

PRELIMINARY INFORMATION MEMORANDUM

For Inviting Expression of Interest

for

STRATEGIC DISINVESTMENT OF
SALEM STEEL PLANT (SSP)

by

STEEL AUTHORITY OF INDIA LIMITED (SAIL)



भारत सरकार
Government of India



Transaction Advisor



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July 04, 2019

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

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ABBREVIATIONS

AIF	Alternative Investment Fund
AOD	Argon Oxygen Decarburization
BHEL	Bharat Heavy Electricals Ltd
BIS	Bureau of Indian Standards
BOO	Build Own Operate
BSNL	Bharat Sanchar Nigam Limited
CCEA	Cabinet Committee of Economic Affairs
CGD	Core Group of Secretaries on Disinvestment
CIM	Confidential Information Memorandum
CISF	Central Industrial Security Force
CRM	Cold Rolling Mill
CRSS	Cold Rolled Stainless Steel
CVD	Countervailing Duty
CWIP	Capital work in progress
DIN	Director Identification Number
DIPAM	Department of Investment and Public Asset Management
EAF	Electric Arc Furnace
EBITDA	Earning before Interest Tax Depreciation and Amortization
EHTSC	Extra High Tension Service Connections
GoI	Government of India
GoTN	Government of Tamil Nadu
HRAP	Hot Rolled Annealed and Pickled
HRM	Hot Rolling Mill
IB	Interested Bidder
IEX	Indian Energy Exchange
IISCO	Indian Iron & Steel Company
ISO	International Organisation for Standardisation
LA	Legal Advisor
LF	Ladle Furnace
MGD	Million Gallons per Day
MoEF	Ministry of Environment and Forest
MT	Metric Tonne
MTPA	Metric Tonne Per Annum
NITI Aayog	National Institution for Transforming India
NSPCL	NTPC-SAIL Power Company Limited
NTPC	National Thermal Power Corporation
PAN	Permanent Account Number
PAT	Profit after Tax
PBDT	Profit before Depreciation and Tax
PBDIT	Profit before Depreciation, Interest, and Tax
PIM	Preliminary Information Memorandum
Rs.	Indian Rupees
SAIL	Steel Authority of India Limited
SBU	Strategic Business Unit

SMS	Steel Melting Shop
SPV	Special Purpose Vehicle
SSP	Salem Steel Plant
STOA	Short Term Open Access
TANGEDCO	Tamil Nadu Generation and Distribution Corporation
TPA	Tonnes per Annum

IMPORTANT NOTICE

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

The strategic disinvestment of SSP was approved ‘in-principle’ by Board of Directors of SAIL on February 9, 2017. Thereafter the Board approved strategic disinvestment of 100% stake in SSP on June 28, 2019.

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

This document has been divided into 2 parts:

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

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

PART A – Preliminary Information Memorandum

1. INTRODUCTION

Steel Authority of India Limited (“SAIL” or “the Company”) is a Maharatna Public Sector Enterprise of Government of India (GoI), incorporated on January 24, 1973, under the Companies Act 1956 as a holding company and was later restructured as an operating company. SAIL, presently, owns and operates five integrated steel plants, namely Bhilai Steel Plant, Bokaro Steel Plant, Durgapur Steel Plant, Rourkela Steel Plant and IISCO Steel Plant, one ferro alloys plant, namely Chandrapur Ferro Alloys Plant and three special steel plants, namely Alloy Steels Plant (at Durgapur in West Bengal), Salem Steel Plant (at Salem in Tamil Nadu) and Visvesvaraya Iron and Steel Plant (at Bhadravati in Karnataka). The total revenue from operations of the Company was Rs 66,967 crore for FY 2018-19.¹

The Company's authorized capital as on March 31, 2019 is Rs. 5,000 crores (5,00,00,00,000 equity shares of Rs. 10.00 each and paid up share capital is Rs. 4,130.53 crore, comprising of 4,13,05,25,289 equity shares, out of which 3,09,77,67,449 shares are held by the GoI in the name of the President of India (aggregating to 75.00% of the entire paid up share capital), and balance (25.00%) are owned by the public. The total market capitalisation of SAIL, based on closing price on July 03, 2019, was Rs.21,352 crore.

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

The Board of Directors of SAIL approved, ‘in principle’, the strategic disinvestment of the special steel plants in its meeting held on February 09, 2017. Thereafter the Board approved strategic disinvestment of 100% stake in SSP on June 28, 2019.

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

This Preliminary Information Memorandum (PIM) has been prepared with the purpose of providing information regarding the Salem Steel Plant (SSP) of SAIL, located at Salem in Tamil Nadu and solicit Expression(s) of Interest from Interested Bidders for sale of Salem Steel Plant.

¹ SAIL Audited financial results FY 2018-19

2. COMPANY OVERVIEW

2.1 Introduction

Steel Authority of India Limited (SAIL) is a Maharatna public sector enterprise, incorporated on January 24, 1973 under the Companies Act, 1956 as a holding company and was later restructured as an operating company. Presently, the Company owns and operates five integrated steel plants, a ferro alloys plant and three special steel plants. As a public sector unit, SAIL comes under the administrative control of Ministry of Steel, GoI. Salem Steel Plant is a special steels unit of SAIL and produces wider width stainless steel sheets/ coils as well as mild steel HR Coils.

2.2 Capital Structure of SAIL

The shareholding pattern of SAIL, as on March 31, 2019, is given below:-

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

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

*Face value of each Equity Share is Rs. 10.00

2.3 Board of Directors of SAIL

The Board of Directors of SAIL as on June 30, 2019 comprised the following members:

Table 2-2: Brief Profile of Board of Directors of SAIL (as on June 30, 2019)

S. No.	Name & Designation	Date of Birth	DIN	PAN	Qualification
Functional Directors					
1.	Shri Anil Kumar Chaudhary, Chairman	11.12.1960	03256818	AADPC9882H	B. Com (Hons.), ACMA, ACS, LLB, PG Diploma in Personnel Management
2.	Dr. G. Vishwakarma, Director, Projects & Business Planning	18.01.1960	07389419	ADBPV7438F	B.E (Mechanical Engineering), M.E (Environment Science & Engineering), Ph.D.

S. No.	Name & Designation	Date of Birth	DIN	PAN	Qualification
3.	Shri Harinand Rai, Director , Technical	01.05.1962	08189837	ACQPR4038R	B.Tech (Metallurgy)
4.	Ms. Soma Mondal, Director, Commercial	21.04.1963	06845389	AEQPM7503N	B.Sc. (Engineering)
5.	Shri Atul Srivastava, Director, Personnel	06.01.1962	07957068	ABDPS1136P	B. Tech. (Mechanical Engineering), Post Graduate Diploma in Management (Human Resource)
6.	Shri Vivek Gupta, Director (Raw Materials & Logistics)	06.07.1960	08370793	ADDPG8033B	BE (Civil Engg.) from NIT, Allahabad
Government Nominee Directors					
7.	Shri Saraswati Prasad, Special Secretary & Financial Advisor, Ministry of Steel,	24.12.1960	07729788	ACYPP2298R	Post Graduate in Physics
8.	Shri Puneet Kansal, Joint Secretary, Ministry of Steel	13.10.1971	07151526	AKJPK8321K	BE (Electronics), MBA (Finance)
Independent Directors					
9.	Prof. Ashok Gupta	06.06.1957	07342950	AAAPG1166D	B.Tech., Ph.D.
10.	CA Parmod Bindal	01.10.1962	06389570	AAQPB1314E	Chartered Accountant
11.	Smt. Anshu Vaish	04.09.1952	02924346	ABSPV7032L	M.A. (History), M.A. (Economics)
12.	Shri Nilanjan Sanyal	03.08.1955	03026624	ABPPS9220A	M.Sc. Physics, M.Phil (Pub. Admn.), Diploma in Development Studies.
13.	Dr. Samar Singh	20.06.1960	07725642	AGJPS5943H	M.A., Ph.D.
14.	Shri Kartar Singh Chauhan	01.04.1964	07811175	AAHPC6872B	B.Com (Hons), M.Com, F.C.A
15.	Prof. Narendra Kumar Taneja	07.04.1955	07938062	AAFPT9809H	MA (Economics), Ph D.
16.	Shri Krishan	01.03.1956	03476812	AANPG7718G	BSc(Engg) -

S. No.	Name & Designation	Date of Birth	DIN	PAN	Qualification
	Kumar Gupta				Mechanical, MSc(Engg) Diploma - Rotodynamics

2.4 Financial Overview

Key financial indicators of SAIL for the past 5 years ended March 31, 2019 are provided below.

Table 2-3: Key financial indicators of SAIL (standalone) – (FY15-FY19)

Year Ending March 31,	(Rs. Crore)				
	2015	2016	2017	2018	2019
Revenue from Operations	51,149	43,875	49,767	58,962	66,967
Raw material consumed	18,523	17,155	21,126	26,679	32,291
EBITDA	5,586	(2,204)	672	5,184	10,251
Finance Costs	1,454	2,300	2,528	2,823	3,155
Depreciation	1,773	2,402	2,680	3,065	3,385
PAT	2,093	(4,021)	(2,833)	(482)	2,179
Net fixed assets (including CWIP)	65,365	70,853	73,561	77,007	77,373
Net-worth	43,505	39,196	36,009	35,714	38,152

*FY15 financials are as per GAAP method of accounting whereas FY16 - FY19 financials are according to Ind AS, hence major differences observed in key financial indicators.

