

**PRELIMINARY INFORMATION MEMORANDUM
GLOBAL INVITATION FOR EXPRESSION OF INTEREST
FOR
STRATEGIC DISINVESTMENT OF
FERRO SCRAP NIGAM LIMITED, A 100% SUBSIDIARY OF MSTC LTD. - UNDER
ADMINISTRATIVE CONTROL OF MINISTRY OF STEEL**



By



**MINISTRY OF
FINANCE**

Department of Investment & Public Asset Management



सत्यमेव जयते

Government Of India

BDO

BDO India LLP

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31st March, 2022

ABBREVIATIONS

Abbreviations	Description
AM/NS	Arcelor Mittal Nippon Steel Limited
AV	Asset Valuer
BOF	Basic Oxygen Furnace
BF	Blast Furnace
Cr	Crores or Crore
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CPSE	Central Public Sector Enterprises
CU	Confidentiality Undertaking
DIPAM	Department of Investment and Public Asset Management
DRI	Direct Reduced Iron
EAF & IF	Electric Arc Furnace & Induction Furnace
EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortization
EoI	Expression of Interest
FY	Financial Year
FEMA	Foreign Exchange Management Act, 1999, as amended
FERA	Foreign Exchange Regulation Act, 1973
FSNL	Ferro Scrap Nigam Limited
GoI	Government of India
Govt.	Government
IB	Interested Bidder
ICWA	The Institute of Cost Accountants of India
IRSS	Indian Railway Stores Service
Rs.	Indian Rupees
JSPL	Jindal Steel & Power Limited
JV	Joint Venture
Lakhs	1,00,000 or equivalent to Hundred Thousand
LA	Legal Advisor
Ltd.	Limited
MBA	Master of Business Administration
MD	Managing Director
MIDHANI	Mishra Dhatu Nigam Limited
MoF	Ministry of Finance
MoS	Ministry of Steel
MOU	Memorandum of Understanding
MSTC	MSTC Limited (earlier known as Metal Scrap Trade Corporation Limited)
Mn	Million
MT	Million Tonne
NINL	Neelachal Ispat Nigam Limited
O&M	Operations and Maintenance
PAT	Profit After Tax
PBT	Profit Before Tax
P&L	Profit and Loss
PIM	Preliminary Information Memorandum

PSU	Public Sector Undertaking
RBI	Reserve Bank of India
RINL	Rashtriya Ispat Nigam Limited
RFP	Request for Proposal
SAIL	Steel Authority of India Limited
SMS	Steel Mill Services
TA/ Transaction Advisor/Advisor	BDO India LLP
TISCO	Tata Steel Limited
TOR	Terms of Reference
USD	United States Dollar
Y-o-Y	Year on Year

Disclaimer Notice

The Government of India (“GoI”) is proposing to disinvest Ferro Scrap Nigam Limited (“FSNL” or “Company”), a 100% subsidiary of MSTC Limited, through strategic sale along with transfer of management control. (“Proposed Transaction”). BDO India LLP (“BDO” or “TA” or “Transaction Advisor” or “Advisor”) has been appointed as transaction advisor pursuant to work order dated May 31, 2021, by the Department of Investment & Public Asset Management (“DIPAM”) for advising on the Proposed Transaction. This Preliminary Information Memorandum (hereinafter referred to as the “PIM”) has been prepared by BDO which includes proprietary information of FSNL, and it is issued for the limited purposes of providing certain information on FSNL for enabling recipients to be apprised of such certain basic details of FSNL prior to submission of the Expression of Interest (“EOI”) in respect of the Proposed Transaction. In all cases, bidders should carry out their own evaluation and analysis of FSNL and all data set forth in this PIM, and their own investigation in relation to the business of FSNL.

This PIM does not contain complete information in relation to the Company including details of the land, other assets, intellectual properties, legal proceedings involving the Company etc. Unless otherwise specified, the information contained herein is as of March 31, 2021, and may be subject to material updates, revisions or amendment. GoI, the Company or BDO, undertake not to update this PIM, and do not intend for this PIM to form the basis of an investment decision or a decision to participate in the Transaction. This PIM is not intended to form the basis or as a recommendation on behalf of the Company or GOI or BDO for any investment decision.

The PIM may include certain estimates, projections, statements, targets and forecasts with respect to the Company/industry in which the Company operates and these are based on the various assumptions made by the management, officers or employees of the Company and/or BDO. Actual results may differ materially from these forward-looking statements due to various factors. You should note that past performance of the Company is not a guide for future performance of the Company. The summary of financial information has been obtained from the audited annual financial statements (unless otherwise specified) and may differ from the actual numbers to the extent of approximations or use of rounded numbers. Unless stated otherwise the industry data has not been independently verified by BDO, the Company, the GoI or any of their affiliates or advisors. The data used in these sources may have been reclassified by BDO for the purposes of presentation. The GoI, the Company, BDO and their respective advisors undertake no obligation to provide the recipient with access to any additional information or to update this PIM with additional information or correct any inaccuracies herein, which may become apparent. Each potential investor must seek its own advice from professionals for any matters pertaining to or relating to the Company or the Proposed Transaction or for evaluating the Proposed Transaction including with regard to legal, financial and taxation issues.

Neither the GoI nor Company or its parent company i.e., MSTC nor BDO or any of its affiliates, subsidiaries, advisors, directors, officers, employees or agents make any representations and/or warranty in respect of the information contained in this PIM.

This PIM has been prepared for information purposes only, without any regard to specific objectives, suitability, financial situations and needs of any particular person and does not constitute any

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Each recipient of this PIM contemplating participating in the Proposed Transaction shall make, and shall be deemed to have made, its own independent investigation and assessment of the financial conditions and affairs and its own appraisal of the creditworthiness of the Company and its own independent assessment of the terms and conditions of the Proposed Transaction.

The GOI reserves the right to change the procedures for pursuing the Proposed Transaction.

This document and opinion, if any, contained herein have been prepared by BDO, based upon information available to the public and sources, believed to be reliable.

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SECTION A: INTRODUCTION

1. INTRODUCTION

1.1 TRANSACTION BACKGROUND

Ferro Scrap Nigam Limited (“FSNL” or the “Company”) is a Government of India (“GoI”) Mini Ratna II, IMS Certified Central Public Sector Enterprise (“CPSE”) under the administrative control of the Ministry of Steel, Government of India. FSNL is a 100% subsidiary of MSTC. It was incorporated on March 28, 1979, under Companies Act, 1956, to provide steel mill services i.e. processing steel mills slag for recovery of iron scrap and other metallics and is presently working across nine (9) steel plants in India. FSNL has been the pioneer in the field of metal scrap recovery and slag handling in India.

The Company’s authorized capital as on March 31, 2021, is Rs. 50 Crores (5,00,00,000 ordinary shares of Rs. 10/- each hereinafter called “Equity Share”) and paid-up share capital is Rs. 32 Crores. The entire paid-up capital is held by MSTC.

The Cabinet Committee on Economic Affairs (“CCEA”), GoI, in its meeting held on October 27, 2016, accorded its ‘in-principle’ approval to disinvest entire equity shareholding held through MSTC in FSNL, through strategic disinvestment (“Strategic Disinvestment”) and transfer of management control. Department of Investment & Public Asset Management (“DIPAM”) will oversee the strategic disinvestment on behalf of GoI and has appointed BDO India LLP as its transaction advisor through the tendering process.

1.2 CONTACT DETAILS

All enquiries related to the Transaction should be addressed to the following representatives of BDO:

Mr. Maulik Sanghavi Partner +91 989 233 5213 fsnl@bdo.in	Mr. Rajorshi Roy Director +91 989 239 8008 fsnl@bdo.in
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Please note that all the correspondence, enquiries, clarifications related to the Transaction shall be routed and addressed only to the above-mentioned representatives of BDO. Neither the GoI, DIPAM nor FSNL shall be responsible in any manner to respond to communications addressed directly to them

1.3 IMPORTANT DATES

Table 1.3.1: Important Dates

Sr. No	Event	Date*
1.	Publication of Advertisement & Floating of EoI	March 31, 2022
2.	Last date for submission of written queries on PIM	April 14, 2022
3.	Last date & time for submission of EoIs (“Due Date”)	May 05, 2022 by 6:00 pm

4.	Last date and time for submission of physical copies for IBs submitting electronically	May 12, 2022 by 6:00 pm
5.	Intimation to Shortlisted Bidders	May 25, 2022

**The above dates may change at the discretion of GoI and TA.*

Interested Bidders shall be required to participate in the tender process inviting “Expression of Interest for strategic disinvestment of Ferro Scrap Nigam Limited” and can either:

Physically submit all documents in hardcopy before the Due Date at the following address.

Maulik Sanghavi

Partner, BDO India LLP
The Ruby, Level 9, North-West Wing
Senapati Bapat Marg, Dadar (W),
Mumbai, 400028

OR

The IBs, if they so desire, may submit the complete EoI in electronic form via email at fsln@bdo.in with all the requisite documents in PDF format by the Due Date. The PDF files should be password protected and the password should be communicated via a separate mail at fsln@bdo.in. IBs submitting EoI by email shall also be required to submit the EoI in a physical copy not later than the date and time as specified in Table 1.3.1 above. All the documents submitted in the electronic form may be either scanned version of documents with physical signatures or signed digitally using a valid digital signature certificate.

Explanation – For the avoidance of doubt, it is clarified that the Power of Attorney cannot be digitally signed, even if the EoI is submitted in an electronic form, which must be physically signed, witnessed, notarized and legalized / apostilled (as required), as per the procedure specified in the PIM. Such signed Power of Attorney may then be scanned and emailed.

EoIs submitted electronically shall only be evaluated upon receiving of hard copies on or before the date and time as specified in Table 1.3.1 above.

Post completion of the evaluation of the EoIs received, the Transaction Advisor will directly intimate the Shortlisted Bidders in relation to their qualification for participation in Stage II and the next steps for the Proposed Transaction.

1.4 CLARIFICATIONS

All queries or request for clarification/additional information on the Proposed Transaction should be submitted on the letterhead of IB duly signed by the authorized signatory and the scanned copy shall be emailed to fsln@bdo.in not later than the date as specified in Table 1.3.1. The communications shall clearly bear the following identification / title:

‘Queries/ Request for Additional Information: EoI for Strategic Disinvestment of FSNL’

The PIM, or any other clarifications and common communications would be available on the following websites:

- i. Website of TA at www.bdo.in
- ii. Website of FSNL at www.fsnl.nic.in
- iii. Website of DIPAM at www.dipam.gov.in
- iv. Website of MoS at steel.gov.in
- v. Website of MSTC at www.mstcindia.co.in

This Preliminary Information Memorandum (“**PIM**”) is divided into three sections –

- **Section A** provides introduction about the Proposed Transaction
- **Section B** provides brief details about the Company, industry overview, future prospects etc.
- **Section C** provides details on the Proposed Transaction and instructions for submission of EoI along with the various annexures to be submitted by IBs.

SECTION B: COMPANY OVERVIEW

2. COMPANY OVERVIEW

2.1 INTRODUCTION

FSNL is a Mini-Ratna II, IMS Certified Company and a 100% subsidiary of MSTC. It is a specialized steel mill service provider engaged in scrap processing for various steel mill companies in India. FSNL has become the largest recycler in India in terms of the volume of scrap and slag handled across multiple plants.

2.2 COMPANY PROFILE

Table 2.2.1: Company Snapshot

Particulars	Details
Name	Ferro Scrap Nigam Limited
Constitution	Private Limited Company – Mini-Ratna II Category CPSU
Date of Incorporation	March 28, 1979
Industry	Steel Mill Services
Registered Office*	FSNL Bhawan, Equipment Chowk, Central Avenue, Bhilai -490001 Chhattisgarh
Corporate Identification Number	U27102CT1989GOI005468

* Registered office of FSNL is on lease from Steel Authority of India Limited and the current lease tenure is in the process of being extended

2.3 CAPITAL STRUCTURE

Table 2.3.1: Share Capital and Shareholding Pattern as on March 31, 2021

Particulars	No. of Equity Shares	Share Capital (Rs Cr)
Authorized Share Capital	5,00,00,000	50.00
Issued, Subscribed & Paid-up Share Capital - 100% held by MSTC	3,20,00,000	32.00

2.4 BOARD OF DIRECTORS

Table 2.4.1: Board of Directors of FSNL

Sr No.	Name	Designation	DIN
1.	Mr. Surendra Kumar Gupta	Chairman & Managing Director	08643406
2.	Mr. Arun Kumar Kailoo	Government Nominee Director	07521092
3.	Mrs. Bhanu Kumar	Nominee Director of MSTC	07982360

2.5 SENIOR MANAGEMENT AND DEPARTMENTAL HEADS

FSNL has a team of qualified and experienced professionals for managing its operations. Brief description of Senior Management and Departmental Heads is given below:

Table 2.5.1: Details as of November 2021

Sr. No	Name	Designation	Qualification	Total Experience	FSNL Experience
1.	S.K. Gupta	Chairman and Managing Director	BE, M-Tech, IRSS	33 years	1.5 years
2.	Satadal Mitra	Chief Financial Officer, Chief General Manager (F&A)	M.Com, ICWA	29 years	27.0 years
3.	Ashok Mishra	Company Secretary	M.Com, MBA (Fin), CS, LLB (Hons)	16 years	4.5 years
4.	Pankaj Tyagi	Deputy General Manager(P&A/Law)	BSc, MBA, LLB	30 years	4.0 years
5.	P.S. Thakur	Deputy General Manager (Vigilance)	B.E. (Mech)	24 years	17.0 years
6.	G. Saraswat	Assistant General Manager (Material Management)	B.A., PGD (Computer Programming), MBA	25 years	8.5 years
7.	S. Biswas	Assistant General Manager (Operations & Maintenance)	B.E. (Elect), Diploma in Computer Management	28 years	28.0 years

Source: Company Data

2.6 MANPOWER STRENGTH

The total manpower of the company as on November 1, 2021, is 1,451 with 590 regular employees on the company's payroll and 861 outsourced employees.

Table 2.6.1: Break-up of the Manpower Details

	Regular Employees	Contractual	Total
Executive	130	-	130
Non-Executive	460	861	1321
Total	590	861	1451

Source: Company Data

2.7 EXISTING OPERATIONS

FSNL specializes in the recovery and processing of scrap from slag and refuse generated during iron and steel making across different steel plants. They offer services for dig and haul of blast furnaces and steel melting shop slag at slag yards, processing of iron and steel skulls, mill rejects and maintenance scrap as per the specific requirements of its customers. The Company also undertakes scarfing of metal slabs, crushing and screening of LD slag to be used in sinter plant, blast furnace, steel melting shop and rail ballast. It removes sludge and ash deposit from sludge compartments and ash ponds. It handles and neutralizes acid sludge in open hearth muck dump.

Table 2.7.1: Performance Highlights for Processing & Dispatch

	Lakh Tons				
	2016-17	2017-18	2018-19	2019-20	2020-21
Scrap	26.43	32.90	35.66	48.59	34.37
Slag	80.49	77.99	95.76	99.51	92.90
Total Handling	106.92	110.89	131.42	148.10	127.27

Source: Company Annual Reports

2.8 EXISTING WORK ORDER STATUS

Table 2.8.1: Contract position as on March 28, 2022

No	Customer	Contract Period		Extension
		From	To	
1.	Bhilai Steel Plant	01.04.2016	31.03.2019	31.03.2022 (*)
	Bhilai Steel Plant (SMS-II)	01.04.2016	31.03.2019	09.05.2022 (*)
	Bhilai Steel Plant - BF Slag Dump & LRS	24.09.2016	23.09.2019	31.03.2022 (*)
2.	Bokaro Steel Plant	01.04.2016	31.03.2019	31.03.2023
3.	Rourkela Steel Plant	01.04.2016	31.03.2019	31.03.2024
4.	Durgapur Steel Plant	01.04.2016	31.03.2019	Valid till the new agreement is finalized
5.	IISCO Steel Plant, Burnpur	01.04.2016	31.03.2019	31.03.2022 (*)
6.	Salem Steel Plant	01.12.2018	30.11.2021	30.11.2022 (*)
7.	RINL, Vishakhapatnam	01.11.2018	31.10.2020	30.04.2022 (*)
8.	AM/NS, Hazira Plant, Arcelor Mittal Nippon Steel India Limited	01.04.2020	31.12.2020	30.06.2022
9.	Midhani, Hyderabad	30.09.2019	29.09.2024	-
	Midhani, Hyderabad (Bailing)	27.04.2021	26.04.2023	-

Note: (*) Further extension under process.

