10% band, are exhausted.

xi. In the event of no employee bidder, within the 10% band, being willing or able to match the highest bid, the shares under offer will be sold to the highest bidding entity.

xii. There will be a lock in period of three years for the shares disinvested by the Government.

2. All the bidders for the management-employee buy-outs will also have to satisfy the provisions of the 'Guidelines for qualification of bidders seeking to acquire stakes in Public sector Enterprise through the process of disinvestment' issued vide the then Department of Disinvestment's Office Memorandum No.6/4/2001-DD-II dated 13th July 2001 or as amended subsequently along with other qualification criterion as generally applicable and not specifically excluded herein.

(T.S. Krishnamachari)

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