3. DETAILS OF THE SALEM STEEL PLANT

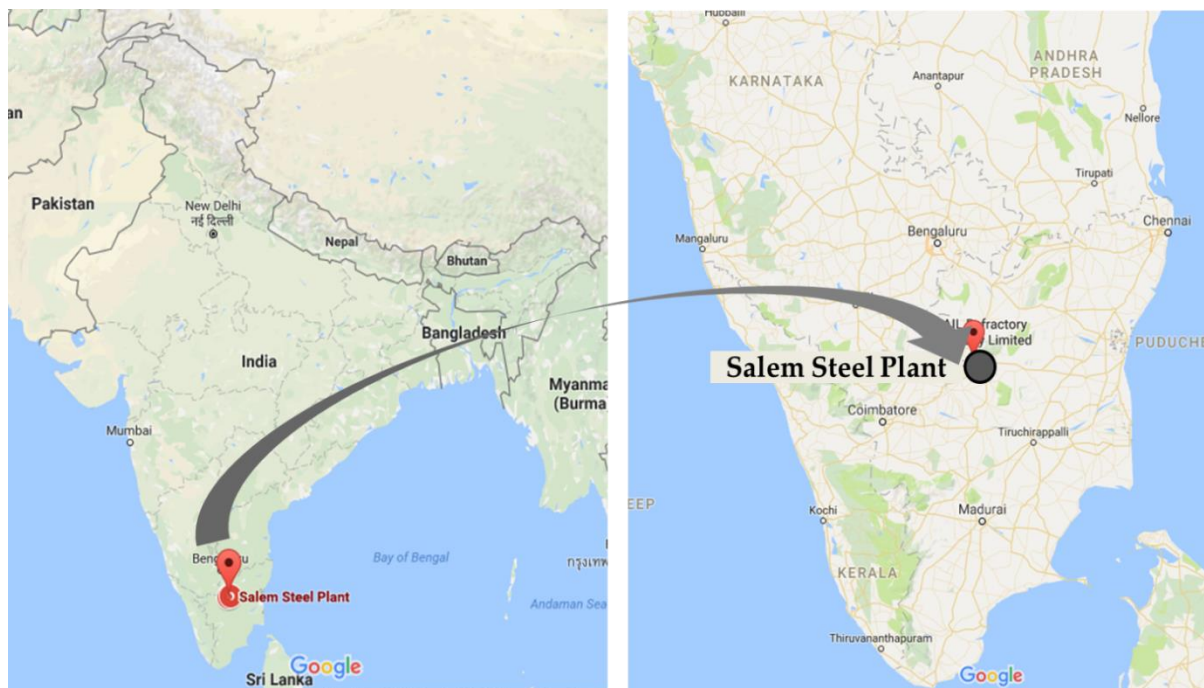
Salem Steel Limited was incorporated in the year 1972. Salem Steel Plant was originally operated under Salem Steel Limited, which was dissolved and the undertaking was transferred to SAIL pursuant to The Public Sector Iron and Steel Companies (Restructuring) and Miscellaneous Provisions Act, 1978. The Salem Steel Plant of SAIL primarily produces stainless steel for domestic industries and export. The plant facility is certified with ISO 9001:2015 for Quality Management System (QMS), ISO 14001:2015 for Environment Management System (EMS), Occupational Health and Safety Assessment Series (OHSAS) 18001: 2007 for Health Services, SA 8000:2008 for Social Accountability, ISO 14001:2015 EMS for Township.

Salem Steel Plant has been developed across multiple phases - the first phase comprising of cold rolling mill (CRM) was commissioned in 1981, an additional CRM was commissioned in 1991, followed by setting up of a hot rolling mill (HRM) in 1995 and a steel melting shop in 2010.

3.1 Plant Location and Connectivity

Salem Steel Plant is located in the Salem district in Tamil Nadu, 330 km south west of Chennai. The following map indicates the location of the plant.

Figure 3-1: Location in Tamil Nadu- Salem Steel Plant of SAIL



The connectivity and access details of the plant facility are as under:

- Railways : The nearest Railway station is Salem, about 8.3 km from the plant.
- Roads : The plant site is well connected by national highway NH 44

- Seaports : The nearest sea ports are at Chennai (350 km), Cochin (350 km) and Tuticorin (390 km).
- Airport : The nearest airports are at Coimbatore (166 km), Bangalore (200 km) and Chennai (350 km).

3.2 Land

The management of the Company has represented that total area amounts to 3973.08 acres. The land use allocated to various facilities is as below:

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

S. No.	Land use allocated	Area (in acres)
1	Plant area	2,762.57
2	Township	801.85
3	Railway siding	183.40
4	Labour colony	69.35
5	Water supply	145.53
6	Land at Yercaud	10.38
	Total	3,973.08

Out of the Plant area of 2,762.57 acres, the area within the plant boundary wall is approximately 1,130 acres. In addition, the office complex is constructed on approximately 264.90 acres of land, comprising administrative building, Human Resources Development Centre (HRDC) and Computers & Information Technology (C&IT) building, administrative canteen, DC CISF's Office, CISF barracks, old construction lab (which is presently used by CMO for storing converted articles), air separation unit setup by Inox Air Products Ltd, administrative sub-station and drinking water treatment plant for township.

- Part of the workshop in HRDC has been given on license basis to M/s LLM Appliances Limited, a conversion agent, for setting up a 500 TPA facility for manufacturing of utensils, kitchenware and tableware within SSP, vide agreement dated July 2015.
- Approximately 3.26 acres of land has been leased to M/s Inox Air Products Ltd. for setting up and operating an air separation unit for supply of oxygen, nitrogen and argon to SSP on BOO basis.

Out of the township area of 801.85 acres, 169.69 acres of land has been leased to the following entities for setting up various facilities within SSP:

Table 3-2: Details of land leased out of township area

Sl. No	Party*
1	Hindustan Petroleum Corporation Limited
2	Bharat Sanchar Nigam Limited (BSNL) –Telephone Exchange
3	State Bank of India
4	Government Mohan Kumaramangalam Medical College

5	Employees Housing Society
6	Sri Vijaya Vinayagar Bhaktha Mandali
7	Leasing of 118 houses (appurtenant land and undivided share of plinth area), as per the 'SAIL Scheme of Leasing of Houses to Employees 2001 and 2003'

* Certain leases have expired and renewal process is currently underway.

In addition, the township area comprises residential buildings, guest houses, hostels, hospital, schools, community hall, auditorium, stadium, helipad, TRSS-1 and TRSS-2 substations, sewage treatment plant and sewage lift station.

The water supply area of 145.53 acres includes Poolampatti Pump House

(including residential quarters), road from Poolampatti to plant site running approximately 28 km in a narrow strip varying between 12 to 18 metres in width. This water supply area also includes approximately 15 acres of hill poromboke ("Koochikkaradu") for service reservoir for storing and distribution of drinking water for the township, situated on a separate parcel of land located in Maramangalathu Patti village.

3.2.1 Land Proposed to be Divested to SSP – Divested Unit

The management of the Company has stated that out of the total area of 3973.08 acres, area aggregating to 1708.10 acres is proposed to be disinvested as part of the Transaction, as detailed subsequently, whereas the balance area of 2264.98 acres would be retained by SAIL.

1. Out of the total plant area of 2,762 acres approximately, approximately
 - (a) 1,130 acres of land has been identified which would form part of the unit to be divested on long term perpetual lease basis, along with the plant assets located on it.

A land parcel of 934 acres approximately out of the said 1130 acre land was acquired for and on behalf of the Union Government under the Land Acquisition Act, 1894 for the purpose of setting up a steel plant. The remaining 196 acres of land (approximately) out of the said 1,130 Acres were handed over by the State Government to the Union Government for setting up of a steel plant.
 - (b) Area of 264.90 acres over which office complex area is constructed (including air separation unit which has been setup by M/s Inox Air Products Ltd.) would be transferred to the SSP – Divested Unit on long term perpetual lease basis, subject to the existing leasehold rights over an area of 3.26 acres granted to third parties. Out of the said 264.90 acres, approximately 251.90 acres were acquired for and on behalf of the Union Government under the Land Acquisition Act, 1894 for the purpose of setting up a steel plant. The remaining 13 acres of land

(approximately) out of the said 264.90 Acres were handed over by the State Government to the Union Government for setting up of a steel plant.

2. Out of the total area of 145.53 acres over which water supply related infrastructure is built, comprising Poolampatti Pump House (including residential quarters), road from Poolampatti to plant site and service reservoir for storing and distribution of drinking water for the township, 129.80 acres would be transferred to the SSP – Divested Unit on long term perpetual lease basis.

Out of the said 129.80 acres, approximately 104.53 acres were acquired for and on behalf of the Union Government under the Land Acquisition Act, 1894 for the purpose of setting up a steel plant. The remaining 25.27 acres of land (approximately) out of the said 129.80 Acres were handed over by the State Government to the Union Government for setting up of a steel plant.

3. Area of 183.40 acres over which railway siding is built would be transferred to the SSP – Divested Unit on long term perpetual lease basis.

Out of the said 183.40 acres, approximately 157.40 acres were acquired for and on behalf of the Union Government under the Land Acquisition Act, 1894 for the purpose of setting up a steel plant. The remaining 26 acres of land (approximately) out of the said 183.40 acres were handed over by the State Government to the Union Government for setting up of a steel plant.

4. Other utilities and facilities i.e. hospital, guest houses, hostels, telephone exchange, community hall and residential quarters, out of the township area, would be provided to SSP – Divested Unit on lease/ leave and license basis at market determined rates, for a period of 5 years.

Note: It is clarified that the land area stated in this PIM/EOI Request is subject to actual measurement.

3.3 Plant and Machinery

3.3.1 Equipment Details – Owned by SAIL

The plant comprises of three main units- Steel Melting Shop (SMS), Hot Rolling Mill (HRM) and Cold Rolling Mill (CRM). The major components of plant and machinery, along with capacity are listed below:

Table 3-3: Details of plant and machinery

S. No.	Equipment	Unit	Capacity	Commissioned/ year
<i>I</i>	Steel Melting Shop			
1	Electric Arc Furnace (EAF)	MT per heat	55	Commissioned in

S. No.	Equipment	Unit	Capacity	Commissioned/ year
2	Argon Oxygen Decarburization (AOD)	MT per heat	60	2011
3	Ladle Furnace (LF)	MT per heat	60	
4	Slab caster	MT per year	1,80,000	
	Capacity- Steel Melting Shop	MT per year	1,80,000	
II	Hot Rolling Mill			
1	Reheating furnace: Stainless steel	MT per hr	55	Mill commissioned in 1995
2	Reheating furnace: Carbon steel	MT per hr	70	
3	Steckel Mill	MT per year	3,64,080	
4	Roll Grinding Machines -2 nos.	MT per year	3,70,000	
	Capacity- Hot Rolling Mill	MT per year	3,64,080	
III	Cold Rolling Mill			
1.	Annealing and Pickling Line (3 nos)	MT per year	6,80,000	CRM-I (Z Mill) commissioned in 1981, CRM-II (Z Mill) commissioned in 1991; Z Mill 3 commissioned in 2017
2.	Bell Annealing Furnaces (BAF) – 3 nos.		24,000	
3.	Z Mill I + Z Mill II		96,000	
4.	Z Mill III		1,10,000	
5.	Tension Levelling Line		70,000	
6.	Coil Buildup Line		1,20,000	
7.	Skin Pass Mill		1,70,000	
8.	Rotary Polisher		1,000	
9.	Coin blanking line		3,600	
	Capacity- Cold Rolling Mill		1,46,028	
IV	Utilities			
	Fluidized Bed Combustion Boiler, Air Compressor, Feed water treatment			

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

Cryogenic air separation unit – The plant has entered into an agreement with INOX Air Products Limited for supply of oxygen, nitrogen and argon for a period of 15 years from date of stabilization i.e. January 22, 2011, extendable by 5 years on mutual agreement.