2.9 STATUTORY PERMITS & LICENSES

Table 2.9.1: Status for all statutory permits and licenses:

No.	Unit	Obtained	Currently Active	Expiry Date	Renewal
Factories Act, 1948					

1.	Bhilai Unit	Yes	Yes	31.12.22	-
2.	Bokaro Unit	Yes	Yes	31.12.20	Renewal under process
3.	Burnpur Unit	Yes	Yes	31.12.21	Renewal under process
4.	Durgapur Unit	Yes	Yes	31.12.21	Renewal under process
5.	Rourkela Unit	Yes	Yes	31.12.22	-
Contract Labour (Regulation and Abolition Act), 1970					
1.	Bhilai Unit	Yes	Yes	29.09.22	-
2.	Bokaro Unit	Yes	Yes	14.04.22	-
3.	Burnpur Unit	Yes	Yes	26.03.22	-
4.	Durgapur Unit	Yes	Yes	06.01.23	-
5.	Rourkela Unit	Yes	Yes	16.04.22	-
6.	Vizag Unit	Yes	Yes	17.09.22	-
7.	Hyderabad Unit	Yes	Yes	Not Applicable	-
8.	Hazira	Yes	Yes	31.12.22	-
9.	Salem	Yes	Yes	12.10.22	-
Shops & Establishment Act (For the Corporate Office)		Yes	Yes	Life Time	-
The Petroleum Act,1934 & Indian Explosives Act,1884					
Bhilai Unit		Yes	Yes	31.12.23	-
Bokaro Unit		Yes	Yes	31.12.22	-
Burnpur Unit		Yes	Yes	31.12.23	-
Durgapur Unit		Yes	Yes	31.12.23	-
Rourkela Unit		Yes	Yes	31.12.22	-
Vizag Unit		Yes	Yes	31.12.23	-

Source: Company Information

2.10 FSNL HISTORY

- FSNL was incorporated as a subsidiary of MSTC on March 28, 1979, to take over the business of scrap processing from M/s Heckett Engineering Company, USA (a division of Harsco Corporation, USA).
- MSTC entered into a collaboration agreement and a sale agreement with Harsco Corporation on June 27, 1979 for the transfer of business from Heckett Engineering Co. to FSNL.
- FSNL's objective was to indigenise the scrap recovery process in the steel sector under SAIL, RINL and IISCO and reclaim iron & steel scrap from slags in all the integrated steel plants.
- FSNL became a wholly owned subsidiary of MSTC on August 29, 2002, pursuant to the acquisition of shares from Harsco vide share sale agreement dated June 29, 2002 entered into between MSTC, FSNL, Harsco Corporation and Heckett Multiserv PLC, a wholly owned subsidiary of Harsco Corporation

3. COMPANY FINANCIALS

3.1 CONSOLIDATED STATEMENT OF PROFIT AND LOSS:

Table 3.1.1: Extract of Profit and Loss Account for Financial Year 17 - 21

	Particulars (In Rs. Cr.)	FY 21	FY 20	FY 19	FY 18	FY 17
I	Revenue from operations	352.74	400.73	365.20	319.61	310.58
II	Other Income	12.23	9.17	13.22	20.69	17.72
III	Total Revenue (I + II)	364.97	409.90	378.41	340.30	328.30
IV	Expenses					
	Operational Expenses	43.14	48.89	48.79	40.32	40.14
	Employee benefit expense	105.64	111.65	109.13	124.08	99.09
	Finance Cost	0.26	1.27	0.87	0.07	0.73
	Depreciation and Amortization Expenses	16.20	14.58	13.44	10.94	10.71
	Other Expenses	167.68	187.50	165.09	151.84	141.36
	Total Expenses (IV)	332.90	363.88	337.32	327.26	292.03
V	Profit Before Exceptional Items and Tax (III-IV)	32.06	46.02	41.09	13.04	36.26
VI	Exceptional items	0.00	0.00	0.00	0.00	0.05
VII	Profit Before Tax (V-VI)	32.06	46.02	41.09	13.04	36.22
VIII	Tax Expense					
	Current Tax	10.30	12.35	16.06	5.33	11.22
	Deferred Tax	(0.99)	3.09	(1.66)	(0.36)	1.24
	Total Tax Expense	9.31	15.44	14.40	4.97	12.46
IX	Profit after Tax for the year (VII-VIII)	22.75	30.58	26.69	8.07	23.75
X	Other Comprehensive Income	(3.00)	(6.38)	(4.31)	(1.23)	0.25
	Items that will not be re-classified to Profit/(Loss)					
	Remeasurement of the defined benefit plans	(4.00)	(8.52)	(6.63)	(1.89)	0.39
	Income tax relating to items that will not be reclassified to profit or loss	1.01	2.15	2.32	0.65	(0.13)
XI	Total Comprehensive Income for the year (IX+X)	19.76	24.20	22.38	6.83	24.01
XII	Earnings per Equity Share (Rs 10/- each)					
	Basic	7.11	9.56	8.34	2.52	7.42
	Diluted	7.11	9.56	8.34	2.52	7.42

Source: Company Annual Reports

3.2 STATEMENT OF CONSOLIDATED UNAUDITED RESULTS FOR QUARTER ENDED, SEPTEMBER 30, 2021

Table 3.2.1: Income Statement for Quarter Ended, September 30, 2021

S. No	Particulars (In Rs. Cr.)	Quarterly Unaudited Results			Audited Results	Quarterly Unaudited Results	
		31 Dec 2020	30 Sept 2020	30 Jun 2020	31 Mar 2021	30 June 2021	30 Sept 2021
I	Operational Revenue	92.70	78.11	68.22	352.74	95.76	101.78
II	Other Income	4.89	2.08	1.98	12.23	1.67	1.86
III	Total Revenue (I + II)	97.59	80.19	70.21	364.97	97.43	103.64
IV	Expenses						
	Operational Expenses	12.26	10.87	6.16	43.14	11.74	14.48
	Employee benefits	27.62	24.80	24.30	105.64	22.35	28.95
	Finance Cost	-	-	0.25	0.26	-	-
	Depreciation & Amortization	4.09	4.08	4.07	16.20	4.21	4.09
	Other Expenses	39.21	33.33	36.86	167.68	42.24	45.50
	Total Expenses (IV)	83.18	73.08	71.64	332.90	80.54	93.01
V	Profit Before Exceptional Items and Tax (III-IV)	14.40	7.11	(1.43)	32.06	16.89	10.63
VI	Exceptional items	-	-	-	-	-	-
VII	Profit Before Tax (V-VI)	14.40	7.11	(1.43)	32.06	16.89	10.63
VIII	Tax Expense						
	Current Tax	2.85	2.22	1.50	10.30	3.96	3.71
	Deferred Tax	0.78	(0.34)	(0.74)	(0.99)	0.32	(1.05)
	Total Tax Expense	3.63	1.88	0.76	9.31	4.28	2.66
IX	Profit after Tax for the year (VII-VIII)	10.77	5.23	(2.19)	22.75	12.61	7.97
X	Other Comprehensive Income	(2.63)	0.99	(5.29)	(3.00)	(7.36)	(9.81)

S. No	Particulars (In Rs. Cr.)	Quarterly Unaudited Results			Audited Results	Quarterly Unaudited Results	
		31 Dec 2020	30 Sept 2020	30 Jun 2020	31 Mar 2021	30 June 2021	30 Sept 2021
	Items that will not be re-classified subsequently to Profit/(Loss)						
	Remeasurement of the net defined benefit plans	(3.51)	1.32	(7.07)	(4.00)	(9.83)	(13.11)
	Income tax relating to items that will not be reclassified to profit or loss	0.88	(0.33)	1.78	1.01	2.48	3.30
XI	Total Comprehensive Income for the year (IX+X)	8.15	6.22	(7.48)	19.76	5.25	(1.84)
XII	Equity Share Capital (Face Value Rs 10 per share)						
	Basic	3.37	1.63	(0.68)	7.11	3.94	2.49
	Diluted	3.37	1.63	(0.68)	7.11	3.94	2.49

Source: Company Quarterly Reports

3.3 CONSOLIDATED BALANCE SHEET STATEMENT:

Table 3.3.1: Extract of Balance Sheet for the last 5 Financial Years (2017-2021)

Particulars (In Rs. Cr.)	FY 21	FY 20	FY 19	FY 18	FY 17
I. Assets					
(1) Non-current assets					
(a) Property, Plant and Equipment	74.93	79.70	69.89	64.62	60.61
(b) Capital work-in-progress	1.57	0.41	2.71	3.96	2.18
(c) Other Intangible Assets	0.07	0.08	0.11	0.14	0.12
(d) Intangible Assets Under Development	0.00	0.00	0.57	0.29	0.09
(e) Financial Assets					
(i) Trade Receivables	0.00	0.00	0.00	0.44	0.05
(ii) Other Financial Assets	0.24	0.27	0.29	0.33	0.39

(f) Income Tax Assets	9.93	6.66	13.27	17.78	10.58
(g) Deferred Tax Assets (Net)	6.18	5.19	8.28	6.62	6.27
(h) Other Non-Current Assets	0.01	0.01	0.01	0.01	0.01
Total Non-Current Assets	92.92	92.32	95.13	94.19	80.31
(2) Current Assets					
(a) Inventories	5.16	7.00	6.03	4.16	3.66
(b) Financial Assets					
(i) Trade Receivables	165.90	229.20	149.72	139.32	122.01
(ii) Cash and Bank Balances	37.81	28.22	0.19	0.12	18.46
(iii) Other Bank Balances	102.34	63.39	99.08	98.34	95.37
(iv) Other Financial Assets	4.75	10.07	11.74	12.35	7.09
(c) Other Current Assets	10.08	7.54	8.34	9.59	8.76
	326.04	345.42	275.10	263.88	255.35
Assets classified as Held for Sale	3.01	2.96	3.08	2.59	2.64
Total Current Assets	329.06	348.38	278.18	266.47	257.99
Total Assets	421.98	440.70	373.32	360.66	338.30

Source: Company Annual Reports

Particulars (In Rs. Cr.)	FY 21	FY 20	FY 19	FY 18	FY 17
II. Equity and Liabilities					
(1) Equity					
a) Equity share capital	32.00	32.00	32.00	32.00	32.00
(b) Other Equity	195.05	185.30	168.42	153.78	154.38
Total Equity	227.05	217.30	200.42	185.78	186.38
(2) Non-Current Liabilities					
Provisions	67.70	66.19	58.79	72.69	52.48
Total Non-Current Liabilities	67.70	66.19	58.79	72.69	52.48
(3) Current Liabilities					
(a) Financial Liabilities					
(i) Borrowings	0.00	27.04	9.75	4.54	0.00
(ii) Trade Payables	35.79	49.23	36.12	37.55	24.97
(iii) Other Financial Liabilities	30.58	28.03	27.79	27.85	20.98
(b) Other Current Liabilities	13.59	14.27	9.77	10.73	6.62
(c) Provisions	46.57	37.80	30.48	21.27	46.80
	126.53	156.37	113.91	101.94	99.37
Liabilities directly associated with assets/ sub-assemblies classified as held for sale	0.70	0.84	0.20	0.25	0.07
Total Current Liabilities	127.23	157.21	114.11	102.19	99.44
Total Liabilities	194.93	223.41	172.90	174.88	151.92
Total Equity and Liabilities	421.98	440.70	373.32	360.66	338.30

Source: Company Annual Reports

Note: The abovementioned financials are subject to payment of any dividend (interim or final) and/or buy-back of shares and/or any other utilization of reserves/funds available with Company as per the applicable provision of law.

3.4 DEBT POSITION OF THE COMPANY

Table 3.4.1: Financial Liabilities as on March 31, 2021

Sr. No.	Particulars (in Rs. Cr)	March 31, 2021	March 31, 2020	March 31, 2019	March 31, 2018	March 31, 2017
1	Short Term Borrowing	0.00	27.04	9.75	4.54	0.00

Source: Company Annual Reports

3.5 CONTINGENT LIABILITIES AS ON MARCH 31, 2021

Table 3.5.1: Financial Liabilities as on March 31, 2021

Sr. No.	Name of the Statute/ Commitment	Nature of the dispute	Amount (in Rs. Cr.)	Period to which amount relates	Forum where the dispute is pending
A. Contingent Liabilities					
1.	Claims against the company not acknowledged as debt	Ex-Employees Compensation & Other Adjudication	3.25	November 1994 to March 2021	High Court Odisha
				May 1993 to March 2021	Motor Accident Claim Tribunal-Sambalpur
				2005	High Court of Odisha
				2008	High Court of Odisha
				March 1999 to January 2008	High Court of Kolkata
				June 2019 to March 2021	Additional District Court Durgapur
		Claims for repair job at Dolvi Unit	0.45	June 2010 to March 2021	Civil Judge, Alibag
		Total Claims against the Company	3.7		
2.	Service Tax Act, 1994	Service Tax on Cargo Handling	0.91	October 2003 to April 2004	CESTAT, Kolkata

Sr. No.	Name of the Statute/ Commitment	Nature of the dispute	Amount (in Rs. Cr.)	Period to which amount relates	Forum where the dispute is pending
		Services, Duburi			
		Service Tax on Business Auxiliary Services, Bokaro	7.78	September 2004 to February 2005 February 2008 to March 2010	CESTAT, Kolkata and Commissioner Ranchi
		Service Tax on Business Auxiliary Services, Burnpur	2.27	April 2005 to September 2006 September 2004 to March 2005	Tribunal and Commissioner Kolkata
		Service Tax on Cargo Handling Services, Bhilai	3.38	August 2002 to June 2003	CESTAT, Delhi
		Service Tax on Cargo Handling Services, Duburi	4.73	May 2004 - March 2007	CESTAT, Kolkata
		Service Tax on Business Auxiliary and Cargo Handling Services, Durgapur	0.22	April 2003 – March 2008 and September 2004 – November 2008	CESTAT, Kolkata
		Service Tax on Business Auxiliary Services, Durgapur	8.87	April 2008 – May 2009 and June 2009 – September 2009	CESTAT, Kolkata and Commissioner Kolkata
		Service Tax on Cargo Handling Services, Duburi	2.52	April 2009 – March 2010	CESTAT, Kolkata
		Service Tax on Business Auxiliary Services, Durgapur	2.60	October 2009 – March 2010	CESTAT, Kolkata
		Service Tax on Cargo Handling	2.99	April 2007 – March 2009	CESTAT, Kolkata

Sr. No.	Name of the Statute/ Commitment	Nature of the dispute	Amount (in Rs. Cr.)	Period to which amount relates	Forum where the dispute is pending
		Services, Duburi			
		Service Tax on Oxygen supplied by SAIL, Bokaro to FSNL	0.40	October 2010 – March 2015	CESTAT
		Total Service Tax	36.67		
3.	Sales Tax and Other Taxes	Sales Tax and Entry Tax, Rourkela	0.43	2002-2003	Sales Tax Tribunal, Cuttack
		Sales Tax, Durgapur	0.03	2014	Sales Tax Tribunal, Kolkata
		Vehicle Registration Penalty, Vizag	0.80	2008-2012	RTO, Vizag
		Total Taxes	1.26		
4.	Outstanding Bank Guarantee		0.14		
		Total	0.14		
		Grand Total	41.77		
B. Commitments					
1.	Contracts remaining to be executed		2.91		
		Total	2.91		

Source: Annual Report of Company for FY 2021

3.6 KEY INVESTMENT CONSIDERATIONS:

- Ready Platform for New Entrants in India:** FSNL offers an acquisition opportunity of an established platform with over 4 decades of operating history for new investor entering the Indian market. The company has a diverse asset bank spread across multiple locations which are capable of undertaking end-to-end services in the scrap handling and slag management business. There is also a strong team of highly experienced professionals having strong business relations with some of the largest steel manufacturers in the country. Companies looking to leverage from this platform shall be better suited in establishing its market presence with capabilities in place to ramp-up business.

2. **Suited for Business Consolidation:** Potential investors shall gain from the opportunity of tapping into a new pool of clientele along with business upsides to be derived by introducing operational efficiencies across its various sites. FSNL is currently the largest player in terms of volume of scrap handling and slag management business in India and this in turn shall not only enhance the overall business volume of the acquiring company but offer multiple avenues to gain from the business synergies.
3. **Widening of the Service Base for Related Entities:** Opportunity to widen the service base for companies engaged in comparable businesses including slag management, in-plant services, etc. but currently not catering to the steel sector. FSNL shall provide a strong entry opportunity for such businesses in the steel production industry which shall have deep synergies with the current operations of the investor companies across industries.

3.7 VALUE OFFERINGS TO NEW INVESTOR

1. **Quality of Orders in Hand:** Most of the orders in hand with FSNL are significant in terms of volume to be handled and the spectrum of services to be provided. It provides certain value-added services such as Lancing, Balling etc. Further, all these orders are with some of the largest steel manufacturers in India.
2. **Range of Owned Equipment:** FSNL has deployed a wide range of equipment across all its sites to ensure that the operations are carried on smoothly. Company has a strong asset bank of 259 equipment comprising of hydraulic cranes, dumpers, tippers, magnetic separators, bulldozer, hydraulic excavator etc.
3. **Financial Stability Position:** FSNL has been a profit-making company since its inception and till date has a strong cash balance. As on September 30, 2021, FSNL has a cash balance of Rs. 169.9 Cr along with zero debt servicing obligation for the company.
4. **Experienced Professionals:** FSNL has a strong team of professionals with extensive industry experience and expertise in of ~25 years into this industry.
5. **Business Potential:** Government has taken cognizance of the importance of the industry to the steel sector and have hence introduced policies to further augment its growth. Focus on circular economy by the Government would enhance proper and full utilization of slag generated by steel plants in India.
6. **Pre-Qualification Capabilities for Future Project Bidding:** FSNL carries strong pre-qualifications credentials on the back of its five decades of operating history wherein it has been one of the largest players in the scrap handling and slag management business in India.
7. **Potential of Continuing as the Preferred Service Provider at Ongoing Locations:** FSNL enjoys brand loyalty and trust amongst its existing clients with

whom it has long-term contracts. The clients are highly satisfied with the service provided by FSNL and the contracts are renewed upon expiration.