The land for the facility (admeasuring to 3.26 acres) has been leased to the contractor, INOX Air Products Limited. For the contract period, the contractor would be the owner of the civil structures, building and production facility. A fixed facility charge is payable by SSP to the contractor on a monthly basis.

The base price for gases is based on the base cost of power and would vary depending on variance in the base cost of power, linked to a pre-defined price variation formula. The total price payable would include taxes and variable components associated with increase in power tariffs.

The contracted quantity of gases is listed below.

Table 3-4: INOX plant- Contracted quantity of Gases

S.no.	Gases	Quantity (Nm ³ /day)
1.	Oxygen	75,600
2.	High Pressure Nitrogen	28,800
3.	Argon	11,200

The existing agreement with INOX Air Products Ltd. would be assigned to SSP – Divested Unit, subject to prior written consent of INOX Air Products Ltd. and existing leasehold rights of INOX Air Products Ltd.

3.3.3 Equipment Details – On License basis

The Company has entered into an agreement with M/s LLM Appliances Limited, a conversion agent, for setting up a Strategic Business Unit (SBU) for conversion of approximately 500 tonnes per annum of Cold Rolled Stainless Steel (CRSS) into utensils, kitchenware and tableware as per the requirements of the Company, within SSP, vide agreement dated July 2015, and the SBU commenced production in April 2016. The required space has been provided to the conversion agent on License basis at a nominal rent. The contract is for an initial period of 3 years, and is extendable for a further period of 3 years upon mutual consent. The agreement has been extended upto September 30, 2019.

The existing agreement with LLM Appliances Limited would be assigned to the SSP – Divested Unit subject to prior written consent of LLM Appliances Limited.

3.3.4 Manufacturing Process

At Steel Melting Shop, the production process begins with the melting of scrap and ferro-alloys in the Electric Arc Furnace and molten metal is tapped at about 1640 degree celsius in a charging ladle. In the next stage, the molten metal from Electric Arc Furnace is poured into Argon Oxygen Decarburizing converter for refining. Required ferro-alloys are added to bring the melt within the desired specification. To facilitate sequence casting as well as finer adjustment of composition and temperature required for casting, the liquid metal is brought to the Ladle Furnace. From Ladle Furnace the melt with desired composition and required super heat is sent to the Slab Caster for casting of slab of pre-fixed width in the range of 900-1300 mm and 175 mm thickness.

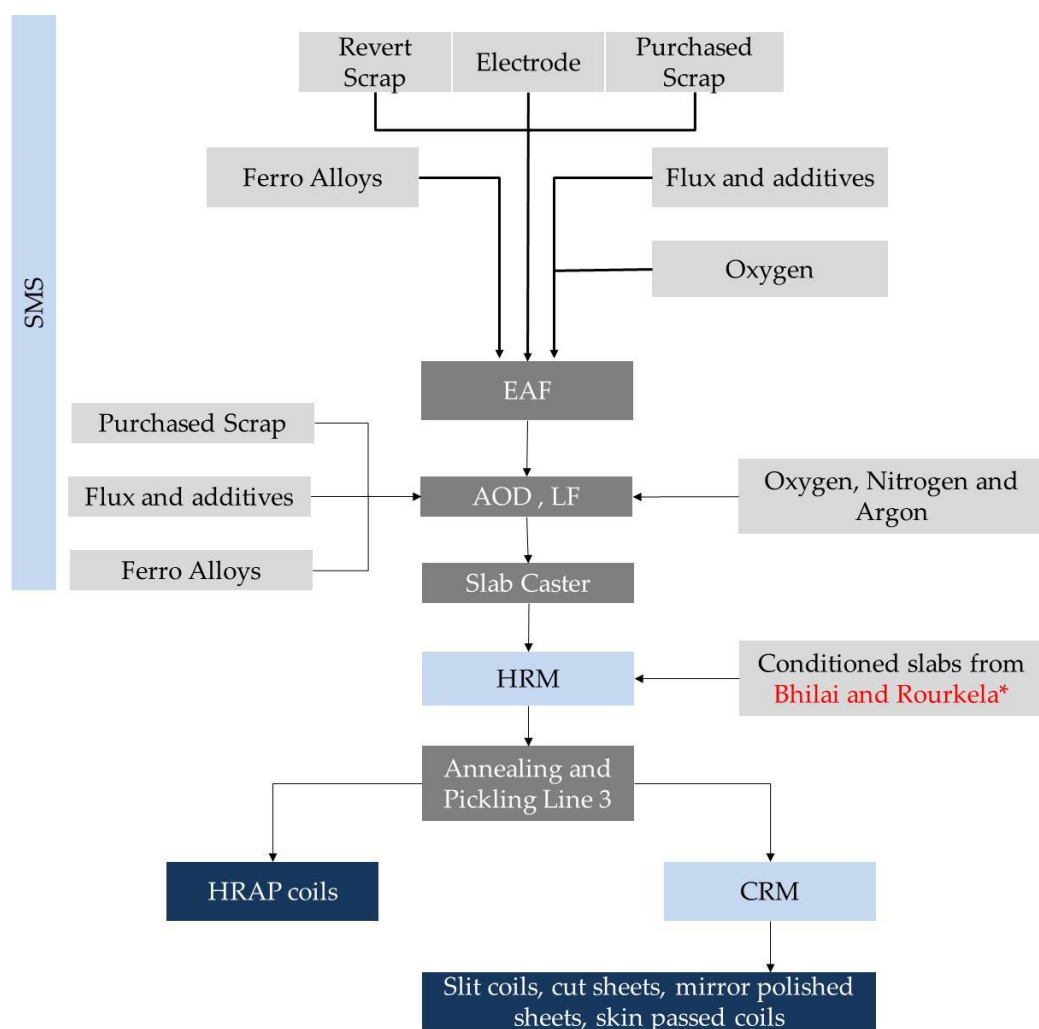
At Hot Rolling Mill, stainless slabs from SMS and carbon steel slabs received from other units of SAIL, are charged into re-heating furnace, heated to specified temperatures, passed through a primary de-scaler and rolled into a 25 mm thick transfer bar in the roughing mill. It is then fed to

the Steckel Mill which rolls the strip and the hot rolled strip then passes through a laminar cooling system to the down coiler where it is coiled and strapped automatically.

In the Cold Rolling Mill, the hot rolled coils are annealed in the Annealing and Pickling Line to soften them, then shot blasted to remove scales and thereafter pickled with hydrofluoric and nitric acids. The white coils are cold rolled in the Sendzimir Mills (Z Mills), where the thickness is reduced to the desired level. The CRM is fully computerized to ensure precise flatness and dimensional tolerances. After the cold rolling, the coils are again processed through the Annealing and Pickling Line to soften the hardness of the coils. The processed coils are sent to the Slitting Line for making coils or to the Shearing Line for making sheets.

The saleable steel capacity at SSP is 3,39,172 MTPA. The stainless steel is sold in Hot Rolled Stainless Steel (HRSS), Hot Rolled Annealed and Pickled (HRAP) and Cold Rolled Stainless Steel (CRSS) form. After commissioning of the third Z Mill in October 2017, the balance quantity of steel, i.e. 1,93,144 MT is proposed to be sold as HRSS, HRAP and carbon steel (in form of hot rolled coils or sheets). The manufacturing process is represented in the following figure.

Figure 3-2: Overview of the manufacturing process



* The entity formed post disinvestment may procure conditioned slabs from SAIL or any other suitable source.

3.3.5 Capacity Expansion

A capital expenditure programme was initiated in the year 2006, for capacity expansion of the steel making facility of the plant. Details of steel making facility pre- and post-expansion are given in the table below:

Table 3-5: Capacity expansion- Salem Steel Plant of SAIL

S. No.	Unit- Capacity ->	Date of commissioning	Capacity (MT per annum)	
			Prior to expansion	Post expansion
1.	Crude steel	February 2011	-	1,80,000
2.	Hot rolled coils	July 2009	1,86,000	3,64,080
3.	Saleable stainless steel	December 2010	1,75,000	3,39,172
a)	HRAP	December 2010	1,10,000	1,93,144
b)	CRSS	October 2017	66,600	1,46,028

The Company had been sanctioned a structured package of assistance by the Government of Tamil Nadu under the New Industrial Policy 2007 for the expansion project of Salem Steel Plant viz.

- a) Soft loan against VAT and CST for 14 years from the date of commercial production (i.e. October 01, 2011) at nominal interest rate of 0.10% per annum. SSP has applied for a soft loan for the eligible amount of Rs. 219 crores for the period October 2011 to March 2017.
- b) Capital Subsidy of Rs. 1.50 crores, which is yet to be received.
- c) Electricity Tax exemption for power purchased for 5 years from the date of commercial production (i.e. October 01, 2011). SSP has received Electricity Tax refund amounting to Rs. 8 crore while refund of Rs. 11.32 crores is yet to be received from TANGEDCO
- d) Environment protection infrastructure subsidy of Rs. 30 lakhs for establishing acid recovery system, which is yet to be received.

Government of Tamil Nadu vide G.O. dated November 16, 2018 have certified that SSP had made the requisite investment in eligible fixed assets for expansion of Salem Steel Plant and is eligible for Structured Package Assistance. SSP has applied to State Industries Promotion Corporation of Tamil Nadu Ltd on November 26, 2018 for issue of Eligibility Certificate (EC), and the process for same is under progress.

The Company has incurred an expenditure of Rs. 2,384.42 crore towards the capacity expansion project as on December 31, 2019. The capex incurred for the expansion project has been funded by internal accruals of about Rs. 1355.40 crore and term debt of Rs. 1029.02 crore which had been raised by the Company at the corporate level and finance costs associated with the debt are being allocated to SSP.

3.4 Intangible Assets - Trademark

'SAIL SALEM STAINLESS' along with SAIL logo is a registered trademark. As per the registration details the trademark is under class 21 i.e. associated with domestic utensils, kitchenware and tableware, made of metals and particularly made of stainless steel and under class 6 i.e. associated with rolled and or otherwise fabricated metallic products (but not of precious metals) and particularly from stainless steel.

SAIL proposes to retain and use the trademark till it continues to hold the products and its services. However, Successful Bidder will have the liberty to approach the appropriate authority for any trademark for its products and services other than SAIL name and/or SAIL logo in any form.

3.5 Plant infrastructure

3.5.1 Water

The estimated water consumption for plant operations is about 2.0 MGD for the *rated* capacity of production and for township is about 0.3 MGD. SSP has a government order for drawl of water

from river Cauvery at the rate of 3.5 million gallons per day (MGD). SSP has applied for renewal of water drawal from river cauvery for 3.5 MGD, which was valid upto March 31, 2019. The proposal is under renewal with Public Works Department, Govt. of Tamil Nadu. Water is being pumped from river Cauvery from Poolamatty at about 15 km in the downstream of Mettur Dam. Water is pumped through 28 km length of pipe line and is stored in two balancing reservoirs (approximately 8 acres inside the plant area) and distributed to the process user points and township from make-up water pump house located near the balancing reservoirs.

A 'Shared facilities and support services' agreement would be executed between SAIL and the SSP – Divested Unit, for supply of water by SSP-Divested Unit to the township area. Salient features of the said agreement are as under:

- Township water supply, township water treatment plant in office complex area would have to be maintained by SSP – Divested Unit and distribution from there on and other facilities for water distribution would be under SAIL.
- While sewage treatment facilities in township area will be under SAIL, treated sewage water from township which is presently being fed to teak plantation inside plant area will be continued.

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

3.5.2 Power Supply

During FY 2017-18, the power consumption for plant operations was 191.275 Million including township consumption of 1.594 Million Units. Electrical Power is being supplied to SSP plant area and township by Tamil Nadu Generation and Distribution Corporation (TANGEDCO) through two 230 kV feeders / Extra High Tension Service Connections (EHTSC) with a permitted maximum demand of 45000 kVA respectively, for HRM, CRM and SMS Utilities and other facilities. A separate service connection for Electric Arc furnace in SMS with a permitted maximum demand of 39000 kVA also forms part of the TANGEDCO source through the two 230 kV feeders. In addition to this there is a separate 22 kV Service Connection SC 57 with a permitted Maximum Demand of 500 kVA, for Poolampatty Head Works that pumps water to the SSP's facilities.

The 230 kV feeders are terminated in two main receiving substations at the plant. These substations have three transformers for receiving the incoming line of 230 kV, stepping it down to 33 kV for supply to various units of CRM, HRM, auxiliaries of SMS and to the township. There are several downstream Load Block Sub-stations (LBSS) and other sub-stations for supplying power to the Electric Arc Furnace and Ladle Furnace of Steel Melting Shop and for distributing power to aforementioned units and the township at appropriate voltage levels.

Works are planned for two of the transformers at SSP, for installation of nitrogen injection fire protection system, pursuant to observation of CEA.

From WRSS, over-head 11 kV Ring Mains system starts as two feeders. The total running length of this 11 kV Ring mains system is approximately 28 km, 19 km inside plant boundary and 9 km outside plant boundary (passing through balance plant area and township area). Through this Ring Mains system, power is being supplied to various establishments outside the plant boundary such as administration building, C& IT Building, Air separation unit, establishments and facilities in the township area etc.

There is a separate 22 kV substation in Poolampatty Head Works with two transformers for supplying power to the various pumps and residential quarters in Poolampatty Head works.

A standby arrangement for emergency power is provided in form of six diesel generator sets, dedicated to administrative and work offices, steel melting shop, hot rolling mill, CRM and other areas of the Plant i.e. SSP Township Hospital, Stainless House and for Poolampatty water works etc.

SSP buys power from the Inter-state Power Exchange (IEX) to offset the tariff rates of TANGEDCO, the volume depending on the unit rates prevailing on the exchange. 13.65 MW of power from SAIL/NTPC SAIL Power Company Limited (NSPCL) captive unit in Bhilai to the SSP of SAIL is also being availed under open access. SAIL has signed two Power Purchase Agreements (PPAs) with PTC India Ltd. for purchase of power through exchange with effect from July 1, 2017. The two agreements are valid till November 30, 2019 and December 31, 2019 respectively. The two PPAs with PTC India Ltd. would be assigned to the SSP – Divested Unit subject to prior written consent of PTC India Ltd.

Supply from NSPCL is through Medium Term Open Access (MTOA) agreement for wheeling of power with PGCIL from April 1, 2019 to March 31, 2020. Post the disinvestment, wheeling of power from NSPCL's captive unit in Bhilai would be discontinued. SSP- Divested Unit may consider procuring power from the exchange by entering into agreements with trading partner or from TANGEDCO, as deemed appropriate.

A 'Shared facilities and support services' agreement shall be executed between SAIL and SSP – Divested Unit for maintenance of power related infrastructure. Salient features of the said agreement are as under:

- The High Tension power source to the township area through Ring Mains and sub-stations in township may be maintained by SSP- Divested Unit.
- Low Tension (LT) power distribution and maintenance in township would be under SAIL.

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

3.5.3 Railway Sidings

The existing railway sidings have been constructed by the Southern Railway Administration for SSP pursuant to a memorandum of agreement between SAIL and the Southern Railway Administration. The distance between Salem Junction Goods shed to SSP marshalling yard is 9.5 km. The railways track is maintained by the plant's wing for track maintenance, which employs labour on contractual basis. Salem Junction Goods shed to SSP marshalling yard is fully electrified and maintained by Railway Electrical section. About 350 metres of SSP railway track which is inside SSP junction area is being maintained by Indian Railways on payment basis every year.

Right to use the railway sidings under the existing arrangement would be assigned to the SSP – Divested Unit subject to prior written consent of the Southern Railway Administration.

3.5.4 Telephone Exchange

There are two intercom exchanges presently being maintained by Bharat Sanchar Nigam Limited (BSNL). The numbers of lines in operation are approximately 575 lines inside the plant and 250 lines for the township. The exchanges comprise power back up infrastructure. Both exchanges are configured as separate remote service units (RSU) and technically can be independent.

The services of BSNL have been hired for the maintenance of the telephone exchanges, for a period of 1 (one) year starting from August 23, 2018. As per the work order, the infrastructure of the telephone exchange is being provided to BSNL, by SSP, free of charge. The key services to be provided under the work order are listed hereunder:

- Operations and maintenance of existing telephone exchanges
- Maintenance of telephone cables and instruments in plant, township and hospital areas
- Provision of new telephone lines whenever new connection is established
- Maintenance of infrastructure for power back up

The existing agreement with BSNL would be assigned to the SSP- Divested Unit subject to prior written consent of BSNL.

3.6 Raw Material Sourcing

The raw material primarily comprises scrap metal, alloys, flux and fuel. The quantities consumed during FY 2015- FY 2019, are provided under the following table.

Table 3-6: Consumption of raw materials at SSP during FY 15-FY 19

S. No.	Raw Material	Consumption (MT)				
		FY 2015	FY 2016	FY 2017	FY 2018	FY 2019

S. No.	Raw Material	Consumption (MT)				
		FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
1.	Slab (Mild Steel and Stainless Steel)	2,43,422	2,26,155	2,62,944	1,13,828	1,83,517
2.	Scrap	1,00,019	1,01,748	88,720	76,256	95,541
3.	Ferro alloys	5,004	4,628	3,937	27	54
4.	Ferro chrome	29,331	30,661	24,011	23,198	26,746
5.	Ferro Manganese	3,095	1,733	1,882	2,451	2,437
6.	Silico Manganese	6,003	4,019	4,251	4,640	5,613
7.	Ferro Silicon	4,907	4,568	3,875	3,397	3,527
8.	Nickel	715	256	648	792	1,191
9.	Copper	550	316	390	410	534
10.	Lime (flux)	15,038	14,235	13,533	13,071	13,602
11.	Dolomite (flux)	11,052	10,176	8,945	8,561	8,825
12.	Liquefied Petroleum Gas (LPG)	22,111	21,108	19,512	15,323	20,489
13.	Furnace oil	1,198	1,133	1,620	727	842

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

Table 3-7: Raw materials, quantity and sources

S. No.	Raw Material	Sourced from	Transportation
1.	Slab	Other units of SAIL (Bhilai, Bokaro, Rourkela and ASP)	Transported to the plant by rail
2.	Raw scrap	Traders based out of India, UAE, Singapore and the UK, specializing on metal (steel, iron and iron ore) trade and manufacturing. 'Revert scrap' which is the plant return scrap, is collected from the rolling mills	The scrap is received at and transported from Chennai port to the storage yard at the plant via road.
3.	Ferro alloys	Multiple suppliers based out of Kolkata, Chennai Bangalore, and other major centres in India. Further, high carbon Ferro Chrome is also imported and high carbon Ferro Manganese is also sourced through inter-plant transfer.	Transported to the plant by road
i.	High Carbon Ferro chrome		
ii.	High Carbon Ferro Manganese		
iii.	Low Carbon Ferro Chrome		
iv.	Medium Carbon Silico Manganese		
v.	Ferro Silicon		
4.	Nickel	Multiple domestic and international suppliers	Transported to the plant by road
5.	Copper	Multiple domestic suppliers	Transported to the plant by road
6.	Lime (flux)	Traders located in East Asia (Hong	Received at Chennai

S. No.	Raw Material	Sourced from	Transportation
		Kong)	port and transported to the plant by road
7.	Dolomite (flux)	Purchased from local traders, sourced from Andhra Pradesh and imported from East Asia	Received at and transported from Chennai port to the storage yard at the plant via road.
8.	Liquefied Petroleum Gas (LPG)	Multiple suppliers based out of Coimbatore	Transported to the plant by road
9.	Furnace oil	Multiple domestic suppliers	Transported to the plant by road

Note: Presently, SSP procures conditioned slabs from Bhilai Steel Plant and Rourkela Steel Plant of SAIL. However, there is no long term arrangement for procurement of the slabs from these units. Post the disinvestment, the SSP - Divested Unit may consider procuring the slabs from SAIL or any other suitable source, as deemed appropriate.