4 INDUSTRY OVERVIEW

4.1 GROWING DEMAND FOR SCRAP RECYCLING:

India has consolidated its position as one of the leading steel producers globally by touching 102.49MT of crude steel production and 94.66MT finished steel production capacity in FY 2021. Further, the National Steel Policy 2017 has set a benchmark of developing 300MT production capacity by 2030. While the policy has set high benchmarks in steel production capacity targets, the Indian steel sector has to deal with limited availability of essential raw materials which include ferrous scrap among others.

Global ferrous scrap availability stood at ~775 MT in 2017, out of which 630 MT were recycled by the steel and foundry casting industries. As per World Scrap Association (WSA) estimates, global ferrous scrap availability will reach 1 billion tons by 2030. However, in India, due to absence of an organized system across scrap handling companies, India was forced to import 6-7 MTPA of steel scrap.

In order to promote the use of efficient scrap-based steel production technologies and to reduce greenhouse gas emissions, there has been an increasing focus on developing a more robust market for sourcing and processing of ferrous scrap. The Ministry of Steel basis its notification dated November 7, 2019 has floated the Steel Scrap Recycling Policy. Through this policy the government aims at establishing availability of appropriate quality of scrap in adequate quantity to fuel the future growth for both EAF/IF sector and primary sector.¹

4.2 INCREASING DEPTH OF SERVICES ACROSS MAJOR STEEL PRODUCERS:

Specialized scrap handling service providers focus on offering comprehensive, customized and cost-effective solutions across areas such as scrap yard management, melt shop services, logistics / transportation support and slag processing across steel mills. All major steel producers with installed BF/BOF capabilities have hence been increasingly engaging with specialized service providers to explore opportunities for making the production process more efficient and environmentally responsible. This has led to their increased focus on maximizing the economic value of the scrap generated during the production process as well as efficient handling of the slag produced.

In addition to the environmental benefits that scrap recycling offer, all major steel producers stand to make significant financial gains from the scrap recovery process. Companies are hence looking to engage large operators who bring in efficiency along with capabilities of offering end-to-end solutions. Some of the typical service offerings sought for include:

¹ **Source Data:** (i) Ministry of Steel notification dated 7th November 2019 on Steel Scrap Recycling Policy; (ii) National Steel Policy 2017, (iii) Ministry of Steel Report: 'An Overview of Steel Sector'; (iv) IBEF; (v) Strategy Paper on Resource Efficiency in Steel Sector Through Recycling of Scrap and Slag issued by Ministry of Steel and NITI Aayog

- Meltshop Services:
 - Continuous removal of surplus molten metal from casting floor
 - Transporting and cooling of surplus molten metal
 - Cleaning and repair services across production line
- Metal Recovery & Scrap Processing:
 - Magnetic separations for recovery of metallics from raw slag
 - Sizing of oversized metallics using latest cranes under the balling process
 - Scrap cutting through plasma cutting, gas cutting and lancing
 - Cleaning & polishing of the scrap to remove unwanted materials
 - Scrap shearing for cutting scrap basis the desired type and quantity
 - Baling of scrap for converting low density scrap to high density
- Slag Management:
 - Pit digging including excavating, removing and transporting slag
 - Transporting molten slag between the furnace and slag pit
 - Slag and slag pot management including cooling of slag
 - Screening and crushing of slag basis specified sizes & granulometry
- Logistics & Transportation Services:
 - Scarfing (manual / machine operated) for removal of any minor defects
 - Automation and setting-up processes for seamless movement of scrap
 - Inventory management of all key raw materials
 - In-plant maintenance works for the plant and machinery
- Value Added Services for Recovery Enhancement
 - Fe enrichment by reprocessing scrap metallics
 - Briquetting for ensuring higher-quality steel scrap availability
 - Micro-pelletizing by tapping into mini steel mill by-products
 - Processing of oily mill scale into briquetted products
 - De-watering of sludge to reduce weight and volume of disposal
 - Scarfing of steel slabs for ensuring the quality of the final product

4.3 INDUSTRY TRENDS:

As the Indian steel production industry continues to grow on the back of conducive government policies and macro-economic factors, the in-plant steel mill service providers stand to benefit on multiple fronts. Some of the key trends that are emerging include:

- **Evolving into an Organized Sector:** With the stakes increasing for steel producers, service providers using state-of-the-art technologies and evolved processes shall be preferred. Further as steel producers build capacities across different locations, they would prefer to work with service providers capable to cater to their requirements at all sites simultaneously.

- **Industry Consolidation:** While the scrap management business in India is relatively nascent with specialized services being availed by only the major steel producers. However, with new entrants entering the Indian market and the steel industry undergoing consolidation, the scrap management business is also poised to benefit from it. Scrap handling service providers with limited capabilities undertaking job work assignments will have to align themselves with global standards to stay competitive in the Indian market.
- **Growing Business Volumes:** Increase in production capacity and corresponding growth in per capita steel consumption shall directly enhance the volume of scrap generated. Additionally, new policies for scrap management shall widen the scope of the service offerings for most scrap management companies.
- **Larger Scope:** Steel producers have been steadily enhancing the scope of the service providers by availing end-to-end solutions with output driven approach. This shall in turn allow service providers to have deeper integration with the production process and thereby customize their offerings.
- **Offering Value Added Services:** Steel producers are increasingly expecting in-plant service providers to offer services beyond the conventional scrap handling business so that they may focus on their core business of producing steel. This shall encourage the service providers to widen their market by offering solutions for enhancement of scrap recovery, supply chain management, plant equipment maintenance, etc.
- **Modern Technologies:** Companies shall be expected to offer a modern fleet of equipment which can ensure efficiency in its operations while also catering to the various requirements of the steel producers. In addition to this, service providers are also developing customized solutions for large steel plants to provide comprehensive service offerings.
- **High Operating Standards:** Steel producers have started focusing on meeting the global standards set for environmental impact and safety measures. This also includes critical service providers operating within the plant to complement their production process. Steel mills service providers shall hence have to ensure that all process adapted, and equipment deployed are meeting the required parameters.
- **Regulating the Industry:** There have been recommendations made with regards to regulating the industry by defining operating standards and output benchmarks as per global practices. Such an agency shall be responsible for formulating policies and guidelines, implementing, monitoring all aspects related to collection, handling, processing and recycling of all types of wastes in the country.
- **New Technology Advancements:** There are ongoing R&D works globally focusing on new scrap handling processes and alternatives for the non-metallic scrap. Service providers are looking to adapt these new innovations to enhance their service offerings to steel producers globally

SECTION C: PROPOSED TRANSACTION

5. PROPOSED TRANSACTION

5.1 SALIENT FEATURES OF PROPOSED TRANSACTION:

1. The GoI acting through the DIPAM has in-principle decided to disinvest 100% of the equity share capital of FSNL held through MSTC Limited by way of strategic disinvestment to investor(s) along with transfer of management control. GOI has appointed BDO as its Transaction Advisor to advise and manage the strategic disinvestment of FSNL.
2. **Lock-in of shares and other restrictions** - The Successful Bidder would be required to undertake certain obligations relating to certain matters including but not limited to, employee protection, business continuity, asset stripping, lock-in of the shares acquired in the Proposed Transaction, and/or shareholding of Consortium members in the SPV. These conditions, and those relating to the respective responsibilities and liabilities of the Successful Bidder and its Consortium members (if any), shall be specified at the RFP stage.

5.2 PROCESS FOR THE PROPOSED TRANSACTION

The process for the Proposed Transaction has been divided into two stages, namely, Stage I and Stage II.

Stage I: PIM Stage

1. Through this PIM, GoI is providing the IBs with instructions for submitting their Expression of Interest (EoI) to GoI / TA which would be used for prequalifying the IBs in accordance with the criteria specified to proceed with the Proposed Transaction.
2. This PIM along with annexures shall be uploaded on websites of DIPAM at www.dipam.gov.in, Ministry of Steel at steel.gov.in, the Company at www.fsnl.nic.in, BDO India at www.bdo.in and MSTC Limited at www.mstcindia.co.in. Following receipt of PIM, IBs will be required to respond in the format as detailed in this PIM along with a demand draft of Rs. 500,000/- (Rupees five hundred thousand only) towards a non-refundable fee, drawn in favour of “BDO India LLP – Fee for EoI”, payable at Mumbai.
3. The EoIs will be evaluated based on the Eligibility Criteria and the Disqualification conditions detailed in this PIM.
4. Only pre-qualified IBs shall be allowed to participate in Stage II (“**Shortlisted Bidder(s)**”), subject to the IB submitting the Confidentiality Undertaking, at the time of submission of EoI.

Stage II: RFP Stage

5. Based on an evaluation of the EoIs submitted, the Shortlisted Bidders will be provided with Request for Proposal (“**RFP**”) including draft share purchase agreement and access to the data room to review documents pertaining to the Company for conducting a due diligence on the Company which shall provide further details of the Company and the Proposed Transaction subject to the IB having submitted a Confidentiality Undertaking (**Annexure 6**) at the time of submission of EoI. The Shortlisted Bidders would be required to undergo a transparent bidding process for acquisition of 100% of GoI shareholding in FSNL via MSTC, in accordance with the terms of the RFP.
6. The Shortlisted Bidders may be required to deposit earnest money at Stage II, if so, required by GoI.
7. The Shortlisted Bidder placing financial bids will be required to apply for security clearance from the Government. The format for obtaining security clearance will be provided at a later stage.
8. In case a Shortlisted Bidder fails in obtaining security clearance, it shall be disqualified from the process.
9. The Shortlisted Bidders will be required to submit the financial bid in the form of price per share for acquiring 100% equity shares of FSNL from MSTC (the “**Financial Bid**”) along with important supporting documents including bid letter, bank guarantee, etc. (the “**Non-Financial Bid**”) in accordance with the terms of the RFP. The Financial Bid and Non-Financial Bid together shall be referred as “**Bid**”.

Other Details regarding the Proposed Transaction:

10. An advertisement has been issued in the newspapers inviting IBs to submit their EoI to participate in the Proposed Transaction. A copy of the advertisement is enclosed as **Annexure 7**.
11. This PIM contains the following:
 - a. Company Overview
 - b. Company Financials
 - c. Industry Overview
 - d. Proposed Transaction
 - e. Instructions for Submission of EoI
 - f. Eligibility Criteria
 - g. Disqualifications

Annexures

- a. Annexure 1: Format for Letter of EoI for sole IB / Consortium
 - b. Annexure 1A: Undertaking in Relation to Ultimate Beneficial Ownership
 - c. Annexure 2: Format for Form A (forming an integral part of EoI)
 - d. Annexure 3: Format for General Power of Attorney
 - e. Annexure 4: Format for Power of Attorney in favour of Lead Member
 - f. Annexure 5: Format for Consortium Agreement
 - g. Annexure 6: Format for Confidentiality Undertaking
 - h. Annexure 7: Advertisement inviting EoI
 - i. Annexure 8: Format for declaration with respect to statement of legal proceedings
 - j. Annexure 9: Format of Affidavit
 - k. Annexure 10: Guidelines for Management-Employee Bids in Strategic Sale
 - l. Annexure 11: Undertaking for Sole IB (Lock-in period)
 - m. Annexure 12: Undertaking for Consortium (Lock-in period)
12. Following the receipt of the PIM, IBs will be required to submit their respective EoI in the formats as detailed in this PIM along with non-refundable Application Fees as detailed herein.
13. IBs shall have satisfied themselves of their queries before participating in the Proposed Transaction.
- The Shortlisted Bidders shall carry out their own due diligence, independent assessment and appraisal of the Company and the Proposed Transaction. The GoI or MSTC or 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.
14. 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 Company at the discretion of GoI. The modalities related to the visit and due diligence will be communicated to the Shortlisted Bidders in due course.
15. All costs associated with conducting the due diligence will be borne by the respective Shortlisted Bidders and no cost incurred by them in this regard shall be borne by the Company, GoI, MSTC and TA.
16. Details regarding the process post short-listing based on the EOIs submitted will be subsequently shared with the Shortlisted Bidders in the RFP.
17. EOIs are liable to be rejected by GoI / TA, if IBs fail 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 PIM or on account of security considerations or for any other reason deemed fit, or

even without assigning any reason whatsoever. In such an event no financial obligation whatsoever shall accrue to GoI, the Company, the Transaction Advisor or any of their respective officers, employees, advisors or agents.

18. GoI reserves the right to modify/postpone/cancel or call off the Proposed Transaction or the process specified herein without communicating any reasons whatsoever. In such an event no financial obligation whatsoever shall accrue to GoI, the Company, MSTC, the TA or any of their respective officers, employees, advisors or agents.
19. The TA also reserves the right to call for any additional document (s)/information from the IBs, which may be considered necessary without any liability to the Company/GoI/MSTC/TA.
20. The GoI, the Company, MSTC, TA and their respective 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.
21. The IBs to acknowledge that this PIM is not a legally binding document. Neither the IBs nor any of the IB's representatives shall have any claims whatsoever against the Company/GoI/TA/MSTC or their advisors or any of their respective officials, agents, consultants or employees arising out of, or relating to this PIM.
22. In case of any dispute between the parties in respect of interpretation of the terms of Advertisement (as enclosed in this PIM) inviting EoIs, this PIM or anything arising therefrom, such dispute or difference shall be governed by the laws of Republic of India. All such disputes will be subject to jurisdiction of the Courts at New Delhi (with exclusion of all other Courts), India.
23. The PIM, or any other clarifications and common communications would be available on the following websites:
 - a) Website of TA at www.bdo.in
 - b) Website of FSNL at www.fsnl.nic.in
 - c) Website of DIPAM at www.dipam.gov.in
 - d) Website of MoS at steel.gov.in
 - e) Website of MSTC at www.mstcindia.co.in

6. INSTRUCTIONS FOR SUBMISSION OF EOI

The Expression of Interest, conforming to the conditions of this PIM shall be submitted along with all Annexures duly filled in, in original and all the supporting documents (EoI), on or before the scheduled date and time as specified in Table 1.3.1. The completed forms, Annexures along with all the supporting documents of the EoI shall be considered as part of the definitive agreements in the case of the Successful Bidder. The Expression of Interest shall be submitted either:

- i. Physically submit all documents before the Due Date at the following address:

Mr Maulik Sanghavi
Partner, BDO India LLP,
The Ruby, Level 9, North-West Wing,
Senapati Bapat Marg, Dadar (W),
Mumbai 400028,
Maharashtra, India

- ii. The IBs, if they so desire, may submit the complete EoI in electronic form via email at fsnl@bdo.in with all the requisite documents in PDF format by the Due Date. The PDF files should be password protected and the password should be communicated via a separate mail at fsnl@bdo.in. IBs submitting EoI by email shall also be required to submit the EoI in a physical copy not later than the date and time as specified in Table 1.3.1 of this PIM. All the documents submitted in the electronic form may be either scanned version of documents with physical signatures or signed digitally using a valid digital signature certificate.

The EoI along with all the supporting documents of the bid of Shortlisted Bidder shall be considered as part of the definitive agreements in case the IB is declared as the Successful Bidder.

Explanation – For the avoidance of doubt, it is clarified that the Power of Attorney cannot be digitally signed, even if the EoI is submitted in an electronic form, which must be physically signed, witnessed, notarized and legalized / apostilled (as required), as per the procedure specified in the PIM. Such signed Power of Attorney may then be scanned and emailed.

EoIs submitted electronically shall only be evaluated upon receiving of hard copies on or before the date and time as specified in Table 1.3.1 of this PIM.

Pursuant to the submission of EOI, IBs should note that all correspondence, enquiries and clarifications in relation to the Proposed Transaction should be routed and addressed only to the Transaction Advisor. Neither MoS nor DIPAM nor MSTC nor Company shall respond to any query from the IB.

- I. Submission of the aforesaid documents by any other means including any other electronic means and/or facsimile will not be accepted.

- II. The EoI received after the Due Date and corresponding physical copies (in case of electronic submission) received after the prescribed date and time will be rejected.
- III. Unless otherwise specified, a copy of any document that is not the original shall be a certified true copy for submission.

The IBs shall submit the EoI physically in hard copy 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 Disinvestment of FSNL” in different file folders as per the following directions:

IV. **A. Covering envelope:**

1. Demand Draft of Rs. 500,000/- (Rupees five hundred thousand only) towards non-refundable fee drawn in favour of “BDO India LLP – Fee for EoI”, payable at Mumbai.
2. EoI letter in the format specified as per **Annexure 1**
3. Duly filled in Form A by IB/ each member of Consortium as per **Annexure 2**, including the following major supporting documents:
 - a) Executive summary providing brief description of the IB and (where applicable) for each member of Consortium, containing details like ownership structure, identity of the natural persons who are the Ultimate Beneficial Owner(s) of the IB/ each member of Consortium (“**Ultimate Beneficial Owner**” means the natural person or persons who are the Ultimate Beneficial Owners of the shares and who ultimately own, control or influence and includes a person who exercises ultimate effective control over a legal person or arrangement), the Place of Effective Management of business of the IB and each member of the Consortium (“**Place of Effective Management**” means the place where key management and commercial decisions that are necessary for the conduct of business of an entity as a whole are, in substance made.), etc. write up on business history and growth, business areas / activities, respective revenue details etc., it shall include a brief commentary on the capability of the IB /members of the Consortium, as demonstrated, inter alia, in its past track record, to run its own business.
 - b) Contact information of the IB/ each member of Consortium 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 each member and identifying Lead Member of the Consortium. Details of the website of the IB/ each member of Consortium are also to be provided.