3.7 Plant Performance and Product Mix

3.7.1 Capacity Utilization

The existing capacity and its utilization at the plant are listed under the following table:

Table 3-8: Production details and capacity utilization

(MT /annum)

S. No.	Production	Capacity	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
1.	Crude steel (<i>input</i>)	1,80,000	1,24,874	1,19,671	1,07,511	96,532	1,16,775
2.	Hot rolled coils	3,64,080	3,57,904	3,42,924	3,70,217	2,07,113	2,87,094
	Saleable steel	3,39,172	3,60,399	3,38,571	3,66,925	1,96,667	2,76,899
	<i>Capacity utilization (%)</i>		106	100	108	58	82
1.	Carbon steel		2,28,413	2,20,681	2,56,430	1,11,220	1,78,240
2.	Stainless steel		1,31,986	1,17,890	1,10,495	85,447	98,659
a)	HRSS		68,066	48,161	40,107	22,721	36,562
b)	CRSS		63,920	69,729	70,388	62,726	62,097

3.7.2 Product Mix

SSP produces a wide range of hot rolled / cold rolled coils and cut lengths (sheets) in austenitic, ferritic and martensitic grades of stainless steel conforming to BIS, ASTM and various other specifications in a variety of sizes and finishes. The broad specifications for the steel products are listed below.

Table 3-9: Product specification- stainless steel manufactured by SSP

S. No.	Stainless Steel	Unit	Value/ Range
1.	Hot rolled Stainless Steel		
	Thickness	mm	2.5 - 8.0
	Width	mm	750 – 1275
	Coil inner diameter	mm	762/610
	Condition	mm	Annealed and Pickled
	Edge	mm	Mill Edge
	Sheet	mm	1500 to 6300
2.	Cold rolled Stainless Steel- coil		
	Thickness	mm	0.3 to 6.00
	Width	mm	1000, 1250
	Coil inner diameter	mm	406, 508 or 610
3.	Cold rolled Stainless Steel- sheet/ plate		
	Thickness	mm	0.5 to 6.00
	Width	mm	1000, 1250
	Length	mm	1500, 2000, 2500, 3000, 3500,4000
	Standard Grades		
	301, 301L, 304, 304L, 309S, 310S, 316, 316L, 321, SSLNA, SSLNB, SSLNM, SSLNQ, SSLN1, SSLN4, 204Cu, 409, 409L, 409M, 410S, 420, 430, 439, 441		
	Standard Finishes		
	No0, No1, CR, 2D, 2B, No3, No4, No8		
	Special finishes		
	Moon Rock, Honeycomb, Stripe, SlipFree etc.		

Commonly known as Salem Stainless, the products manufactured by SSP are employed in industrial sectors such as dairy and food processing, chemical and fertilizer, heavy engineering, railways, automobiles, bulk solid handling, power and building construction. Some prestigious structures where Salem Stainless has been used are- Petronas Twin-Towers, Malaysia, retractable roofing at Melbourne Tennis Stadium, Australia and Parliament House Library complex, New Delhi. The coaches of the Jan-Shatabdi Express trains are furnished with modular rail marts and sub-pantries made entirely of 'Salem Stainless'. SSP also supplies 409M, a special grade of stainless steel sheets to Indian Railways for fabrication of wagons for handling coal.

Key customers

SSP regularly participates in the tenders floated by government departments such as Railways Board, Railway Coach Factories and Railway workshops, mints, public sector units like BHEL, NTPC or any other such companies, for supply of its products.

Sales volume

The historical sales volumes are provided below.

Table 3-10: Sales volume - SSP

(MT / annum)

S. No.	Production	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
1.	Stainless steel*	1,32,036	1,10,151	1,11,668	82,398	82,019
2.	Carbon steel	2,35,941	2,28,911	2,51,653	1,17,910	1,68,020
	Total	3,67,977	3,39,134	3,63,321	2,00,308	2,50,039

*Includes converted articles

3.8 Senior Management Personnel in SSP

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

Table 3-11: Senior Management Personnel as on June 18, 2019

S. No.	Name	Designation	Qualification	Years of Experience
1.	Shri Sanjeev Taneja	Executive Director	BE Metallurgy	34
2.	Dr Bhavana Venkata Srinivas	General Manager , F&A	B.Tech, ICWA, PG Diploma in Management, PHD	33
3.	Shri Chidambaram A	General Manager incharge, Works	BE Mechanical	34
4.	Shri Muthu Kumar T	General Manager, Mills & Quality	BE Metallurgy	31
5.	Shri Lakshmi Narayanan S	General Manager , Steel & Maintenance	BE Electrical & Electronics	36
6.	Dr. Rahul Mukherjee	Director (M&HS)	MBBS, MS(surgery)	24

3.9 Human Resource Strength

The total manpower employed at SSP as on June 18, 2019 was 1775 with 941 permanent employees and 834 contractual staff. The permanent staff comprises executives and non-executive employees as detailed below:

Table 3-12: Details of the permanent employees as on June 18, 2019

Particulars	No. of Employees	
	Works	Non Works
Executive	138	51
Non-Executive	686	66
Total	824	117

The average age of employees at the plant is ~46 years. The retirement age of the employees is 60 years.

Out of 834 contractual staff, 333 are on labour contracts as on June 18, 2019 and engaged by Dr BR Ambedkar Stainless Industrial Co-operative Society. The average number of staff on job contracts is around 501.

Unions

The following is a list of the registered unions at the Salem Steel Plant.

Table 3-13: List of Registered Unions at SSP

S. No.	Union (Political Affiliation)	Registration no.	Registered Date
1.	Salem Steel National Employees Union (SSNEU-INTUC)	221/SLM	07.10.1977
2.	Steel Plant Employees Union (SPEU-CITU)	267/SLM	22.12.1978
3.	Salem Urukhalai Thozhilalar Munnetra Sangam (SUTMS-LPF)	487/SLM	02.02.1985
4.	Salem Irumbalai Anna Thozhilalar Sangam (AIADMK)	651/SLM	23.02.1990
5.	Salem Steel Plant Pattali Thozhilalar Sangam (PTS-PMK)	681/SLM	12.10.1990
6.	Salem Steel Scheduled Caste and Scheduled Tribe Employees Union (LLF)	712/SLM	31.12.1991
7.	Bharathiya Salem Steel Employees Sangam (BMS)	1391/SLM	30.08.2012

Out of these, Salem Steel National Employees Union and Steel Plant Employees Union are recognized unions.

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

3.10 Statutory Permits and Licenses

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

Table 3-14: Clearances and approvals- SSP

S. No.	Act/ Rule and action point	Authority	Compliance status	Renewal period
1.	The Water Act- renewal of consent	Tamil Nadu Pollution Control Board (TNPCB)	Applied for renewal for 2019-20. Under consideration with TNPCB.	Annual
2.	The Water Cess Act- submission of monthly water consumption returns	TNPCB	Complied up to May 2019	Monthly
3.	The Air Act- renewal of	TNPCB	Applied for	Annual

S. No.	Act/ Rule and action point	Authority	Compliance status	Renewal period
	consent		renewal for 2019-20. Under consideration with TNPCB.	
4.	The Environment Protection Rules- submission of environmental statement for previous FY; submission of six monthly compliance report to MoEF & CC	Environmental statement- TNPCB; Compliance report- Ministry of Environment, Forests and Climate Change (MoEF & CC)	Environmental statement for 2017-18 submitted to TNPCB Six monthly compliance report to MoEF & CC submitted in Dec 2018. (Next due in June 2019)	Annual; six monthly
5.	The Hazardous Wastes (Management, Handling and Transboundary Movement) Rules and amended upto 2010	TNPCB	Valid up to June 2019.	Once in 5 years. Applied for renewal.
6.	Government Order for water drawl	Govt. of Tamil Nadu	Valid up to March 2019.	Once in 5 years. Applied for renewal.
7.	Public Liability Insurance (for all units of SAIL)	--	Valid up to June 2020	Annual
8.	Environmental Clearance for project expansion	MoEF	Obtained on April 2008	Required during project expansion
9.	Factory License- Under Tamil Nadu Factories Rules 1950	Joint Director of Industrial Safety and Health, Salem	Renewed till December 2019.	Annual
10.	The Electricity Act 2003, Electricity Rules 2005	Central Electricity Authority	Valid till October 2019	-
11.	Stamping of Weighing Machines used in the Plant – Under The Standard of Weight & Measures Act 1976 and 2007	Statutory authority under the Act	Approval up to September 2019	One year
12.	Fluidised Bed Combustion Boiler No. 1	Boiler Regulation Act 1950, Rule-389	Valid up to November 2019	Annual

S. No.	Act/ Rule and action point	Authority	Compliance status	Renewal period
	- License Renewal			
13.	Fluidised Bed Combustion Boiler No. 2 - License Renewal	Boiler Regulation Act 1950, Rule-389	Valid up to November 2019	Annual
14.	Oil Fired Boiler- License Renewal	Boiler Regulation Act 1950, Rule-389	Valid up to March 2020	Annual
15.	Fuel Oil storage- License Renewal	Petroleum Act - 1934, Article 6 of Sch- 1 and Rule 142	Valid up to December 2019	3 years
16.	Diesel storage of auto garage- License Renewal	Petroleum Act - 1934, Article 5 of Sch- 1 and Rule 142	Valid up to December 2019	3 years
17.	Diesel storage Poolampatty Water Works- License Renewal	Petroleum Act, 1934	Valid up to December 2020	3 years
18.	LPG- License Renewal	SMPV Rules (Unfired) 1981, Rule 49 and 50	Valid up to September 2020	3 years
19.	Pressure Vessels	Tamil Nadu Factories Act 1950, Rule 56	Valid up to December 2022	4 years
20.	Renewal of Repairer's license for Weighing Machines	The Standard of Weights & Measures Act 1976& 2007.	Renewed till 31.12.2023	5 years
21.	Renewal of License for Storage of Diesel for 6 MW DG Set	Petroleum and Explosives Safety Organization (Petroleum Act, 1934)	Valid up to December 2024	10 years

3.11 Safety and Quality Control

Safety and Fire services

The Safety Engineering Department governs the industrial safety to be followed at the plant. The department also controls and maintains records of industrial accidents (both Reportable and Non-reportable accidents) as per the Factories Act. The department inspects and gives safety clearance to the contract labor prior to starting any contractual work. All statutory requirements and records are maintained by the department. The department procures and issues personal protective equipment such as safety shoes, goggles, ear muff, face shield, aprons, helmet and hand gloves.