- c) Basic information pertaining to incorporation and commencement of business for IB/ each member of the Consortium.
- d) Certified true copies of the following documents to be submitted. However, if IB/ any member of the Consortium cannot submit any of the following documents, it shall state reasons for the same:
 - i) Memorandum of Association
 - ii) Articles of Association
 - iii) Certificate of Incorporation
 - iv) Certificate of Commencement of Business
 - v) Charter Documents
 - vi) Other Constitution Documents i.e., Partnership Deed etc. as may be applicable
 - vii) SEBI Registration Certificate for AIFs
- e) A certificate for list of board of directors, principal shareholders and key management personnel duly signed by the respective company secretary or any officer in charge of secretarial/legal affairs of IBs/ each member of Consortium and also counter signed by its authorized signatory.
- f) A certificate by an independent chartered accountant/statutory auditor/company secretary or any other officer in-charge of secretarial/legal affairs, for the shareholding pattern of the IB/ each member of Consortium.
- g) A certificate duly signed by company secretary or any other officer in charge of secretarial/legal affairs, for eligibility to participate in the Proposed Transaction.
- h) An independent chartered accountant/ statutory auditor certificate certifying the fulfilment of Financial Criteria as specified in the Eligibility Criteria section.
- i) Audited financial statements (on standalone and consolidated basis)/Annual Reports for the previous five (5) financial years.

Provided that, in the event IB/ any member of Consortium is an unlisted entity, 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 entity is a listed entity, and its audited financial statements are not available for the immediately preceding Financial Year, the information contained in latest quarterly limited

review report is to be submitted. However, the audited financial statements of such IB/ member of Consortium shall be submitted, as and when prepared as per the statutory requirements and timelines of the relevant countries where it is incorporated. All financial statements/ annual reports/ net worth certificate submitted should be certified by authorized signatory. In case the IB/ any member of the Consortium cannot submit the consolidated financial statements as mentioned above, it shall specify reasons for the same.

TA shall reserve the discretion for rejecting such EoIs for any reason deemed fit or otherwise.

- j) 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/member of Consortium. (The date of execution of board or shareholders' resolution should be prior to the date of execution of the power of attorney)
- k) **Management of the Organization:** An overview of IB's/ each member of the Consortium's senior management and organization structure certified by the company secretary or any other officer in charge of secretarial/legal affairs of the IB/ each member of Consortium.
- l) **International Operations/ Joint Venture/Alliances:** Brief note of IB's/ member of Consortium's international operations, joint ventures, alliances (whether international or domestic), including incorporation details, registered office, nature and size of such operations, equity ownership/ effective management and control (as applicable).
- m) Details of those companies and professional firms, if any, who are (or will be) advising the IB/ Consortium/ member of Consortium for the Proposed Transaction, together with the names of the principal individual advisors at those companies and firms.
- n) Details of contingent liabilities and outstanding litigations, which if materialised, would 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/ member of Consortium and their corresponding Ultimate Beneficial Owner.
- o) If the IB/any member of Consortium is a foreign entity/ overseas corporate body, 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, specifying whether the same are applied for/ to be obtained/ awaited

4. Appropriately executed Power of Attorney, authorizing the signatory of the EoI to commit the IB/ each member of the Consortium (as per **Annexure – 3** and **Annexure – 10** for Employee Bids).
5. Appropriately executed Power of Attorney authorizing the Lead Member of Consortium to do all acts, deeds and things as may be necessary in connection with the Consortium's EoI for the transaction (as per **Annexure – 4**)
6. In case of Consortium, a Consortium agreement duly executed amongst each of the Consortium members (as per **Annexure – 5**).
7. Duly executed Confidentiality Undertaking (as per **Annexure – 6**).
8. A declaration in relation to statement of legal proceedings (as per **Annexure – 8**).
9. Duly executed Affidavit (as per **Annexure – 9**).
10. Undertaking from Sole IB (**Annexure- 11**)

Or

Undertaking from the Consortium (**Annexure-12**)

In case an IB is satisfying the Eligibility Criteria based on the entity into which the accounts of the IB are consolidated, the criteria for qualification and disqualification shall also be applicable to such entity apart from the IB, and such entity shall also provide all the declarations in the formats required as part of EoI.

- V. All the EoI(s) shall be valid for 180 days from the date of opening of the EoI and can be further extended by another 180 days on intimation to the Interested Bidder.
- VI. PIM is available for downloading from websites of TA at www.bdo.in, DIPAM at www.dipam.gov.in, Ministry of Steel at steel.gov.in, MSTC Limited at www.mstcindia.co.in and the Company at www.fsnl.nic.in.
- VII. No IB/ member of Consortium shall submit more than one EoI. An entity submitting EoI individually or as a member of Consortium shall not be entitled to submit another EoI either individually or as a member of any other Consortium, as the case may be.
- VIII. The IBs/ members of Consortium are expected to carry out their own investigations and other examination in relation to the Proposed Transaction before submitting the EoIs.

- IX. Notwithstanding anything to the contrary contained in this PIM, the detailed terms specified in the definitive agreements shall have the overriding effect; provided, however, that any conditions or obligations imposed on the IB/ member of the Consortium hereunder shall continue to have effect in addition to its obligations under the definitive agreements.
- X. All financial statements or data to be derived therefrom the evaluation of Financial Criteria referred herein shall mean on a consolidated basis.
- XI. Any condition or qualification or any other stipulation contained in the EoI shall render the EoI liable to rejection as a non-responsive EoI.
- XII. The EoI and all related correspondence and documents in relation to the EoI shall be in English language.
- XIII. The documents including this PIM and all attached documents are and shall remain or become the properties of GoI and are transmitted to the IBs solely for the purpose of preparation and the submission of an EoI in accordance herewith. IBs are to treat all information as strictly confidential and shall not use it for any purpose other than for preparation and submission of their EoI.
- XIV. EoIs shall be opened only after the specified date of submission of EoIs.
- XV. EoIs shall be submitted during the working hours (Monday to Friday 10:00 am IST to 5.00 pm IST) on or before scheduled date & time.
- XVI. Transaction Advisor/GoI/MSTC/Company shall bear no responsibility for non-receipt of documents sent by post/courier.
- XVII. The IBs shall bear all costs associated with the preparation and submission of the EoI and also all costs associated with conducting the due diligence. The Transaction Advisor/GoI/MSTC/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 shall be borne by the Company, GoI and Advisor.
- XVIII. **Enquiry:** GoI/Company reserves the right, in their sole discretion, not to respond to any questions raised or provide clarifications sought, if considered inappropriate or prejudicial to do so or even otherwise. Nothing in this section shall be taken or read as compelling or requiring the GoI/Company to respond to any question or provide any clarification. No extension of any time and date referred to in this PIM shall be granted on the basis or grounds that GoI/Company has not responded to any question or provided any clarification.
- XIX. **Governing Law/Jurisdiction:** The Proposed Transaction and all matters incidental thereto shall be governed by the laws of India. All disputes arising out of the Proposed

Transaction shall be subject to the exclusive jurisdiction of the courts at New Delhi, India.

- XX. **Requisite approvals:** The IB shall be required to obtain all necessary approvals required to enable the IB to enter into the definitive agreements and to consummate the Proposed Transaction including obtaining all approvals.
- XXI. **Amendment to PIM and invitation for EoI:** At any time prior to the Due Date for submission of EoI, GoI may, for any reason, whether at its own initiative or in response to clarifications requested by any bidder, modify the PIM by the issuance of addendum / corrigendum. Any addendum / corrigendum / clarification issued shall be uploaded on websites of the TA at www.bdo.in, DIPAM at www.dipam.gov.in, Ministry of Steel at steel.gov.in, MSTC Limited at www.mstcindia.co.in and of the Company at www.fsnl.nic.in.
- In order to afford the Bidders a reasonable time for taking an addendum into account, or for any other reason, GoI may, in their sole discretion, extend the Due Date for submission of EoI.
- XXII. Any additional information supplied subsequent to the Due Date of submission of EoI, unless the same has been expressly sought for by GoI/TA, shall be disregarded.
- XXIII. Notwithstanding anything contained in this PIM, the GoI / TA 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.
- XXIV. The GoI/TA/Company/MSTC 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 Advisor.
- XXV. The GoI/TA reserves the right to verify all statements, information and documents submitted by the IB/ any member of Consortium in response to the PIM, or the EoI process and the IB/ any member of Consortium shall, when so required by the GoI / TA, 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 / TA shall not relieve the IB/any member of Consortium of its obligations or liabilities hereunder nor will it affect any rights of the GoI thereunder.
- XXVI. The IBs/ members of Consortium may note that the files containing information about FSNL can be in various formats including without limitation, doc, xls, ppt, pdf, jpg, jpeg, zip etc. and it shall be the responsibility of the IB/members of Consortium to have suitable facilities at their end to download the uploaded files.

XXVII. The IBs/ members of Consortium shall evaluate and ensure that they are permitted to invest under applicable laws to the extent they propose to participate.

XXVIII. Only IBs/ members of Consortium which are permitted under applicable laws to participate (to the extent of their proposed participation) shall be permitted to bid.

In case of a bid by a Consortium, the Lead Member of the Consortium shall be jointly and severally responsible for indemnifying GoI, MSTC, FSNL and or their respective consultants, agents, officials, advisors and employees, against any cost, loss or damages incurred/suffered by the GoI, MSTC, FSNL and or their respective consultants, agents, officials, advisors and employees in connection with the Proposed Transaction. It is clarified that the liability of the non-Lead Members shall be limited to extent of their proportional contribution in the shareholding of the Consortium at the time of the submission or changes if any, of the bids at RFP Stage. It is further clarified that there is no limitation on the liability of the Lead Member.

7. ELIGIBILITY CRITERIA

The eligibility criteria for the Interested Bidders are as follows:

1. Incorporation Criteria:

- a. Any private limited company, public limited company, limited liability partnership, fund or body corporate whether registered or incorporated in India or outside or Alternative Investment Funds registered with SEBI (“AIF”) as per SEBI (Alternative Investment Funds) Regulations, 2012, which are eligible to invest under the laws of India, (subject to such parties obtaining all statutory approvals by themselves from the GOI, FIPB, RBI, relevant ministry etc. as applicable) either as a sole bidder or as part of a Consortium (“Interested Bidder” / “IB”).
- b. Public Sector Enterprises (PSEs) (Central/State) or (Central/State) Government owned Cooperative Societies i.e., entities where the direct holding of the Government or of other PSEs is 51% or more are not eligible to participate in the Proposed Transaction.
- c. Bids by management/employees of FSNL directly and independently or in Consortium or Joint Venture or as a Special Purpose Vehicle (SPV), along with a bank, venture capitalist or a financial institution will be considered in accordance with the guidelines issued by Department of Investment and Public Asset Management, annexed herewith as per **Annexure 10 (“Guidelines”)** if the legal entity so formed is qualified as per the criteria laid down in the PIM (kindly, also refer to **Annexure 10**).

2. Conditions for Bidding by Consortium:

Entities are permitted to form a Consortium (“Consortium”) and may participate in the Transaction (these entities shall be referred to as “member(s) of Consortium” or “member(s)”), subject to the following conditions:

1. Minimum stake requirement in the Consortium / SPV:

- **Each member of the Consortium:** Each member of the Consortium shall hold at least 10% shareholding in the Consortium/SPV (i.e., a company) promoted or to be promoted by the members of the Consortium for acquiring the 100% equity share capital of GOI through MSTC in FSNL being disinvested pursuant to the Transaction.
- **Lead Member:** Each Consortium is required to declare one lead member (“Lead Member”) who shall hold at least 51.00% shareholding of the Consortium/SPV (i.e., a company) promoted or to be promoted by the members of the Consortium for acquiring the 100%

equity share capital of GOI through MSTC in FSNL being disinvested pursuant to the Transaction.

3. Financial Criteria: For submitting the EoI and for being considered for subsequent qualification for Stage II of the Transaction, the IB shall satisfy the following Financial Criteria (“**Financial Criteria**”):

a) Net worth Criteria:

- i) **Where IB is a Sole Bidder:** A minimum net worth (“**Minimum Net Worth**”) of Rs. 150 crore¹.
- ii) Where IB is a Sole Bidder, the Minimum Net Worth criteria may be satisfied either by the IB or by the entity into which the accounts of the IB are consolidated i.e., the parent company.

In case Sole Bidder, relies on the credentials of its parent company to meet the net worth criteria, parent company would be required to sign the definitive agreements such as share purchase agreement or any such other document as may be required in respect of the Proposed Transaction, along with the Interest Bidder.

iii) Where IB is a Consortium

- a) The combined net worth of all the members of the Consortium should meet the Minimum Net Worth criteria as mentioned in 7(3)(a)(i) above and each of the members in the Consortium should have a positive net worth.

Explanation: Combined net worth in case of a Consortium would be calculated as = net worth of member 1 + net worth of member 2 + net worth of member 3 (as applicable, depending on number of members in Consortium).

- b) The Lead Member shall have a net worth of at least 51% of the Minimum Net Worth i.e., Rs. 76.50² crores.

1 In case of foreign companies, corresponding financials shall be converted to Indian Rupees at the exchange rate of 1 USD= Rs. 74.58. Exchange rates are the rates reflected by Reserve Bank of India and Financial Benchmarks India Private Limited on December 30, 2021

2 In case of foreign companies, corresponding financials shall be converted to Indian Rupees at the exchange rate of 1 USD= Rs. 74.58. Exchange rates are the rates reflected by Reserve Bank of India and Financial Benchmarks India Private Limited on December 30, 2021

4. Net worth of IBs/ members of the Consortium shall be calculated as follows:

a) **In case of a company:** “Net worth” shall be calculated as:

Add	Aggregate value of the paid-up share capital and all reserves created out of the profits and securities premium account
Less	Aggregate value of the accumulated losses, deferred expenditure, intangible assets, redemption reserves, reserves made for any specific purpose and miscellaneous expenditure not written off
Less	Cross holding of investments amongst the Consortium Members (In case Bidder is Consortium)
	Total Net Worth

Notes:

- Such net worth shall not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation.
- For better clarity, cross holding of investments will be applicable in case of inter-se shareholding among the members of the Consortium.

For Example, if A and B submits their EoI together as a Consortium and A has ownership stake in B, then this would be deemed as cross holding among Consortium members. Accordingly net worth of A (for the purpose of fulfilling eligibility criteria) shall be adjusted to the extent of A's ownership in B.

b) **In case of LLP:**

Add	Partner's capital and all reserves created out of the profits
Less	Aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the audited balance sheet
Less	Cross holding of investments amongst the Consortium Members (In case Bidder is Consortium)
	Total Net Worth

Notes:

- Such net worth shall not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation.

- For better clarity, cross holding of investments will be applicable in case of inter-se shareholding among the Consortium Members.

For Example, if A and B submits their EoI together as a Consortium and A has ownership stake in B, then this would be deemed as cross holding among Consortium members. Accordingly net worth of A (for the purpose of fulfilling eligibility criteria) shall be adjusted to the extent of A's ownership in B.

- c) **In case of a Fund:** Net worth shall be considered as committed capital or 0.25 times of assets under management (“AUM”).

In case AIF forms Consortium with its investee company, adjustment for cross holding shall be carried out in determination of net worth of AIF.

The Transaction Advisor reserves the right to ask for any additional documents as required to verify and assess the eligibility.

b) Profitability Criteria

- a) **Where IB is a Sole Bidder:** Positive Profit after Tax (“PAT”) in at least two of the immediately preceding five (5) financial years from the date of publication of this PIM. Where IB was incorporated less than five (5) years ago, it should have positive PAT in at least two completed financial years (each of not less than 12 months duration), to be considered eligible (“**Profitability Criteria**”)

In the event IB is a Sole Bidder and has come into existence as a result of a merger / demerger / amalgamation of two (2) or more entities, the sum of the PAT of such entities should be positive in at least two (2) out of the last five (5) financial years.

Where IB is a Sole Bidder, the Profitability Criteria may be satisfied either by the IB or by the entity into which the accounts of the IB are consolidated i.e. the parent company.

In case Sole Bidder, relies on the credentials of its parent company to meet the profitability criteria, parent company would be required to sign the definitive agreements such as share purchase agreement or any such other document as may be required in respect of the Proposed Transaction, along with the Interested Bidder.

- b) **Where IB is a Consortium:** The Lead Member of the Consortium should have positive PAT in at least two (2) of the immediately preceding five (5) financial years from the date of publication of this

PIM. Where the Lead Member was incorporated less than five (5) years ago, it should have positive PAT in at least two (2) completed financial years (each of not less than 12 months duration).

- c) PAT mentioned above in this clause shall mean Profit after Tax prior to any dividend pay-out.
- d) The Profitability Criteria is not applicable for, funds and employees of FSNL.