The Fire Services carries out the fire-fighting function at the plant. The Services regularly check, refill, inspect, and ensure healthiness and working condition of the various fire extinguishers. The unit is presently under the Central Industrial Security Force (CISF) under the Central Home Ministry and the fire services personnel are also CISF employees.

SSP is certified with ISO 14001:2004 for Environment Management System (EMS), OHSAS 18001:2007 for Health Services, SA 8000:2008 for Social Accountability. The township is also certified with ISO 14001:2004 EMS.

Quality control

Total Quality Management (TQM) department coordinates with all the other departments in implementation of various Management Systems like QMS, EMS and Occupational Health and Safety Assessment. It coordinates in quality circle activities and employees suggestion schemes. The head of TQM is the Management Representative (MR) for all the ISO and OHSAS Systems. TQM governs all the Internal and external audits with respect to the various ISO systems.

4. FINANCIAL PERFORMANCE OF THE SALEM STEEL PLANT

4.1 Profit and Loss Statement

Table 4-1: P&L - SSP of SAIL

					Rs. crore
Year Ending March 31,	2015	2016	2017	2018	2019
Revenue:					
From Operations	2,211.27	1,775.67	2,022.84	1,350.44	1,693.08
Other	7.72	7.95	5.11	4.99	4.44
Stock transfer from other units	9.10	11.25	9.52	12.7	7.63
Total Revenue	2,228.09	1,794.87	2,037.47	1,368.13	1,705.15
Expenses:					
Raw material consumed	1,413.97	1,069.72	1,091.86	854.16	1,365.88
Total Expenses	2,374.77	2,036.25	2,053.61	1,377.61	1,762.42
PBDIT	(146.68)	(241.38)	(16.14)	(9.48)	(21.27)
Finance Costs	105.54	128.08	120.22	98.83	137.61
PBDT	(252.22)	(369.46)	(136.36)	(108.31)	(158.88)
Depreciation	103.16	91.83	96.31	95.74	99.23
Add: Prior period Adjustments	-	-	-		0
<i>Profit before exceptional and extraordinary items</i>	(355.38)	(461.29)	(232.67)	(204.05)	(258.11)
Add: Exceptional items	-	-	(2.32)	(7.02)	(0.89)
PBT	(355.38)	(461.29)	(234.99)	(211.07)	(259.00)

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

4.2 Balance Sheet

Table 4-2: Balance Sheet- SSP of SAIL

					Rs. crore
Year Ending March 31,	2015	2016	2017	2018	2019
Sources of funds					
<i>Shareholder's funds:</i>					
Equity	-	-	-	-	-
Reserves & Surplus	(2,041.93)	(2,527.12)	(2,769.15)	(2,959.39)	(3,217.99)
Net-worth	(2,041.93)	(2,527.12)	(2,769.15)	(2,959.39)	(3,217.99)

	Rs. crore				
Year Ending March 31,	2015	2016	2017	2018	2019
<i>Borrowed Funds:</i>					
Long term borrowings	-	92.93	85.76	77.89	69.25
Deferred Tax Liabilities (Net)	-	-	-	-	-
Long-Term Provisions	57.65	59.20	58.65	40.52	54.05
Other Long Term Liabilities	-	6.76	5.11	3.99	4.15
Total: Liabilities (non-current)	57.65	158.89	149.52	122.40	127.45
<i>Short-Term Borrowings</i>					
Short-Term Borrowings	1.92	1.14	0.55	0.42	1.48
Trade Payables	78.55	133.68	75.44	127.4	127.37
Other Current Liabilities	173.17	210.95	185.91	167.63	149.11
Short term provisions	30.78	30.04	47.00	43.32	32.79
Inter unit current account	6,885.48	6,512.06	6,767.21	6,406.71	7,590.46
Total Current Liabilities	7,169.90	6,887.87	7,076.11	6,745.48	7,901.21
Total: Sources of funds					
	5,185.62	4,519.64	4,456.48	3,908.49	4,810.67
<i>Use of funds</i>					
<i>Non-current assets</i>					
Fixed Assets: Tangible	1,927.08	1,951.55	1,855.86	1,953.34	1,866.59
Fixed Assets: Intangible	0.08	0.03	-	0.59	0.46
Capital work in progress	133.89	180.56	190.11	3.7	0.23
Non-current investments	-	-	-	-	-
Long term loans and advances	35.38	8.14	6.94	5.75	4.96
Other non –current assets	0.15	31.92	31.39	19.58	12.49
Deferred Tax Assets (Net)	-	-	-	-	-
Total: non-current assets	2,096.58	2,172.20	2,084.30	1,982.96	1,884.73
<i>Current assets</i>					
Inventories	866.17	617.27	405.95	432.25	913.57
Trade Receivables	1.81	1.46	0.18	0.1	0.10
Short-Term Loans and Advances	16.63	4.35	3.89	2.81	3.48
Other Current Assets	55.97	61.47	58.54	39.61	53.20
Cash and cash equivalents	1.11	1.22	1.30	1.34	1.41
Inter unit current account	2,147.35	1,661.62	1,902.32	1,449.42	1,954.18
Total: Current Assets	3,089.04	2,347.39	2,372.18	1,925.53	2,925.94
Assets held for sale	-	0.05	-	-	-
Total Uses	5,185.62	4,519.64	4,456.48	3,908.49	4,810.67

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

Inter Unit Current Account-

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

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

Audited Financial Statements of SSP for FY 2018-19 has been provided in Appendix I.

4.3 Working Capital Facilities of SAIL

SAIL has availed Working Capital facilities of Rs. 15,000 crore from a Consortium of 16 Banks led by SBI w.e.f. March 23 2018. The facility is secured by hypothecation of whole of the current assets of SAIL and all capital equipment procured under project related LC (Capex LC), both present and future. Accordingly, all current assets of SSP are hypothecated and NOC from lenders for exclusion of current assets of SSP from the hypothecated assets would have to be obtained prior to transfer of the same to SSP - Divested Unit. The review of working capital facilities is under process.

4.4 Contingent Liabilities

The contingent liabilities associated with SSP are listed below.

Table 4-3: Contingent liabilities of SSP as on March 31, 2019

S.no.	Description	Amount (Rs. Crore)
1.	Claims by the Company pending appellate / judicial decisions:	
i.	Excise Duty	11.25
ii.	Other sales tax matters	10.41
Iv	Other duties, cess and levies	1.71
iv	Miscellaneous**	70.97
2.	Price escalation claims by contractors / suppliers and claims by employees	7.65
	Total	101.99

** includes claims of Rs 12.98 crore (as at 31st March, 2019), against which there are counter-claims of Rs 9.52 crore (as at 31st March, 2019).

In its judgement, the Central Administrative Tribunal (CAT), Kolkata has directed that Ministry of Steel shall consider the aspect of payment of arrears of revised perks and allowances and take appropriate decision of payment of revised perks and allowances amounting to `7.65 crore to the executives for the period 26.11.2008 to 4.10.2009. Ministry of Steel intimated the matter to the

Company on 7.12.2016. A stay petition in the matter has been filed on 22.12.2016 and is pending before the Hon'ble Calcutta High Court. As the matter is sub-judice, the amount has been disclosed as a Contingent Liability above.

5. VALUE DRIVERS

5.1 Strengths

- **Well established facility:** The CRM-I of the plant was commissioned in 1981, since then multiple facilities have been commissioned, the latest being the Z mill-3 in October, 2017.
- **Logistics and supply chain:** The plant is well connected to major consumption centres and raw material sources through an established road network through the NH 44 and Salem Railway junction through railway sidings at the plant, which connect the facility to the Chennai port and other commercial centres.
- **Financial flexibility:** The capex incurred for the expansion project was funded by internal accruals and term debt was taken at the corporate level (SAIL). In addition, the working capital requirement of the plant operations are also funded by debt raised at the corporate level, through transfers from inter-unit current account. However, the aforementioned debt will not form a part of the SSP - Divested Unit liabilities with reference to the stake sale. The SSP - Divested Unit, hence, will have negligible leverage in an industry where most major players have high finance costs and substantial debt.
- **Technology Suppliers:** The equipment has been purchased from reputed suppliers including Schloemann Siemag, Germany, Toshiba, Japan, Danieli (India), etc. Automation units have been supplied by Siemens, Germany.
- **Brand recognition:** 'Salem Stainless Steel' is a registered trademark and a recognized brand name among the existing customer base. However, SAIL proposes to retain and use the trademark till it continues to hold the products and its services. However, successful bidder will have the liberty to approach the appropriate authority for any trademark for its products and services other than SAIL name and/or SAIL logo in any form.
- **Utilities' infrastructure:** The power and water supply are secured under respective contracts with the utilities. The power requirement is being met from the exchange at competitive rates.
- **Presence of industrial units in the region:** Industrial units associated with steel and stainless steel products are also located in Salem.
- **Product mix:** The output/ product from the Salem plant facility is recognized across the target market segment. With a capacity of over 1,46,000 MT of stainless steel, Salem would be one of the major producers of specialty steel in India, in a market which substantially comprises small scale and unorganized sector.