5. Formation of SPV:

- a) **Where the Shortlisted Bidder is a Sole Bidder:** If the Shortlisted Bidder is a sole bidder, it has the option to either directly hold shares of FSNL or hold shares through an investment vehicle (special purpose vehicle/SPV) incorporated within stipulated time, under the laws of India, once finally selected prior to entering into the definitive agreements, as may be prescribed by the GoI in the RFP. Such SPV will be a wholly owned subsidiary of the Successful Bidder.
 - If an IB satisfies the Minimum Net Worth threshold or Profitability criteria on the basis of the net worth and/or profitability of its parent, then the IB and the parent both will have to sign the definitive agreements. In such a case if such IB forms a SPV, then the IB, its parent and the SPV, all three will have to sign the definitive agreements.
- b) **Where IB is a Consortium:** If IB is a Consortium, the Consortium shall incorporate a special purpose vehicle (in the form of a company) under the laws of India, once finally selected prior to entering into the definitive agreements. The shareholding of the SPV shall be the same as the shareholding of the members in the Consortium.

c) Examples of Financial criteria assessment in case of 3-member Consortium

Table 4.1: Illustrative Example 1

(Rs. in crores)

	Details of Consortium Members			
	A1 (Lead Member)	A2(AIF)	A3	
% stake in Consortium (i.e. equity share capital on fully diluted basis of Consortium SPV)	51%	15%	34%	
Net worth/AUM of AIF	200	800	100	
Eligibility Criteria	Eligibility of Members			
Combined net worth of the Consortium to be minimum Rs. 150 crores	Combined net worth (200+ 0.25*800+ 100) > 150			Eligibility of Consortium
Lead member to have minimum 51% of the net worth Contribution	Net worth of 200 > 76.50 (51% of 150)	NA	NA	✓
Each Consortium member other than Lead Member to have minimum 10% equity share capital on fully diluted basis of the Consortium SPV	NA	✓	✓	✓
Each Consortium Member to have positive net worth	✓	✓	✓	✓
Lead Member to have record of profitability in two out of last five years	✓	NA	NA	✓
Consortium meets the eligibility criteria.				

Table 4.2: Illustrative Example 2

(Rs. in crores)

	Details of Consortium Members			
	A1 (Lead Member)	A2	A3	
% stake in Consortium (i.e. equity share capital on fully diluted basis of Consortium SPV)	51%	25%	24%	
Net worth/AUM of AIF (Rs. In crores)	100	20	25	
Eligibility Criteria	Eligibility of Members			Eligibility of Consortium
Combined Net worth of the Consortium to be minimum Rs. 150 crores	Combined net worth (100+ 20+25) <150			Not Eligible
Lead member to have minimum 51% of the net worth Contribution	Net worth of 100 > 76.50 (51% of 150)	NA	NA	✓
Each Consortium member other than lead member to have minimum 10% equity share capital on fully diluted basis of the Consortium SPV	NA	✓	✓	✓
Each Consortium Member to have positive net worth	✓	✓	✓	✓
Lead Member to have record of profitability in two out of last five years	✓	NA	NA	✓
Consortium does not meet the eligibility criteria as total net worth is below Rs. 150 crores.				

Table 4.3: Illustrative Example 3

(Rs. in crores)

	Details of Consortium Members			
	A1 (Lead Member)	A2	A3	
% stake in Consortium (i.e. equity share capital on fully diluted basis of Consortium SPV)	51%	44%	5%	
Net worth/AUM of AIF (Rs. In crores)	102	45	5	
Eligibility Criteria	Eligibility of Members			Eligibility of Consortium
Combined net worth of the Consortium to be minimum Rs. 150 crores	Combined net worth (102+45+5) >150			✓
Lead member to have minimum 51% of the Net worth Contribution	Net Worth of 102 > 76.50 (51% of 150)	NA	NA	✓
Each Consortium Member other than lead member to have minimum 10% equity share capital on fully diluted basis of the Consortium SPV	NA	✓	X	X
Each Consortium Member to have positive net worth	✓	✓	✓	✓
Lead Member to have record of profitability in two out of last five years	✓	NA	NA	✓
Consortium does not meet the eligibility criteria as one of the Consortium Member is not meeting the minimum 10% equity share capital on fully diluted basis of the Consortium SPV.				

Table 4.4: Illustrative Example 4

(Rs. in crores)

	Details of Consortium Members			
	A1 (Lead Member)	A2	A3	
% stake in Consortium (i.e. equity share capital on fully diluted basis of Consortium SPV)	51%	35%	14%	
Net worth/AUM of AIF (Rs. In crores)	102	45	15	
Eligibility Criteria	Eligibility of Members			Eligibility of Consortium
Combined Net worth of the Consortium to be minimum Rs. 150 crores	Combined net worth (102+45+15) >150			✓
Lead member to have minimum 51% of the net worth Contribution	Net worth of 102 > 76.50 (51% of 150)	NA	NA	✓
Each Consortium Member other than lead member to have minimum 10% equity share capital on fully diluted basis of the Consortium SPV	NA	✓	✓	✓
Each Consortium Member to have positive net worth	✓	✓	✓	✓
Lead Member to have record of profitability in two out of last five years	Lead member does not have a minimum of 2 years profitability history in the 5 years immediately preceding the PIM publication date	NA	NA	X
Consortium does not meet the eligibility criteria as Lead Member does not meet the profitability criteria.				

Table 4.5: Illustrative Example 5

(Rs. in crores)

	Details of Consortium Members			
	A1 (Lead Member)	A2	A3	
% stake in Consortium (i.e. equity share capital on fully diluted basis of Consortium SPV)	51%	35%	15%	
Net worth/AUM of AIF (Rs. In crores)	102	45	15	
Eligibility Criteria	Eligibility of Members			Eligibility of Consortium
Combined net worth of the Consortium to be minimum Rs. 150 crores	Combined net worth (102+45+15) > 150			✓
Lead member to have minimum 51% of the Net worth Contribution	Net Worth of 102 > 76.50 (51% of 150)	NA	NA	✓
Each Consortium member other than lead member to have minimum 10% equity share capital on fully diluted basis of the Consortium SPV	NA	✓	✓	✓
Each Consortium Member to have positive net worth	✓	✓	✓	✓
Lead Member to have record of profitability in two out of last five years	Lead member is a newly incorporated entity and does not have the operational history of minimum two years	NA	NA	X
Consortium does not meet the eligibility criteria as Lead Member does not meet the operational history to meet the corresponding profitability criteria.				

Table 4.6: Illustrative Example 6

(Rs. in crores)

	Details of the Interested Bidder
Net worth=0.25 x AUM (In case of AIF/funds)	600
Eligibility Criteria	Eligibility of IB
Net worth criteria	✓ (0.25 of 600 = 150)
IB (Sole bidder which is an AIF) meets the eligibility criteria.	

5. Bids by management/employees of FSNL shall satisfy the Minimum Net Worth criteria as specified in Financial Criteria clause. The combined net worth of participating employees and bank/venture capitalist/financial institution, as may be applicable, shall be taken into account for calculating Minimum Net Worth criteria as per Financial Criteria clause and in accordance with conditions for bidding by Consortium.
6. **Financial Criteria shall be assessed on the basis of:**
 - a) **In case of IBs/members of Consortium other than funds and employees:** Based on latest audited financial statement of IB/each member of Consortium (on consolidated Basis), which shall not be older than December 31, 2020. The fulfilment of Financial Criteria is to be certified by an independent chartered accountant/statutory auditor. The financial statements on the basis of which the Financial Criteria shall be assessed shall correspond to accounting periods completed (each of not less than 12 months duration) and shall not be based on partial periods.
 - b) If the audited financial statements as mentioned in sub-clause (a) above are not available, latest unaudited/provisional numbers as certified by the statutory auditors (in case of an unlisted entity) or information contained in latest quarterly limited review report (in case of a listed entity) shall be considered, provided they are not older than 12 months from the date of publication of this PIM.
 - c) If an IB is found to be satisfying the Minimum Net Worth criteria on the basis of its parent's net worth, the consolidated net worth of its parent will be considered.
 - d) In case of consolidated financials, non-controlling interest shall be included in the definition of net worth.
 - e) In case the IB/any member of Consortium is not required to prepare consolidated financial statements as part of statutory requirements, the standalone financial statements are to be used for assessment. However, the same would be accepted only if the certificate for fulfilment of Financial Criteria submitted by the IB/member of Consortium clearly mentions the non-requirement for preparation of consolidated financial statements, in the manner specified in **Annexure 2 Form A**. GoI / TA shall reserve the discretion for rejecting such EoIs for any reason deemed fit or otherwise.
 - f) **In case of Funds:** The committed capital/available capital equal to or more than Minimum Net Worth criteria or 0.25 times AUM (so as to meet Minimum Net Worth criteria) would be considered as per independent chartered accountant/ statutory auditor's certificate not older than 3 months from the date of PIM.

- g) **In case of bids by management/employees of FSNL:** Practicing chartered accountant's certificate not older than 3 months from the date of PIM, certifying net worth of employees.

The Transaction Advisor reserves the right to ask for any additional documents as required to verify and assess the eligibility.

7. Change in Consortium

Change in Consortium is permitted as per the following conditions. Change may include addition of a new member, removal of a member, or change in shareholding of members.

- a) A Shortlisted Bidder who has submitted the EoI as a sole bidder and wishes to form a consortium for final bid, shall be permitted to form a consortium with such Shortlisted Bidder acting as the Lead Member within six (6) weeks from the date of shortlisting for Stage II or within an extended period as may be intimated in Stage II, subject to submission of required documents had the Consortium been formed at the outset. Additionally, each of the members of Consortium should be qualified as required in this document as applicable had the Consortium been formed at the outset.

In case a Shortlisted Bidder had submitted the EoI as a Consortium, then a one-time change to the Consortium shall be permitted within six (6) weeks from the date of shortlisting for Stage II or within an extended period as may be intimated in Stage II. This would include permitting of a change where the Lead Member of the Consortium would like to continue as a sole bidder without other members of the Consortium.

- b) In case where two (2) sole bidders have been qualified based on the EoI submitted by each of the sole bidder, the formation of a consortium by the sole bidders shall not be permitted. Similarly, in case two Consortiums are qualified based on the EoI submitted, then consolidation into a single consortium shall not be permitted. Similarly, consolidation of sole bidder and consortium who are qualified based on the EoI submitted, into a single consortium shall not be permitted.
- c) An IB submitting the EoI cannot be replaced by another subsidiary of its parent or a SPV created by its parent at any stage of the proposed transaction even when the parent's Net Worth is used to qualify the eligibility.
- d) The IB shall have to apply for such a change to the TA. The TA may grant approval to such a consortium subject to new proposed consortium member meeting the eligibility criteria and the following:
- i) The change shall be permitted only once per consortium.

- ii) No change in Lead Member shall be allowed.
 - iii) Jumping from one consortium to another shall not be permitted.
- 8.** On being selected as the Successful Bidder,
- a) If the IB (in the form of a sole bidder) makes the investment through a special purpose vehicle, such IB (as the parent of the special purpose vehicle) shall be required to irrevocably and unconditionally guarantee to the GoI that such special purpose vehicle shall, always, fully and faithfully perform and discharge all its obligations under the definitive agreements or other materials prepared in connection with the Proposed Transaction.
 - b) If the IB (in the form of a consortium) makes the investment through a special purpose vehicle then each member of the Consortium shall jointly and severally, irrevocably and unconditionally guarantee to the GoI that such special purpose vehicle shall, at all times, fully and faithfully perform and discharge all its obligations under the definitive agreements or other materials prepared in connection with the Proposed Transaction.
- 9.** The IBs shall ensure that they are permitted to invest under applicable laws to the extent they propose to participate.
- 10.** The fact that GoI may entertain bids by entities from a jurisdiction outside of India should not be construed as approval from GoI on any tax issues relating to foreign investments in India that may arise in relation to the proposed transaction. IB has to comply with relevant tax laws and procedure.
- 11.** In short listing interested bidders, GoI will pay due attention, inter-alia to the security requirements of the country.
- 12.** 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 published by Reserve Bank of India and Financial Benchmarks India Private Limited. All financial information required for satisfying the eligibility criteria shall be represented in Indian Rupees.
- 13.** The GoI reserves the right to seek any additional indemnities, warranties, representations or performance obligations from the IB or any of their group companies to their satisfaction. The TA reserves the right to ask for any additional documents as required to verify and assess the eligibility of the IB.
- 14.** IB expressly agrees and understands that if it is selected as a Successful Bidder, till such time as the GoI owns any shareholding in FSNL or businesses thereof in which the Successful Bidder has acquired an equity ownership stake as a result of the

Proposed Transaction, the Successful Bidder shall carry on the business of FSNL or parts thereof:

- a. On a going-concern basis, as was being conducted prior to the date of completion of the Proposed Transaction; and
- b. On an arms-length basis from existing business activities of the Successful Bidder or any related parties thereof

- 15.** In case of Sole Bidder, the Ultimate Beneficial Owner for such bidder should not be the same as that of any other IB or of any member of any Consortium. In case of a Consortium, the Ultimate Beneficial Owner of any member of the Consortium should not be the same as that of any member of any other Consortium or that of any sole bidder. In this regard, the IB/consortium member shall submit an undertaking in form of Annexure 1A.

In case of any IBs who are funds (including AIFs), Ultimate Beneficial Owner would mean the investment management entity which manages the investments of the fund and not the investors who have invested in the fund.

8. DISQUALIFICATIONS

1. GoI/TA shall not consider for the purpose of qualification, any EoI which has found to be incomplete in content or attachments.
2. Without prejudice to any other rights or remedies available to GoI/TA, the GoI/ TA reserves the right to disqualify any IB or member of consortium and exclude its EoI from further consideration for any of the following reasons (including without limitation) listed below:
 - a) Misrepresentation/false statement is made by an IB or any member of a Consortium, at any stage in the Proposed 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 demonstrate any failure to comply with the provisions of the PIM, including not being accompanied by the fees of the specified amount, or the EoI being conditional in any respect.
 - c) Failure by IB/ any member of consortium to provide the necessary and sufficient information required to be provided in the EOI in accordance with this PIM.
 - d) Failure by IB/ any member of Consortium to provide, within the time specified by the GoI/ TA, the supplemental information sought by the GoI/ TA for evaluation of the EoI.
 - e) Submission of more than one (1) EoI by any IB / any member of consortium whether directly or indirectly either as sole bidder or as member of consortium in which case, all such EoIs shall be rejected.
 - 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 or where the Ultimate Beneficial Owner of any IB / Consortium Member is the same as that of any other IB / member of any other Consortium, shall be rejected.
 - g) The IB / any member of consortium not satisfying the eligibility criteria and requisite qualification criteria specified in this PIM and hence not being eligible.
 - h) Bids by Public Sector Enterprises (PSEs) (Central and State) or (Central and State) Government owned Cooperative Societies i.e., entities where the direct holding of the Government or of other PSEs is 51% or more are not eligible to participate in the proposed transaction.
 - i) Failure to comply with any reasonable request of GoI/TA in relation to the Proposed Transaction.

- j) If it is discovered at any time that the IB / any member of consortium and/or its promoters are subjected to any winding up/insolvency proceedings or other proceedings of a similar nature.
- k) Any information regarding or in connection with the IB / any member of consortium which becomes known that is detrimental to the national security and/or national interest and/or Proposed Transaction and/or the interests of the GoI/ Company.
- l) If at any stage of the process the IB/ any member of consortium and/ or its directors/ promoters are denied security clearance, or their security clearance is revoked by the GoI.
- m) Initiation or existence of any legal proceedings, by or against the IB / any member of Consortium in respect of the Company, which proceeding may be prejudiced by the participation of the IB / any member of Consortium in the selection process of the Proposed Transaction.
- n) Non fulfilment of any other condition by the IB/ any member of Consortium as listed in the PIM.
- o) The loans availed by the IB / any member of consortium (including its parent and subsidiaries) availed from either banks or financial institutions has been classified as ‘non-performing asset’ or any equivalent classification.
- p) IB/any member of consortium is an entity or promoters, or promoter groups or directors debarred from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities by any Governmental Authority.
- q) IB/ any member of Consortium is an entity or promoters or promoter groups or directors appearing in the RBI list of wilful defaulters or any such list by a competent authority in their respective jurisdiction.

“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.

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

“OCBs” 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.

- s) IB/ any member of Consortium is prohibited or restricted from investing in FSNL on the basis of status or sector in which FSNL operates under FEMA or any regulations made thereunder and including the provisions of the consolidated Foreign Direct Investment Policy (FDI Policy). It is being clarified that sector where government approval is required will not be considered as 'restricted' from investing.
 - t) GoI is not satisfied with sources of funds/ownership structure of the IB/ any member of consortium. If any of the members of the Consortium are disqualified, all the members of the Consortium shall automatically stand disqualified.
 - u) If it is discovered at any stage that the IB/ any member of Consortium did not possess requisite corporate authorizations or that any part of the information provided in the EOI was not complete or accurate in any respect.
3. If any information or disqualification is discovered or becomes known after the IB has been qualified as a Shortlisted Bidder, which information/ disqualification would have entitled GoI/ TA to reject the EoI of relevant IB, GoI/ TA, reserves the right to reject the IB at the time such information/ disqualification becomes known to/ discovered by GoI/ TA. Where such bidder is a Consortium, GoI/ TA, may disqualify the entire Consortium, even if the information/disqualification pertained/applied to only one member of the Consortium.
4. GoI's/ TA's, determination that one or more of the events specified in Clauses 1, 2, and 3 has occurred shall be final and conclusive.
5. In addition to the eligibility of the IB being a sole bidder, each of the members of Consortium and the Consortium as a whole must be eligible, as per criteria mentioned in this PIM, on the date of submission of the EoI and must continue to be eligible throughout the Proposed Transaction.
6. 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, 1860, or Official Secrets Act, 1923, or any other relevant legislation for an offence committed by the IB or any of the members of consortium or by any of their respective sister concerns or any of their promoters, promoter group and directors would result in disqualification. The decision in regard to the relationship between the sister concerns would be taken based on the relevant facts and after examining whether the two concerns are substantially controlled by the same person/persons. The term '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, 2018, as amended and the term 'promoter group' shall have the same meaning as defined under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended.

“**Governmental Authority**” means (a) the government of India or the government of any state or other political subdivision thereof in India; (b) any other governmental or quasi-governmental or statutory or regulatory authority, agency, department, board, commission or instrumentality of India or of any state or political subdivision thereof including without limitation the Foreign Investment Promotion Board and the Reserve Bank of India; or (c) any court, tribunal, judicial or quasi-judicial authority of competent jurisdiction in India or any arbitration tribunal (including a sole arbitrator).

7. Any condition or qualification or any other stipulation inserted by the IB/ any member of Consortium contained in the EoI shall render the EoI liable to rejection.
8. Breach of Confidentiality Undertaking executed by the IB/ any member of Consortium.
9. If the IB/any member of Consortium does not satisfy any of the requirements as may be issued by the GoI by way of notifications / issue of guidelines / circulars or such similar notifications from time to time, including any conditions of disqualifications, the EoI submitted by the IB/ consortium shall be disqualified.
10. Notwithstanding anything contained in this PIM, 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.
11. 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.
12. Integrity Pact Clause: If an IB/any member of consortium is found involved in corrupt practices, unfair means or illegal activities during any stage of its bid or during pre-contract or post-contract stage, the IB shall be disqualified, at the sole discretion of GoI

ANNEXURES

Annexure 1: Format for Letter of EoI for sole IB/Consortium

(To be submitted on the letterhead of the Interested Bidder (IB) /lead member of Consortium on behalf of itself and the Consortium members submitting the EoI)

Reference No. _____ **Date** _____

To,
BDO India LLP,
The Ruby, Level 9, North West Wing,
Senapati Bapat Marg, Dadar (W),
Mumbai 400028,
Maharashtra, India

Kind Attention: Mr. Maulik Sanghavi, Partner

Sub: INVITATION OF EXPRESSION OF INTEREST FOR STRATEGIC DISINVESTMENT OF FERRO SCRAP NIGAM LIMITED

Sir/ Madam,

This is with reference to the advertisement dated 31st March 2022 (“**Advertisement**”) inviting Expression of Interest (“**EoI**”) for strategic disinvestment of 100% of the equity share capital of Ferro Scrap Nigam Limited (FSNL), a company registered under the Companies Act, 1956 having its registered office at “FSNL, Bhilai, FSNL Bhawan, Equipment Chowk, Central Avenue, Bhilai-490001, Chhattisgarh, out of the shareholding of MSTC in FSNL, representing 100% of equity share capital of FSNL along with transfer of management control (“**Strategic Disinvestment**”).

We have read and understood the contents of the Advertisement and the Preliminary Information Memorandum dated 31st March 2022 (“PIM”) and are desirous of participating in the Strategic Disinvestment and confirm and undertake as follows:

1. We are interested in bidding for the Strategic Disinvestment of 100% of the equity share capital of FSNL.
2. [We propose to submit our EoI in individual capacity as [●] (hereinafter referred to as the “Interested Bidder” or “IB”) (name of Interested Bidder) having its registered office at [●]

OR

We have formed a consortium comprising of [●] members (“Consortium”) as follows:

- a) [●] holding [●] % shareholding in the Consortium;
- b) [●] holding [●] % shareholding in the Consortium; and

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

We have agreed that [●] shall act as the Lead Member of the Consortium (“Lead Member”) and we propose to submit this EoI on behalf of the Lead Member and other consortium members as mentioned hereinabove]².

3. We have examined in detail and have understood the terms and conditions and eligibility criteria stipulated in the Advertisement and the PIM and satisfy the eligibility criteria detailed in the Advertisement and the PIM.
4. We confirm and represent that we have the requisite corporate authorisation 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 respects.
6. We have agreed that [●] (insert name and designation of individual) will act as our representative/representative of the Consortium and has been duly authorised to submit the EoI along with all the documents to be submitted pursuant to the EoI (“**Representative**”).
7. The Representative is vested with the requisite power and authority to furnish this letter and Form A and authenticate the same.
8. We agree to form a Special Purpose Vehicle, under the laws of India, once finally selected to enter into the definitive agreements. The shareholding of the SPV shall be the same as the shareholding of the Members in the Consortium. (Applicable for the case of Consortium only)¹
9. [We undertake that in the event we are selected as the successful bidder and make the investment either directly or through a special purpose vehicle, we (as the Parent of the special purpose vehicle) shall be required to irrevocably and unconditionally guarantee to the GoI that the corresponding investing company shall, at all times, fully and faithfully perform and discharge all its obligations under the definitive agreements or other materials prepared in connection with the Proposed Transaction. (applicable for the case of sole bidder only)¹

OR

We undertake that in the event we are selected as the successful bidder and make the investment through a special purpose vehicle then each member of the Consortium shall jointly and severally, irrevocably and unconditionally guarantee to the GoI that such special purpose vehicle shall, at all times, fully and faithfully perform and discharge all its obligations under the definitive agreements or other materials prepared in connection with the Proposed Transaction.(applicable for the case of consortium).]³

² Delete whichever is not applicable.

³ Delete, whichever is not applicable.

10. We acknowledge that GoI will have rights of enforcement as against the special purpose vehicle mentioned above under the parent guarantee [and also against the members of the Consortium for breach of undertakings and representations made to the GoI under the EoI including under **Annexure 5**(Consortium Agreement)].
11. We undertake that in the event we are finally selected to enter into definitive agreements, we shall continue the business of the Company in its entirety as being conducted as on the completion of the Proposed Transaction on a going concern basis.
12. 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 on our ability to manage the public sector unit when it is disinvested, or which is related to a grave offence that outrages the moral sense of the community.
13. 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 or convicted by a Court of law, including under the provisions of the Indian Penal Code,1860, or Official Secrets Act, 1923, for any offence committed by us or by any of our group concerns.
14. We further certify that no investigation by a regulatory authority is pending either against us or against our group concerns or against any of our directors or key managerial personnel or employees.
15. In the event we are attracted by any of the disqualifications in terms of the PIM during the pendency of the process of strategic disinvestment, owing to change in facts or circumstances, we would intimate the TA of the same immediately.
16. We represent that we are not disqualified to enter into or perform our obligations in relation to the Proposed 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.
17. We, however, understand that GoI reserves the right to decide whether or not to qualify our proposal without assigning any reason whatsoever and without any liability.
18. We represent that the loans availed by us (including our parent and subsidiaries) have not been classified as 'non-performing asset' or such similar classification by either banks or financial institutions.
19. We represent that we are not entities or promoters or promoter groups or directors debarred from accessing or operating in the capital markets.
20. We represent that we are not entities or promoters or promoter groups or directors appearing in the RBI list of wilful defaulters or any such competent authority in their respective jurisdiction.

21. We represent that we are not erstwhile overseas corporate bodies which are incorporated outside India and are under the adverse notice of RBI.
22. We represent that we are not prohibited or restricted from investing in FSNL on the basis of status or sector in which FSNL operates under FEMA.
23. We confirm that we are not and have not been classified as Central/State Public Sector Undertaking or a Central/State government owned Cooperative Society (i.e., where Government's ownership is 51% or more).
24. We acknowledge and undertake that in the event we are finally selected, we will be required to undertake certain obligations relating to certain matters, such as, employee protection, business continuity, asset stripping, lock-in of the shares acquired in the Proposed Transaction, and/or shareholding of consortium members in the special purpose vehicle as specified in the RFP / definitive agreements.
25. [Form A as per formats given in Annexure of the PIM, duly signed by us is enclosed along with the stamped and notarized/ apostle/legalized Power of Attorney

OR

The Form A, 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 format given in **Annexure 5** of the PIM. Further, the stamped and notarized/ apostle/legalized/ Power of Attorney is also enclosed.]

26. [We certify that our net worth as on ____ (date in dd/mm/yyyy) as per specifications in the Eligibility Criteria section of the PIM is Rs ____ Crore.

OR

We certify that as per specifications in the Eligibility Criteria section of the PIM, Net worth for the Consortium and its Members is as below:

- a) Net worth of [●] is Rs. ____ crore as on ____ (date in dd/mm/yyyy);
- b) Net worth of [●] is Rs. ____ crore as on ____ (date in dd/mm/yyyy); and
- c) Net worth of [●] is Rs. ____ crore as on ____ (date in dd/mm/yyyy);

Combined net worth of the Consortium is Rs. ____ Crore.]

27. We certify that our PAT (prior to dividend payout) during the immediately preceding financial years as per specifications in the Eligibility Criteria section of the PIM is as below (if applicable for the IB as per the PIM)

No.	Financial Year Ending	Duration of Financial Year (in months)	PAT (in Rs. Cr.)
1			
2			
3			
4			
5			

OR

We certify that as per specifications in the Eligibility Criteria section of the PIM, our PAT (prior to dividend payout) during the immediately preceding financial years is as below (to be submitted for the Lead Member of the Consortium for whom the Profitability Criteria is applicable as per the PIM):

No.	Financial Year Ending	Duration of Financial Year (in months)	PAT (in Rs. Cr.)
1			
2			
3			
4			
5			

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

Our PAN number is _____.

Our TAN number is _____.

(In case of entities not having PAN and TAN registration in India)

- 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)

Signature: (Authorised Representative and Signatory)

Name of the Person: [●]

Designation: [●]

Enclosure:

1. Demand Draft for non-refundable fee
2. Undertaking in Relation to Ultimate Beneficial Ownership
3. Form A
4. General Power of Attorney
5. Power of Attorney in favour of Lead Member (if applicable)
6. Consortium Agreement between the Consortium Members (if applicable)
7. Confidentiality Undertaking
8. Declaration on Statement of legal proceedings
9. Affidavit
10. Power of Attorney for employee participation (if applicable)
11. Undertaking for Sole Bidder (lock-in period)(if applicable)
12. Undertaking for Consortium (lock-in period)(if applicable)

Note: In case of Consortium, each member of Consortium shall be required to submit Undertaking in relation to Ultimate Beneficial Ownership, Form A, Power of Attorney, Confidentiality Undertaking, Declaration on Statement of Legal Proceedings, Affidavit and Undertaking for Consortium (lock-in period).

Annexure 1A – Undertaking in Relation to Ultimate Beneficial Ownership

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

To,
Mr. Maulik Sanghavi/Rajorshi Roy,
Partner, BDO India LLP,
The Ruby, Level 9, North West Wing,
Senapati Bapat Marg, Dadar (W),
Mumbai, 400028, Maharashtra, India

Sub: UNDERTAKING IN RESPECT OF EXPRESSION OF INTEREST FOR STRATEGIC DISINVESTEMENT OF FERRO SCRAP NIGAM LIMITED

We hereby represent and undertake that we do not have the same Ultimate Beneficial Owner(s) as of any other IB or Consortium Member participating in the Proposed Transaction and we have not submitted more than one (1) EOI, either as a Sole Bidder or as a Consortium Member.

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

Yours Sincerely,

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

Signature: (Authorised Representative and Signatory)

Name of the Person: [●]

Designation: [●]

Annexure 2: Form A (forming an integral part of the EoI)

(To be submitted on letterhead (unless otherwise mentioned) of Interested Bidder/each member of the Consortium)

1. **Name of the Interested Bidder/Member of Consortium** _____.
2. **Executive Summary and Management Organization:** providing brief description of the Interested Bidder (IB) and (where appropriate) of member in the Consortium, containing details like ownership structure, identity of the natural persons who are the Ultimate Beneficial Owners (“Ultimate Beneficial Owner” means the natural person or persons who are the ultimate beneficial owners of the shares and who ultimately own, control or influence and includes a person who exercises ultimate effective control over a legal person or arrangement), (as per SEBI Circular No. CIR/MIRSD/2/2013 dated January 24, 2013), the Place of Effective Management of business of the IB/ member of the Consortium (“Place of Effective Management” means the place where key management and commercial decisions that are necessary for the conduct of business of an entity as a whole are, in substance made), (as per Central Board of Direct Taxes Guideline F. No. 142/11/2015-TPL dated January 24, 2017) etc. write up on business history and growth, business areas / activities, respective revenue details, the Place of Effective Management of business of the IB/ member of the Consortium etc. It shall include a brief commentary on the capability of the IB / member of Consortium, as demonstrated, inter alia, in its past track record, to run its own business.

Also, an overview of IB’s/ member of the Consortium’s senior management and organization structure certified by the company secretary/ any other officer in charge of secretarial/legal affairs.

3. **Contact Information of the IB/ member of Consortium:**
 - a) Following details of IB/ member of the Consortium including phone number and facsimile number
 - Registered Office – Address, phone number, facsimile number
 - Head Office – Address, phone number, facsimile number
 - b) If Consortium, name of the Lead Member of the Consortium:
 - c) Address for correspondence along with email address of IB/ member of the Consortium.
 - d) Contact Person(s):
 - a) Name:
 - b) Designation:
 - c) Phone No.:
 - d) Mobile No.:

- e) Fax No.:
f) Email:

e) Website details of IB/ member of the Consortium.

4. **Basic Information:**

a) Constitution (Tick, wherever applicable)

1. Public Limited Company
2. Private Limited Company
3. Limited Liability Partnership Firm
4. Others, if any (Please specify)

b) Date & Place of incorporation of IB/ member of the Consortium

c) Date of commencement of business of IB/ member of the Consortium

d) Role/ Interest of each Member in the Consortium (if applicable).

e) Nature of business carried out/ products dealt with by the IB/ member of Consortium and a profile containing information on the IB's/ member of Consortium's operations.

f) Certified true copies of the following documents to be submitted. However, if IB/ member of the Consortium cannot submit any of the following documents, it shall state reasons for the same as per the format below:

Documents	Submitted (Yes/ No)	If not submitted, please state reasons for the same
Certificate of Incorporation		
Memorandum of Association		
Articles of Association		
Certificate of Commencement of Business		
Charter Documents		
Other Constitution Documents, i.e., Partnership Deed etc., as may be applicable		
SEBI Registration Certificate for AIFs		

g) A certificate for list of Board of Directors and key management personnel duly signed by the respective Company Secretary or any other officer in-charge of secretarial/legal affairs of IB/ member of the Consortium and also counter signed by its authorized signatory.

- h) A certificate by an independent chartered accountant/statutory auditor/company secretary or any other officer in-charge of secretarial/legal affairs for the shareholding pattern of the IB/ member of Consortium.
- i) Basis of eligibility for participation in the process (Please mention details of your eligibility) as under:
- i) A certificate duly signed by our company secretary/ any other officer in charge of secretarial/legal affairs, stating that we are eligible to participate in the proposed strategic disinvestment of FSNL in terms of Clause _____ (specific reference to the said provision may be drawn) of our Memorandum and Articles of Association/ _____ (insert name of Constitution Document, viz., Partnership Deed etc. as may be applicable).
- ii) Audited Financial Statements (on standalone and consolidated basis)/Annual Reports for the previous five (5) financial years (including profit and loss statement, balance sheet and cash flow statement) (Kindly also include most recent, not older than December 31, 2020, Audited Financial Statements/Annual Report on standalone and consolidated basis).

Provided that, in the event such IB/ any member of Consortium is an unlisted entity, and does not have the audited financial statements as mentioned above, the latest available unaudited/ provisional financial statements (not older than 12 months from the date of publication of this PIM) may be given as certified by its statutory auditor; in case such entity is a listed entity, and its audited financial statements are not available for the immediately preceding financial year, the information contained in latest quarterly limited review report (not older than 12 months from the date of publication of this PIM) is to be submitted. However, the audited financial statements of such entities shall be submitted, as and when prepared as per the statutory requirements and timelines of the relevant countries where it is incorporated.

All financial statements/ annual reports/net worth certificates submitted should be certified by authorised signatory.

In case the IB/ any member of the Consortium cannot submit the consolidated financial statements as mentioned above, it shall specify reasons for the same.

- iii) **Certificate for fulfilment of Financial Criteria:** Please provide an independent chartered accountant/statutory auditor certificate certifying the following:
1. Net worth for IB/ member of Consortium as specified in the Eligibility Criteria section of the PIM.

2. PAT (prior to any dividend pay-out) for preceding five (5) financial years from the date of publication of this PIM, for the IB/Lead Member of Consortium, as specified in the Eligibility Criteria section of the PIM in the following format (if applicable for the IB/Lead Member of Consortium as per the PIM):

No.	Financial Year Ending	Duration of Financial Year (in months)	PAT (in Rs. Cr.)
1			
2			
3			
4			
5			

The certificate for fulfilment of Financial Criteria should clearly mention the following:

- The date of net worth calculation and financial year ending date for respective financial years for which PAT has been submitted
 - That the net worth and PAT calculation has been done in accordance with the stipulations under the Eligibility Criteria section of the PIM.
 - In case the IB/ member of the Consortium are not required to prepare consolidated financial statements as a part of statutory requirements, the same should be mentioned in the certificate (in such a case, the standalone financial statements are to be used for assessment. However, the same would be accepted only if the certificate for fulfilment of Financial Criteria clearly mentions the non-requirement for preparation of consolidated financial statements)
 - The certificate should clearly mention that the issuing authority is statutory auditor or independent chartered accountant (as applicable), for the IB/member of Consortium.
 - It should clearly specify the cross holdings among Consortium Members, if any.
 - The financial statements on the basis of which the Financial Criteria have been assessed correspond to accounting periods completed (each of not less than 12 months duration) and are not based on partial periods.
- j) Provide 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/ member of Consortium.