5.2 Opportunities

- **Boost to Indian Infrastructure Sector:** Demand for steel in India is expected to be driven by increasing infrastructure spending due to following reasons:
 - Growing urbanization coupled with rising income levels of the burgeoning Indian middle class
 - Several Government initiatives to boost construction and infrastructure sectors like

Make in India, Smart Cities, Digital India and Skill India, Affordable housing, expansion and development of railway networks and shipbuilding, etc.

- **Focus of Government on Steel Sector:** The Government of India has approved National Steel Policy 2017 to give impetus to the Steel Sector. Some of the key features of the policy are as follows:
 - To increase steel-making capacity from 100 MT in 2016-17 to 300 MT by 2030-31
 - Ministry to ensure availability of raw materials to steel companies at competitive rates
 - To facilitate increase in consumption of steel from existing per capita consumption of 60 kg to 160 kg by 2030-31
 - For stainless steel industry,
 - Necessary efforts will be made to protect the existing & upcoming stainless steel facilities from unfair trade practices through suitable trade remedial measures
 - Ministry would encourage steel producers to have strategic ventures in production and development of technologically more complex products including high end varieties of stainless steel
 - To counter threats from competing materials, promotion of stainless steel through mass campaigns, particularly in rural areas will be encouraged.
 - Greater use of stainless steel in residential or commercial constructions in coastal and earthquake prone areas of the country will also be promoted.
 - Use of high quality stainless steel in drinking water pipelines, water storage, packaging of food grains etc. will be promoted to prevent intake of hazardous impurities
- **Anti-Dumping Duty on CRSS and CVD on flat rolled products:** In order to protect the domestic stainless steel industry from continued dumping of these goods, the Government had imposed anti-dumping duty ranging from 4.58% to 57.39% of landed value on Cold Rolled Flat Products of Stainless Steel from China, Korea, European Union, South Africa, Taiwan, Thailand and USA on April 17, 2014, which was further extended by five more years as per Government notification dated December 11, 2015. Further, the government imposed 18.95% countervailing duty (CVD) of landed value on flat rolled products of stainless steel originating in or exported from the People's Republic of China for a period of five years.
- **Strong growth potential for stainless steel products:** Stainless steel is being increasingly utilized in construction/ architecture and transport, and the demand is expected to grow from subsectors such as housing, corporate buildings, organized retail, airport, railways and metro-rail expansion, and other urban infrastructure.

6. APPENDIX

6.1 Appendix I: Audited Financial Statement of SSP for FY 2018-19

The audited financial statement of SSP for FY 2018-19 can be accessed at the link below:

<https://sail.co.in/sites/default/files/SSP-Audited-Accounts-2018-2019.pdf>

PART B – Request for Expression of Interest

1. DEFINITIONS

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

“Advisors” shall refer to Transaction Advisor, Legal Advisor and Asset Valuer

“Affiliate(s)” with respect to any Person shall mean any other Person which, directly or indirectly: (1) Controls such Person; or (2) is Controlled by such Person; or (3) is Controlled by the same Person who, directly or indirectly, Controls such Person; or (4) is an associate company of such Person. In such context, "associate company", shall have the same meaning as ascribed to it in Clause (6) of section 2 of Companies Act, 2013, as amended.

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

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

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

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

“Control” shall have the same meaning as assigned to it in Clause (27) of section 2 of Companies Act, 2013, as amended

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

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

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

3. A limited liability partnership under the Limited Liability Partnership Act, 2008;
4. A limited liability partnership incorporated outside India;
5. Alternative Investment Funds (AIF) registered with SEBI as per SEBI (Alternative Investment Funds) Regulations, 2012;
6. Employees (as defined hereinafter)

“Employees” shall mean permanent employees of SAIL.

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

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

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

“Government or GoI” shall mean Government of India acting through Ministry of Steel

“Group Company(ies)” means a company(ies) which is/are an Affiliate of another company.

“Holding Company” shall have the same meaning as assigned to it in Clause (46) of section 2 of Companies Act, 2013, as amended.

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

“Lead Member” shall mean such Consortium Member holding at least twenty six percent (26%) stake in the Consortium (i.e. holding at least 26% of in the equity share capital of the Consortium SPV) and is designated as Lead Member as per the Consortium Agreement executed among all the Consortium Members.

“Legal Advisor” shall mean L&L Partners (Formerly known as Luthra & Luthra Law Offices)

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

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

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

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

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

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

“SSP” shall mean Salem Steel Plant of SAIL which is proposed to be divested under the current Transaction

“SSP – Divested Unit” shall mean those assets, agreements and liabilities of Salem Steel Plant, which are proposed to be divested under the current Transaction as more particularly described in Clause 3.1

“Subsidiary company or Subsidiary (ies)” shall have the same meaning as assigned to it in Clause (87) of section 2 of Companies Act, 2013 as amended

“Subsidiary LLP”, in relation to a company/ LLP (that is to say the holding entity), means a LLP in which the holding entity –

- i. Contributes more than 50 percent of the capital or has majority profit share of the LLP; or
- ii. has right to appoint majority of the designated partners; or
- iii. has control over the management or business decisions of the LLP.

“Provided that such class or classes of holding companies/LLP as may be prescribed shall not have layers of Subsidiaries or Subsidiaries LLP beyond such numbers as may be prescribed.”

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

“Transaction” shall mean strategic disinvestment of 100% stake in SSP along with the transfer of management and Control

“Transaction Advisor” shall mean SBI Capital Markets Ltd

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

2. INTRODUCTION

2.1 Transaction Background

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

Salem Steel Plant of SAIL primarily produces stainless steel for domestic industries and export. In its meeting dated October 27, 2016, the Cabinet Committee on Economic Affairs (“CCEA”) gave an in-principle approval for strategic disinvestment of several Central Public Sector Enterprises in line with the recommendations of NITI Aayog, including the Salem Steel Plant (“SSP” or “the Plant”) located at Salem, Tamil Nadu.

2.2 Contact Details

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

Mr. S.K. Arora	Ms. Neha Soni
Senior Vice President	Vice President
PA&SF Group	PA&SF Group
SBI Capital Markets Ltd.	SBI Capital Markets Ltd.
Contact : 011 – 2348 5306	Contact : 011 – 2348 5334

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

2.3 Important Dates

Table 2-1: Important Dates

Event	Date
Publication of Advertisement, EOI Request and PIM	July 4, 2019
First day of taking queries	July 4, 2019

Event	Date
Last Date for invitation of Queries through email/ Physical copy	July 18, 2019
Last Date for release of response to queries in the form of FAQs, on the above mentioned websites	July 25, 2019
Last date & time for Submission of EoIs physically	August 1, 2019
Intimation to the Shortlisted Bidders	August 8, 2019

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

Mr. S.K.Arora
Senior Vice President
PA&SF Group
SBI Capital Markets Ltd.
6th Floor, World Trade Tower
Barakhamba Lane
New Delhi – 110 001

2.4 Contents of EOI Request

- 1) An advertisement has been issued in the newspapers inviting IBs to submit their EOIs to participate in the proposed Transaction. A copy of the advertisement is enclosed as **Annexure 11**.
- 2) This EOI Request contains the following:
 - a. Proposed Transaction
 - b. Instructions to Interested Bidders
 - c. Eligibility criteria
 - d. Conditions/ Circumstances which may lead to Disqualification of IBs
 - e. Format of EOI Letter
 - f. Format of Statement of Legal Capacity for Interested Bidder
 - g. Format of Request for Qualification
 - h. Format of Power of Attorney
 - i. Format of Power of Attorney for Employee Participation
 - j. Format for Consortium Agreement
 - k. Format of Undertaking by the Interested Bidder
 - l. Advertisement inviting EOI
 - m. Format of declaration with respect to statement of legal proceedings
 - n. Office Memorandum(s) of guidelines issued by DIPAM

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

2.5 Clarification

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

- 1) The communications shall clearly bear the following identification/ title:
"Queries/ Request for Additional Information: EOI for Strategic Disinvestment of SSP"
- 2) All queries or request for clarification/additional information should be sent in the following format:

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

3. PROPOSED TRANSACTION

3.1 Salient Features of Proposed Transaction

The broad terms of the Transaction are detailed as below:

- 1) Salem Steel Plant is a special steels unit of SAIL and produces wider width stainless steel sheets and coils in India, with a total saleable steel capacity of 3,39,172 MTPA. The Cabinet Committee on Economic Affairs (CCEA) has given in-principle approval for strategic disinvestment of SSP along with transfer of management control on October 27, 2016. The Board of Directors of SAIL approved, 'in principle, the strategic disinvestment of the special steel plants in its meeting held on February 09, 2017. Thereafter the Board approved strategic disinvestment of 100% stake in SSP on June 28, 2019.
- 2) As a part of the strategic disinvestment, SSP – Divested Unit will be transferred to the strategic investor, on a going concern basis i.e. by way of slump sale through Business Transfer Agreement. Further details regarding the Transaction structure shall be provided in the RFP.
- 3) As part of the Transaction, SAIL proposes to transfer area aggregating to 1708.10 acres to SSP – Divested Unit, as detailed below:
 - a) Area of 1,130 acres of plant land on long term perpetual lease basis, along with the plant assets located on it.
 - b) Area of 264.90 acres over which office complex area is constructed (including air separation unit which has been setup by M/s Inox Air Products Ltd.) on long term perpetual lease basis, subject to the existing leasehold rights over an area of 3.26 acres granted to third parties.
 - c) Area of 129.80 acres over which water supply related infrastructure is built, comprising Poolampatti Pump House (including residential quarters) and road from Poolampatti to plant site on long term perpetual lease basis.
 - d) Area of 183.40 acres over which railway siding is built on long term perpetual lease basis.
- 4) As part of the Transaction, other utilities and facilities i.e. hospital, guest houses, hostels, telephone exchange, community hall and residential quarters, out of the township area, would be provided to SSP – Divested Unit on lease/ leave and license basis at market determined rates for period of 5 years
- 5) SAIL proposes to retain and use the trademark till it continues to hold the products and its services. However, Successful Bidder will have the liberty to approach the appropriate

authority for any trademark for its products and services other than SAIL name and/or SAIL logo in any form.