Note: The date of execution of board or shareholders' resolution should be prior to the date of execution of the Power of Attorney.

5. International Operations/ Joint Ventures/ Alliances:

Brief note of IB's/ member of the Consortium's international operations, joint ventures, alliances, (whether international or domestic), including incorporation details, registered office, nature and size of such operations, equity ownership/ effective management and control (as applicable).

6. Professional Advisors:

IB/ member of Consortium to provide names and addresses of those companies and professional firms, if any, who are (or will be) advising the IB/Consortium/member of Consortium for the Proposed Transaction, together with the names of the principal individual advisors at those companies and firms.

7. Outstanding Litigation/ Contingent Liability:

a) IB/ member of Consortium (including the Ultimate Beneficial Owner, promoters, persons in control, thereof) must provide with the EoI a statement of those pending litigations that, if decided against the IB/member of Consortium/ultimate beneficial owner/promoters/persons in control shall disqualify the IB/member of Consortium in terms of the prescribed Eligibility Criteria and extant GoI instructions on disinvestment.

b) IB/ member of Consortium (including the Ultimate Beneficial Owner, promoters, persons in control, thereof) to provide details of all contingent liabilities that, if materialised, that 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/ member of Consortium, or other similar business combination or sale.

8. Foreign Direct Investment (FDI) Restrictions:

If the IB/ any member of Consortium is a foreign entity/ overseas corporate body, specify list of statutory approvals from the Government of India/ the Reserve Bank of India/ relevant ministry/ any other Government agency, specifying whether the same is applied for/ to be obtained/ awaited, if applicable.

Yours sincerely,

For and on behalf of: (name of the Interested Bidder/member of Consortium)

Signature: (Authorised Representative and Signatory)

Name of the Person: [●]

Designation: [●]

Place:

Date:

Important Note:

1. Please follow the order adopted in the Format provided, while submitting the details.
2. If the IB/ any member of Consortium is unable to respond to a particular question/request or submit any document as per stated requirement, the relevant question/request or request for submission of document, must nonetheless be set out as per the Format, with the words “No response given” mentioned against it, stating reasons for the same.

Annexure 3: General 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

To be notarized and submitted by the IB/ each member of the Consortium submitting the EoI)

General Power of Attorney

Know all men by these presents,

[We..... (name of the entity) 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 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

OR

I, son/daughter/wife of and presently residing at being presently employed with Ferro Scrap Nigam Limited (FSNL) having employee code [●]/ being whole-time director on the Board of FSNL 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]⁴

for the proposed Strategic Disinvestment of shares held by MSTC in FSNL including but not limited to signing and submission of all applications, EoIs, response to Request for Proposal (RFP), affidavits, Bid (“Non-Financial and Financial”) in response to RFP, and other documents and writings, participation in conferences (if any) and providing information/ responses to GoI/Advisor, representing us in all matters before GoI/Advisor and generally dealing with GoI/Advisor/Company in all matters in connection with or relating to or arising out of our application for qualification for the Proposed Transaction (as defined in the Preliminary Information Memorandum dated 31st March 2022 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 the 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.

⁴ Strikeout whichever is not applicable.

All the terms used herein but not defined shall have the meaning ascribed to such terms in the Preliminary Information Memorandum and EoI.

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, Title and Address of the Attorney)

(To be duly notarized)

Important Instructions:

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 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 Bidder. The date of execution of such document should be prior to the date of execution of the Power of Attorney.
3. For a Power of Attorney executed and issued overseas, instead of notarization, the document should either carry a conforming Apostile certificate or it should be legalized by applicable procedure in respective jurisdiction, before submission. Also, the document shall be stamped by the local authority in India with appropriate stamp duty paid, before submission, in any event within the specified timeframe as per applicable laws.
4. The date of execution of Power of Attorney shall be before the date of execution of other documents as part of EoI.
5. In case of a Consortium, all the members of the Consortium are required to submit the Power of Attorney.

Annexure 4: Power of Attorney in favour of Lead Member

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

Whereas the Government of India (“GoI”) has invited EoIs from Interested Bidders for the Strategic Disinvestment of 100% of the equity share capital of Ferro Scrap Nigam Limited (FSNL) (the “Proposed Transaction”).

Whereas _____ (Lead Member/Member-1), _____ (Member-2) and _____ (Member-3) (collectively the “Consortium”) being Consortium Members are interested in bidding for the Transaction in accordance with the terms and conditions of the PIM and other connected documents in respect of the Transaction, and

Whereas the members to record their understanding to participate in the bidding with have entered into the Consortium Agreement dated _____, and Whereas, it is necessary for the Consortium Members to designate one of them as the Lead Member with all necessary power and authority to do for and on behalf of the Consortium, all acts, deeds and things as may be necessary in connection with the Consortium’s EoI or Bid (“Non-Financial and Financial”) for the Proposed Transaction and its execution.

NOW THEREFORE KNOW ALL MEN BY THESE PRESENTS

We (hereinafter collectively referred to as the “Principals”),

- a) M/s _____, having our registered office at _____;
- b) M/s _____, having our registered office at _____;
- c) M/s _____, having our registered office at _____;

do hereby irrevocably designate, nominate, constitute, appoint and authorize M/s _____, being one of the Members of the Consortium, as the Lead Member and true and lawful attorney of the Consortium (hereinafter referred to as the “Attorney”). We hereby irrevocably authorize the Attorney (with power to sub-delegate):

1. To conduct all business for and on behalf of the Consortium and any one of us during the process of this Proposed Transaction.
2. In the event the Consortium is selected as Successful Bidder, during the execution of the Proposed Transaction and in this regard, to do on our behalf and on behalf of the Consortium, all or any of such acts, deeds or things as are necessary or required or incidental to the qualification of the Consortium and submission of its EoI for the Proposed Transaction.
3. Further, do any of such acts, deeds or things on our behalf including but not limited to signing and submission of all applications, EoI, response to Request for Proposal (RFP), affidavits, bid in response to RFP and other documents and writings, participate in pre-bid and other

conferences, respond to queries, submit information/ documents, sign and execute contracts and undertakings consequent to acceptance of the Bid of the Consortium and

- 4. Generally, to represent the Consortium in all its dealings with GoI, TA, FSNL and/ or any other GoI Agency or any person, in all matters in connection with or relating to or arising out of the Consortium’s EoI or Bid for the Proposed Transaction and/or upon award thereof till the completion of the Proposed Transaction.

AND hereby agree to ratify and confirm all acts, deeds and things done or caused to be done by our said Attorney pursuant to and in exercise of the powers conferred by this Power of Attorney and that all acts, deeds and things done by our said Attorney in exercise of the powers hereby conferred shall and shall always be deemed to have been done by us/ Consortium.

All the terms used herein but not defined shall have the meaning ascribed to such terms in the PIM

IN WITNESS WHEREOF WE THE PRINCIPALS ABOVE NAMED HAVE EXECUTED THIS POWER OF ATTORNEY ON THIS _____, DAY OF [●], 20[●],

Executants:

For _____, (Signature) _____,

(Name & Title)

For _____, (Signature) _____,

(Name & Title)

For _____, (Signature) _____,

(Name & Title)

Witnesses:

1

2

(Notarized)

Important Instructions:

- 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. For a Power of Attorney executed and issued overseas, instead of notarization, the document should either carry a conforming Apostille certificate or it should be legalized by applicable procedure in respective jurisdiction, before submission. Also, the document shall be stamped by the local authority in India with appropriate stamp duty paid, before submission, in any event within the specified timeframe as per applicable laws.
3. The date of execution of Power of Attorney for Lead Member of Consortium shall be subsequent to the date of execution of General Power of Attorney (**Annexure 3**) by the Consortium members.

Annexure 5: Format for Consortium Agreement (In case of Consortium)

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

(To be submitted by the Lead Member of Consortium on behalf of itself and the Consortium members submitting the EoI)

THIS Consortium Agreement ("**Agreement**") executed on this _____ day of _____ Two thousand _____ between

1. M/s [**insert name of Lead Member**] _____ a limited liability partnership or Company or Fund incorporated under the laws of _____ and having its Registered Office 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 or Fund incorporated under the laws of _____ and having its Registered Office 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 or Fund incorporated under the laws of _____ and having its Registered Office 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 [●] inviting Expression of Interest for strategic disinvestment of entire MSTC's entire equity stake of 100% in Ferro Scrap Nigam Limited (FSNL) 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 PIM stipulates that in case EoI is being submitted by a Consortium of bidders, the Members of the Consortium will have to submit a legally enforceable Consortium Agreement in a format specified by GoI.

All the terms used in capitals in this Agreement but not defined herein shall have the meaning as per PIM.

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 Members of the Consortium and Members to the Agreement do hereby unequivocally agree that Member-1 (M/s _____), shall act as the Lead Member as defined in the PIM for self and agent for and on behalf of Member-2, _____,and Member-[●] and to submit the EoI;
2. We have formed Consortium comprising of ____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 Members of the Consortium 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 Members of the Consortium 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 the Consortium shall incorporate a Special Purpose Vehicle (in the form of a company), under the laws of India, once finally selected to enter into the definitive agreements. We undertake to incorporate the special purpose vehicle after the submission of our EoI and prior to entering the definitive agreements. The shareholding of the SPV shall be the same as the shareholding of the Members in the Consortium.
6. We certify that in the event we are finally selected to enter into definitive agreements, we shall continue the business of the Company in its entirety as being conducted as on the completion of the Transaction on a going concern basis.
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, India 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 irrevocable and shall remain valid until the expiration or early revocation/termination of the terms thereof, unless expressly agreed to the contrary by 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 members respectively from time to time in EoI.
14. It is hereby expressly understood between the members that no 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 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 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 [●])

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 [●])

Witnesses:

i) Signature _____
Name:
Address:

ii) Signature _____
Name:
Address:

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

Important Instructions:

- 1) For the Consortium agreement executed and issued overseas, instead of notarization, the document should either carry a conforming Apostile certificate or it should be legalized by applicable procedure in respective jurisdiction, before submission. Also, the document shall be stamped by the local authority in India with appropriate stamp duty paid, before submission, in any event within the specified timeframe as per applicable laws.

Annexure 6: Confidentiality Undertaking

(To be appropriately stamped on non-judicial stamp paper of appropriate value as per Stamp Act relevant to place of execution; and To be notarized and submitted by the IB/ each member of the Consortium seeking VDR access and / or submitting the EoI)

DEED OF CONFIDENTIALITY UNDERTAKING

This DEED OF **CONFIDENTIALITY UNDERTAKING** ("**Undertaking**") is made on this day of, 2022.

BY

In case of a sole Bidder

(.....) insert name of the Interested Bidder), a company/trust/co-operative society/firm incorporated under the laws of _____ (insert name of the country), with its registered office at _____ (**Insert address**) (the "**Interested Bidder**" or "**IB**" or "**Bidder**");

Or In case of a Consortium

_____ [insert name of Lead Member] _____ a private limited company, public limited company, limited liability partnership, body corporate or Fund registered or incorporated under the laws of _____ and having its Registered Office at _____ (hereinafter called the "Member-1", which expression shall include its successors, executors and permitted assigns);

M/s _____ a private limited company, public limited company, limited liability partnership, body corporate or Fund registered or incorporated under the laws of _____ and having its Registered Office at _____ (hereinafter called the "Member-2", which expression shall include its successors, executors and permitted assigns);

M/s _____ a private limited company, public limited company, limited liability partnership, body corporate or Fund registered or incorporated under the laws of _____ and having its Registered Office at _____ (hereinafter called the "Member-3", which expression shall include its successors, executors and permitted assigns);

IN FAVOUR OF:

The President of India, represented by and acting through the Ministry of Steel, Udyog Bhavan, New Delhi - 110011 (the "**Administrative Ministry**");

AND

Ferro Scrap Nigam Limited (FSNL), a company incorporated under the Companies Act, 1956 bearing corporate identification number U27102CT1989GOI005468, having its registered office at FSNL Bhawan, Equipment Chowk, Central Avenue, Bhilai- 490001, Chhattisgarh, India ("FSNL" or the "Company"),

AND

MSTC Limited (MSTC), a company incorporated under the Companies Act, 1956 bearing corporate identification number L27320WB1964GOI026211, having its registered office at Plot no.CF-18/2, Street No.175, Action Area 1 C Newtown Kolkata Parganas North-700156, West Bengal ("MSTC"),

AND

BDO India LLP, whose registered office is, The Ruby, Level 9, North West Wing, Senapati Bapat Marg, Dadar (W), Mumbai, 400028 India (hereafter referred to as the "Transaction Advisor" or the "TA"),

AND

M/s Link Legal, whose registered office is Aiwan-e-Ghalib Complex, Mata Sundri Lane, New Delhi 110002, India (hereafter referred to as the "**Legal Advisor**"),

AND

M/s AAA Valuation Professionals LLP, whose registered office is E-10A Kailash Colony, New Delhi - 110048, India (hereafter referred to as the "**Asset Valuer**").

WHEREAS:

- A. The Bidder along with Consortium Members in compliance with the terms of Preliminary Information Memorandum dated 31st March 2022 ("**PIM**"), agreed to submit this undertaking in the format specified therein for participation in the proposed sale by Government of India ("**GoI**" / "**Government**") of 100% of the equity shares of the Company held by MSTC out of its entire shareholding of 100% as on date along with the transfer of management control (the "**Transaction**") and
- B. The Bidder along with Consortium Members has submitted non-refundable fee in terms of the PIM to gain access to the Confidential Information (as defined hereinafter) and the Virtual Data Room ("**VDR**") which inter alia includes the draft share purchase agreement.

- C. In the context of the IB 's interest in the Transaction, the Disclosing Party (as defined hereinafter) may disclose Confidential Information 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. In this Undertaking (including the recitals) the following words shall have the respective meaning given to them below;

"Advisors" means, collectively, BDO India LLP, AAA Valuation Professionals LLP, and M/s. Link Legal.

"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 affiliates, associates or subsidiaries (which includes, without limitation, documents delivered or shown to the Receiving Party in connection with due diligence, investigation, information relating to the existing business of the Company and new businesses (if any) proposed to be undertaken by the Company, market and company-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 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 bid document, request for proposal, drafts of shareholders and share purchase agreements or other materials prepared in connection with the Transaction, howsoever documented, including disclosures/information/documents uploaded in the VDR, that has been or may hereafter be provided or shown or given VDR access to the Receiving Party by the Disclosing Party (as defined herein below) or is otherwise obtained for 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 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.

“**Consortium**” means the Bidder and all other Consortium Members acting in concert with the Bidder intending to directly or indirectly participate in the Transaction.

"**Consortium Members**" means the members of any existing Consortium or future Consortium, formed by the Bidder for purposes of the Transaction and shall include members of a future Consortium previously approved in writing by the Administrative Ministry; in each case formed by the Bidder for purposes of the Proposed Transaction.

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

"**Governmental Authority**" means any governmental or regulatory authority, government ministry or department in India or other rule or regulation making entity having jurisdiction or acting on behalf of the Republic of India or any political subdivision thereof.

"**Person**" means any individual, company (including the Company and the Advisors), firm, association, trust, or any other organization or entity (including the Government and any governmental or political subdivision, ministry, department or agency thereof)

"**Receiving Party**" means the Bidder, Consortium Members and/or their respective Representatives, whether jointly or severally.

"**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 Receiving Party shall not misuse the information provided. Further, 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 in any manner whatsoever, in whole or in part, 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 the Bidder wishes to proceed with the Transaction and not for any purpose other than the Transaction and the Receiving Party will not directly or indirectly use the Confidential Information for any other purpose or in any way detrimental to the Disclosing Party and shall ensure the interests of the Disclosing Party.
4. In consideration of the Disclosing Party providing the Receiving Party with Confidential Information, by the Bidder's execution of this Undertaking, the 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 Bidder agrees that before accessing the Confidential Information, it shall provide to the TA the list of its Representative(s)/ Representatives of its Consortium Members, as the case may be, to whom the Bidder will disclose the Confidential Information. The Bidder agrees (a) to disclose Confidential Information only to Consortium Members and/or those of its Representatives and/or those Representatives of Consortium Members who need to know the Confidential Information for the purposes of an evaluation of the Transaction and each such Consortium Member or Representative of the Bidder or Representative of Consortium Member will be informed and advised in writing by the Bidder of the confidential nature of such information and the contents of and the obligations under this Undertaking (b) to satisfy itself that each such Consortium Member and/or Representatives of the Bidder and/or Representatives of Consortium Member will hold and treat the Confidential Information in confidence and act in accordance therewith. The 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 Bidder and/or each such Consortium Member and/or Representative of the Bidder and/or Representative of Consortium Member, in any manner whatsoever, in whole or in part, to any third Person, and shall not be used by the Bidder or each such Consortium Member or Representative of the Bidder or Representative of Consortium Member other than in connection with an evaluation of the Transaction.

The 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 Bidder acknowledges and agrees that it is imperative that all Confidential Information remains confidential.

The Bidders, before disclosing any of the Confidential Information to any of its Representative(s) and /or Representatives of the Consortium Members, as the case may be, shall ensure that its Representative(s) / Representatives of the Consortium Members, as the case may be, have read and understood this Undertaking and have agreed in writing to be

bound by the terms and conditions contained herein. The Bidder shall ensure that in case of a new Consortium Member, a written undertaking identical in form and content as this Confidentiality Undertaking, shall be executed and furnished to the Advisors within seven (7) days of it becoming a Consortium Member.

Notwithstanding any agreement or undertaking, the 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 Consortium Member and/or Representative of the Bidder and/or the Representative of Consortium Member 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 of Consortium, the Bidder agrees that for the purpose of this Confidentiality Undertaking, the liability of the Bidder shall be joint and several with each of the Consortium Members.

5. Except as permitted by Clause 4 herein and except as expressly permitted by definitive agreements including share purchase agreement, if any, entered into by the Bidder, the Consortium Members and/or any company formed and promoted by them for the acquisition of equity shares of the Company, the Receiving Party will not directly or indirectly disclose to any Person (including another prospective purchaser who 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 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 Government 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 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 Bidder and the Consortium Members 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.

The 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 Bidder and/or to reject any or all proposals made by the Bidder with regard to the Transaction. The Government may elect at any time to terminate further access by the Receiving Party to any Confidential Information required by the Bidder in connection with its evaluation of the Transaction.

9. The Government and/or the Company in consultation with the Government may elect at any time to terminate further access by the Receiving Party to any Confidential Information in connection with its evaluation of the Transaction. After any such termination by the Government and/or the Company in consultation with the Government, or the Bidder and/or Consortium Members withdrawing from the Transaction, (i) the 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, extracts and summaries thereof in the possession or under the control of the Receiving Party, (b) will delete from the Receiving Party's computer systems all files, data or programmes constituting Confidential Information and (c) 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 or (ii) alternatively, if the Advisors, the Government or the Company request or give prior written consent to the Bidder's request, the Bidder will destroy or cause to be destroyed all Confidential Information (including deleting files, data or programmes from the computer systems) in the possession or under the control of the Receiving Party. Any such destruction pursuant to the foregoing must be confirmed by the Bidder in writing to each of the Advisors, the Government and the Company (such confirmation must include a list of the destroyed and deleted materials). The 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 and the terms of the undertaking shall survive subsequent to the date of receipt of notification or decision. The Bidder further acknowledges that the confidentiality obligations contained in this Undertaking shall survive even if the Bidder fails to submit an expression of interest as per the terms and conditions mentioned in the PIM.
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, without the Advisors' prior written consent, unless otherwise agreed to in executed definitive agreements entered into in connection with the purchase by the Bidder and the Consortium Members and/or any company formed and promoted by them, of equity shares of the Company. 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 regarding the Transaction, the Receiving Party will do so or meet the Government and/or the Company only after duly informing the Advisors in writing.

11. The Government 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 scope of the preceding sentence, nothing in this Undertaking (i) requires either the 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.
12. For a period of one (1) year from the date of this Undertaking or till six (6) months from the completion of the Transaction, whichever is later, the Receiving Party, unless selected as the Successful Bidder, shall not, directly or indirectly, solicit for employment or hire any employee of the Company.
13. The Receiving Party agrees that from the date of this Undertaking till the completion of the Proposed Transaction or as the case may be, till the time the Government decide not to proceed with the Proposed Transaction, whether pursuant to Clauses 8 or 9 or 11, or the Bidder and/or Consortium Members decide to withdraw from the Transaction, whichever is earlier, the Receiving Party shall not, directly or indirectly, buy, sell, negotiate, or enter into any arrangements for the purchase and / or sale of any of the shares of the Company, or advise any other person directly or indirectly to buy, sell, negotiate or enter into any arrangements for purchase and / or sell any of the shares of the Company.
14. The 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 Bidder's use of the Confidential Information. The Bidder also agrees that if it determines to proceed with the Transaction, its determination will be based solely on the terms of the definitive agreements as well as on its own investigation, analysis and assessment of its investment and the

Transaction. Moreover, unless and until such agreements are entered into, neither the Government nor the 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.

15. The Bidder hereby indemnifies and agrees to hold the Advisors, the Government, MSTC Ltd. 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 the 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 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.
16. The Bidder understands, acknowledges, confirms and agrees that each of the Government, the Company, MSTC Ltd. and the Advisors are beneficiaries under this Undertaking. The Bidder further agrees and confirms that each of the Government, the Company, MSTC Ltd. and the Advisors, will be entitled to and may enforce, either individually or jointly, the obligations imposed on the Receiving Party under this Undertaking.
17. The Bidder agrees that no failure or delay by the Advisors/the Government / the Company/MSTC Ltd. 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.
18. 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.
19. 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.
20. The Bidders shall make good faith efforts to resolve any disputes arising in connection with the confidentiality obligations contained herein through negotiation. In case no settlement can be reached within thirty (30) days of one of the party's receipts of a written notice of dispute from the other party, such disputes shall be finally settled in accordance with the Arbitration and Conciliation Act, 1996 or any modification or re-enactment thereof which may be in force

in India. The venue of arbitration shall be New Delhi, India and the Arbitration shall be conducted in English language only.

21. 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 telex, cable or facsimiles as follows.

If the notice is to the Government:

Attention of: Designated Officer
Ministry of Steel, Udyog Bhavan,
New Delhi - 110011

If the notice is to the Advisors:

Transaction Advisor:

Attention of: Mr Maulik Sanghavi, Partner, Resolution Advisory
BDO India LLP,
The Ruby, Level 9, North West Wing,
Senapati Bapat Marg, Dadar (W),
Mumbai, 400028, Maharashtra, India.
Tel no.: +91 22 2439 3600
Email: fsnl@bdo.in

Legal Advisor:

Attention of: Mr. Milind Jha, Partner / Mr. Shailender Sharma, Principal Associate
Link Legal
Aiwan-e-Ghalib Complex, Mata Sundri Lane,
New Delhi 110002
Telephone: 011-46511029
Email: fsnlgroup@linklegal.in

Asset Valuer:

Attention of: Mr. Ankit Goel, Designated Partner
AAA Valuation Professionals LLP
Address: E-10A, Kailash Colony, New Delhi - 110048
Tel no: +91 9811133226
Email: ankitgoel@aaavaluation.in

If the notice is to the Company:

Attention of: Mr. Ashok Mishra, Company Secretary
FSNL Limited
FSNL Bhawan, Equipment Chowk, Central Avenue,
Bhilai -490001, Chhattisgarh, India
Email: mds@fsnl.co.in

If the notice is to MSTC:

Attention of: Designated Officer
MSTC Limited
Plot no.CF-18/2, Street No.175,
Action Area 1 C Newtown Kolkata Parganas North 700156
West Bengal

If the notice is to the Bidder:

[●]

Any of the Bidder, the Government, the Company, the MSTC 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 (7) 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 telex, cable or facsimile whichever shall first occur.

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

Witnessed by:(Name of Bidder)

Name: By:

Address: Name:
 Title:

Important Instructions:

- 1) For a Confidentiality Undertaking executed and issued overseas, instead of notarization, the document should either carry a conforming Apostle certificate or it should be legalized by applicable procedure in respective jurisdiction, before submission. Also, the document shall be stamped by the local authority in India with appropriate stamp duty paid, before submission, in any event within the specified timeframe as per applicable laws.
- 2) In case of a Consortium, all the Consortium Members are required to submit the Confidentiality Undertaking.

Annexure 7: Advertisement



सत्यमेव जयते

**GOVERNMENT OF INDIA
MINISTRY OF FINANCE**

DEPARTMENT OF INVESTMENT AND PUBLIC ASSET MANAGEMENT (DIPAM)

GLOBAL INVITATION FOR EXPRESSION OF INTEREST (EOI) FOR PROPOSED STRATEGIC DISINVESTMENT OF ENTIRE EQUITY SHAREHOLDING IN FERRO SCRAP NIGAM LIMITED-100% SUBSIDIARY OF MSTC LTD ALONG WITH TRANSFER OF MANAGEMENT CONTROL

Ferro Scrap Nigam Limited (“FSNL”) - a 100% subsidiary of MSTC Ltd, is a Government of India (“GoI”) Mini Ratna-II, IMS Certified Central Public Sector Enterprise (“CPSE”) under the administrative control of the Ministry of Steel, Government of India. It was incorporated on March 28, 1979, under the Companies Act, 1956, to provide steel mill services i.e. processing steel mills slag for recovery of iron scrap and other metallics. FSNL has been the pioneer in metal scrap recovery and slag handling in India.

The Government of India (“GoI”) intends to disinvest 100% of the share capital of FSNL held through MSTC Ltd by strategic disinvestment (“**Strategic Disinvestment**”) along with transfer of management control. DIPAM will oversee the strategic disinvestment process on behalf of GoI and has appointed BDO India LLP as its Transaction Advisor to advise and manage the Strategic Disinvestment Process.

Interested Bidders (IBs) must submit their EoI in the physical or an electronic form via e-mail at the address mentioned below by 6:00 pm of May 05, 2022. IBs who have submitted their EoI electronically must also submit the physical copies by 6:00 pm of May 12, 2022.

A copy of the Preliminary Information Memorandum (“PIM”) and Expression of Interest (EoI) document is available on the websites of DIPAM [www.dipam.gov.in], Ministry of Steel [www.steel.gov.in], MSTC Ltd [www.mstcindia.co.in], Ferro Scrap Nigam Limited [www.fsnl.nic.in] and BDO India LLP [www.bdo.in]. For any future information/amendments/corrigenda, kindly refer to the above websites only or may contact the Transaction Advisor.

Address for physical submission of EoIs is as under:

**Mr. Maulik Sanghavi
Partner, BDO India LLP
The Ruby, Level-9, North West Wing
Senapati Bapat Marg, Dadar (West)
Mumbai – 400 028**

Email-ID for electronic submission of EoI: fsnl@bdo.in

Annexure 8: Declaration in relation to Statement of Legal Proceedings

(To be submitted on the letterhead of the sole IB /each member of the Consortium submitting the EoI)

DECLARATION

1. We solemnly declare that we or our Director(s), CEO or principal officers are not convicted by any court of law or are indicted or have received any adverse order from regulatory authority relating to a grave offence with regard to matters other than the security and integrity of the country.

Grave offence for this purpose shall include:

- a) What constitutes “Fraud” under the provisions of the SEBI Act, 1992 and any of the regulations, rules, circulars, notifications, etc. made thereunder
- b) SEBI orders on the IB/ member of Consortium casting doubt on the ability of the IB/ member of Consortium to hold the stake in the Company
- c) Any conviction by a court of law
- d) In case of SEBI’s order of prosecution, disqualification will arise only on conviction by court of law.

2. We further declare that we or our sister companies 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 sister company, our Director(s), CEO, principal officers are not under any investigation pending before any regulatory authority or other authority.

4. We declare that complete information as required is provided in the EoI and Form A.

Yours sincerely,

For and on behalf of: (name of the Interested Bidder/member of Consortium)

Signature: (Authorised Representative and Signatory)

Name of the Person: [●]

Designation: [●]

Place:

Date:

In case any IB/ member of Consortium is unable to give above undertaking in view of any conviction, indictment, 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. 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 9: Format of Affidavit

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

To be notarized and submitted by the IB/ each member of the Consortium submitting the EoI)

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 Ferro Scrap Nigam Limited (FSNL).
2. [Insert separate paragraphs for each information/ document physically submitted with the Transaction Advisor, in a chronological sequence including the page numbers of documents submitted].
3. That nothing has been concealed in the information submitted as mentioned above.
4. All documents submitted as a part of Expression of Interest (EoI) have been executed as per applicable laws and procedures and specifications in the PIM.
5. All the facts and documents submitted as a part of the EoI are true and accurate.

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

(Signature of the Authorised Signatory)

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].

[particulars of notarisation]

Deponent
(Signature)
Name, Designation & Address

Important Instructions:

1. For an Affidavit executed and issued overseas, instead of notarization, the document should either carry a conforming Apostille certificate or it should be legalized by applicable procedure in respective jurisdiction, before submission. Also, the document shall be stamped by the local authority in India with appropriate stamp duty paid, before submission, in any event within the specified timeframe as per applicable laws.
2. The date of execution of Affidavit shall be on or after the date of execution of the EoI documents.

Annexure 10: Guidelines for Management-Employee Bids in Strategic Sale

As per the Circular No. 4/38/2002/DD-II dated April 25, 2003 (“**Employee Guidelines**”), annexed herewith, employees of Ferro Scrap Nigam Limited (“**Employees**”) are permitted to participate in the Transaction as Interested Bidders either (a) directly and independently (“**Direct Employee Participation**”) or (b) by forming of a Consortium (“**Employee Consortium**”) and subject to the following:

1. Employees participating either through Direct Employee Participation or by forming an Employee Consortium shall necessarily comply with each of the applicable conditions and provisions of the Employee Guidelines.
2. Employees participating either through Direct Employee Participation or by forming an Employee Consortium shall be subject to the same terms and conditions, process, instructions, criteria’s, disqualifications, etc. which are applicable to other Interested Bidders in this PIM/EoI and shall ensure compliance of the same. In case of any conflict between the terms and conditions, process, instructions, criteria’s, disqualifications, etc. and the Employee Guidelines, the Employee Guidelines shall apply.
3. Employees participating either through Direct Employee Participation or by forming an Employee Consortium shall be required to provide such additional documents, confirmation, undertakings and information as the TA may require so as to evaluate the EoI (including eligibility criteria) submitted by such Employees or Employee Consortium.
4. The GoI and TA may provide for such further clarifications, conditions, criteria’s as it may deem necessary for the purposes of Employees to participate.
5. Subject to paragraph 7, the forms and format to be submitted by the Employees, in case of Direct Employee Participation shall be the same as that of a sole/individual bidder mentioned in this document.
6. Subject to paragraph 7, the forms and format to be submitted by the Employees and Consortium members of Employee Consortium, in case of employees participating through an Employee Consortium, shall be the same as that of a Consortium bidder.
7. In the forms and format, the details of the Interested Bidder (IB) shall be provided in the following format:

In case of permanent employees participating as single IB: -

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

OR

- a) Employees holding [●] % shareholding in the Consortium; and
 b) [●] holding [●] % shareholding in the Consortium;

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

8. Each form and EoI submitted by Employees (whether as Direct Employee Participation or Employee Consortium) shall be accompanied by a duly executed Power of Attorney where an Employee forming part of such participation 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 Employee. The format of the Power of Attorney is annexed.]

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 a presently employed with [●], having employee code [●] 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 [●]

NOW KNOW YE MEN ALL AND THESE PRESENTS WITNESSETH 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 of shares held by the Government of India in FSNL Limited including but not limited to signing and submission of all applications, participate in conferences, if any and providing information/ responses to GoI/Advisor and generally dealing with GoI/Advisor/Company in all matters in connection with or relating to or arising out of our application for qualification for the Transaction (as defined in the Preliminary Information Memorandum dated [●] 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 the 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.

All the terms used herein but not defined shall have the meaning ascribed to such terms in the Preliminary Information Memorandum and EoI.

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
Name, Title and Address of the Attorney)
(To be duly notarized)

Important Instructions

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. The Power of Attorney shall be appropriately stamped and notarized.
2. Wherever required, the 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 Bidder.
3. For a Power of Attorney executed and issued overseas, instead of notarization, the document should either carry a conforming Apostille certificate or it should be legalized by applicable procedure in respective jurisdiction, before submission. Also, the document shall be stamped by the local authority in India with appropriate stamp duty paid, before submission, in any event within the specified timeframe as per applicable laws.
4. The date of execution of Power of Attorney shall be before the date of execution of other documents as part of EoI.

DIPAM Guidelines for Employees Bids

No. 4/38/2002/DD-II
Government of India
Ministry of Disinvestment
Block No.14, CGO Complex,
Lodi Road, New Delhi.

Dated: 25th April, 2003

OFFICE MEMORANDUM

Subject: - Guidelines for management-employee bids in strategic sale.

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 two hundred (200) employees, whichever 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 Bidder 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), along with 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.

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)
Deputy Secretary to the Government of India
Tel. No. 24368038

Annexure 11: Undertaking for Sole IB (Lock-in period)

(To be forwarded on the letterhead of the sole IB)

1. We solemnly declare and undertake to lock-in our entire shareholding in the Company that we may acquire pursuant to the Transaction for such period as envisaged in the RFP.
2. We further declare and undertake that we shall continue the business of the Company in its entirety as being conducted as on the completion of the Proposed Transaction on a going concern basis.
3. We solemnly declare and undertake to comply with any requirement in respect of employee protection, as may be envisaged in RFP.
4. We further declare that we shall not dispose off any asset owned by the Company, for such period as envisaged in the RFP.

(Name and signature of Authorised Signatory)

(IBs' name)

(IBs' Address)

Annexure 12: Undertaking for Consortium (Lock-in period)

(To be forwarded on the letterhead of each Consortium Member))

1. We undertake to lock-in entire shareholding in the Company that Investment Vehicle, duly incorporated by the Consortium, may acquire pursuant to the Transaction for such period as envisaged in the RFP.
2. We undertake that we shall not sell our stake in the Investment Vehicle, duly incorporated by the Consortium, for such period as envisaged in the RFP.
3. We further declare and undertake that we shall continue the business of the Company in its entirety as being conducted as on the completion of the Transaction on a going concern basis.
4. We solemnly declare and undertake to comply with any requirement in respect of employee protection, as may be envisaged in RFP.
5. We further declare that we shall not dispose off any asset owned by the Company, for such period as envisaged in the RFP.

(Name and signature of Authorised Signatory)

(IB's name)

(IB's Address)