- 6) As part of the Transaction, SAIL proposes to assign the following to SSP – Divested Unit:
 - a) The existing agreement with INOX Air Products Ltd., subject to prior written consent of INOX Air Products Ltd.
 - b) The existing agreement with LLM Appliances Limited, subject to prior written consent of LLM Appliances Limited.
 - c) Right to use the railway sidings under the existing arrangement, subject to prior written consent of the Southern Railway Administration.
 - d) The existing agreement with BSNL, subject to prior written consent of BSNL.
 - e) The existing two Power Purchase Agreements with PTC India Ltd., subject to prior written consent of PTC India Ltd.
- 7) A ‘Shared facilities and support services’ agreement would be executed between SAIL and the SSP – Divested Unit. The salient features of the agreement are as under:
 - a) Power, water supply and other utilities for township which are being provided from plant area may continue to be provided by SSP – Divested Unit. Similarly township water supply, township water treatment plant in office complex area would have to be maintained by SSP – Divested Unit and distribution from there on and other facilities for water distribution would be under SAIL.
 - b) While sewage treatment facilities in township area will be under SAIL, treated sewage water from township which is presently being fed to teak plantation inside plant area and the same will be continued.
 - c) Maintenance of HT power source to township area through Ring Mains and sub-stations in township may be maintained by SSP – Divested Unit. LT power distribution and maintenance in township would be under SAIL.

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

- 8) No assets/ liabilities on account of inter-unit adjustments would be transferred to the SSP – Divested Unit.
- 9) Debt raised by the Company for operations of SSP or for its capacity expansion programme is not proposed to be transferred to the SSP – Divested Unit.

3.2 Process for the proposed Transaction

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

A. Stage I:

- i. Through this EOI Request, SAIL is providing the Interested Bidder with instructions for submitting its Expression of Interest to the Transaction Advisor, which would be used for prequalifying the Interested Bidder in accordance with the criteria specified herein in order to proceed with the proposed Transaction.
- ii. The EOIs will be evaluated based on the Eligibility Criteria and Disqualification conditions detailed in this EOI Request.
- iii. The Interested Bidders which qualify in accordance with the terms of this EOI Request and are shortlisted to proceed with the Transaction, shall be referred to as the “Shortlisted Bidders”.

B. Stage II:

- i. The Shortlisted Bidders will be provided with Request for Proposal (“RFP”), access to the data room to review documents pertaining to the Plant for conducting a due diligence on the Plant and a Confidential Information Memorandum (“CIM”), which shall provide further details of the Plant and the proposed Transaction including, inter alia, the transaction structure. The format and formalities related to the RFP shall be communicated in due course.
- ii. Subsequently, a site visit (cost of which will be borne by the Shortlisted Bidders) may be scheduled to facilitate the Shortlisted Bidders in their assessment of the Plant at the discretion of the Company. The modalities related to the visit and due diligence will be provided in the RFP.
- iii. The Shortlisted Bidders shall carry out their own due diligence, independent assessment and appraisal of the plant and the Transaction. The Company or their respective consultants, agents, officials, advisors and employees make no representations, in relation thereto and shall not be liable in any manner whatsoever.
- iv. The Financial Bids shall be submitted by the Shortlisted Bidders in the manner to be provided in the RFP. The Shortlisted Bidders will also be required to furnish earnest money, if so required by GOI/ Company, and a certificate from the banker or from its statutory auditor that the Interested Bidder has got enough funds to complete the Transaction.
- v. Shortlisted Bidders shall have to participate in a transparent bidding process in accordance with the terms of the RFP.

- vi. Post-submission of Financial Bids, Core Group of Secretaries on Disinvestment will decide, on case to case basis, whether security clearance is required. In case the security clearance is required, the Administrative Ministry shall approach the Security Committee on Strategic Disinvestment for seeking requisite clearance.
- vii. In case the H1 Bidder fails in obtaining the security clearance, if required, next highest bidder will be offered an option to match the financial bid of the H1 Bidder and the next highest bidder's details shall be sent for security clearance. Further details regarding the modalities relating to security clearance will be provided in the RFP.
- viii. The Shortlisted Bidder, after approval of the CCEA, would be designated as the **“Successful Bidder”**.

4. INSTRUCTIONS TO INTERESTED BIDDERS

4.1 General Conditions

- 1) PIM and EOI Request is available for downloading from websites of DIPAM at www.dipam.gov.in, MoS at www.steel.gov.in, Company at www.sailtenders.co.in and Transaction Advisor at www.sbicaps.com.
- 2) The documents including this PIM and EOI Request and all attached documents are and shall remain or become the properties of the GOI and are transmitted to the IBs solely for the purpose of preparation and submission of an EOI in accordance herewith. IBs are to keep all data/ information of SAIL (shared as part of the Transaction) as strictly confidential and shall not use it for any purpose other than for preparation and submission of their EOI/ Financial Bid.
- 3) The Interested Bidder and its employees shall not reveal their identity and/ or contact any member of SAIL or Ministry of Steel or DIPAM.
- 4) The Interested Bidders shall bear all costs associated with the preparation and submission of the EOI and also all costs associated with conducting the due diligence. The Advisors/GOI/Company shall not, under any circumstances, be responsible or liable for any such costs, whether direct, incidental or consequential and no cost incurred by the IBs in this regard shall be borne by the Company, GOI or the Advisors
- 5) The Interested Bidders are expected to carry out their own investigations and other examination in relation to the Transaction before submitting their EOIs.
- 6) Interested Bidders shall have satisfied themselves of their queries before participating in the proposed Transaction.
- 7) Notwithstanding anything to the contrary contained in this PIM, the detailed terms specified in the Definitive Agreements shall have overriding effect; provided, however, that any conditions or obligations imposed on the IB hereunder shall continue to have effect in addition to its obligations under the definitive agreements.
- 8) EOIs are liable to be rejected by the Company if IBs fails to meet the qualifying eligibility criteria as specified in section titled 'Eligibility Criteria' and/or are disqualified in accordance with the conditions specified in section titled 'Disqualifications' in this EOI Request or for any other reason deemed fit, or even without assigning any reason whatsoever.
- 9) GOI/Company reserves the right to modify/postpone/cancel or call off the proposed Transaction without communicating any reasons whatsoever. In such an event no financial

obligation whatsoever shall accrue to GOI, the Company, the Advisors or any of their respective officers, employees, advisors or agents.

- 10) The GOI/ Company/ Advisors, and their respective officers, employees and agents or advisors shall not be liable for any omission, mistake or error in respect of any of the above or on account of any matter or thing arising out of or concerning or relating to the PIM or the EOI process, including any error or mistake therein or in any information or data given by the Transaction Advisor.
- 11) The GOI/ Company reserves the right not to respond to questions raised or provide clarifications sought, at their sole discretion if considered inappropriate or prejudicial to do so or even otherwise. Nothing contained in this document shall be taken or read as or construed or deemed as compelling or requiring the GOI/ Company to respond to any question or to provide any clarification to the IBs. No extension of any time and date referred to in this EOI Request shall be granted on the basis or grounds that the GOI/ Company has not responded to any question/ provided any clarification.
- 12) Notwithstanding anything contained in this EOI, the GOI reserves the right to reject any or all EOIs on the grounds of national interest, national security, public interest or any other grounds without communicating any reasons thereof and without any liability or any obligation for such rejection.
- 13) The Interested Bidders may note that the files containing information about SSP can be in various formats including without limitation, doc, xls, ppt, pdf, jpg, jpeg, zip etc. and it shall be the responsibility of the Interested Bidder to have suitable facilities at their end to download the uploaded files.

4.2 Amendment to EOI Request

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

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

4.3 Submission of Expression of Interest

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

Mr. S.K. Arora
Senior Vice President
PA&SF Group
SBI Capital Markets Limited
6th Floor, World Trade Tower
Barakhamba Lane
New Delhi – 110 001

- b) EOIs shall be submitted during the working hours (Monday to Friday 10:00 a.m. to 6.00 p.m.) on or before scheduled date and time as stipulated in Clause 2.3.
- c) Submission of the EOI by any other means, electronic and/or facsimile, etc. will not be accepted.
- d) The completed forms, “Annexures” of the bid shall be considered a part of the Definitive Agreements in the case of Successful Bidder.
- e) The EOIs received after the appointed time and date at Clause 2.3 will be rejected.
- f) The Interested Bidder shall submit the EOI physically by mentioning the page number on each document and to be submitted in sequence in a **sealed, covering envelope** clearly marked “**Private and Confidential – Expression of Interest for the Strategic Sale of Salem Steel Plant at Salem in Tamil Nadu**” in different file folders as per the following directions:

Covering envelope:

Envelope 1:

- 1. Demand Draft of Rs. 5,00,000 (Rupees Five Lakh Only) towards non-refundable fee drawn in favour of “**SBI Capital Markets Ltd. – Fee for EOI**”, payable at New Delhi
- 2. EOI Letter in the format specified in **Annexure 1**.
- 3. Statement of Legal Capacity as per **Annexure 2**.
- 4. Duly filled in **Request for Qualification** by IB/ each Consortium Member along with all supporting documents (as per **Annexure 3**), including but not limited to the following key information/ supporting documents:
 - i. Executive summary providing brief description of the IB and (where appropriate) of each Consortium Member, containing details like ownership structure, identity of the natural persons who are the Ultimate Beneficial

Owners and effectively control the IB/ Consortium Member, the Place of Effective Management of business of the Interested Bidder and each Consortium Member It shall include a brief commentary on the capability of the Interested Bidder/ Consortium Member, as demonstrated, in its past track record, to run its own business.

- ii. Contact information of the IB/ each Consortium Member including full name, address, telephone and facsimile numbers, e-mail address and the names and the titles of the persons who are the principal points of contact for IB/ each Consortium Member and identifying Lead Member of the Consortium (if applicable). Details of the website, if maintained, of the IB/ each Consortium Member are also to be provided.
- iii. Basic information of the IB/ each Consortium Member pertaining to place of incorporation, registered office, current directors, key management personnel and principal shareholders.
- iv. A copy of Memorandum of Association, Articles of Association, Certificate of Incorporation, Certificate of Commencement of Business, Charter Documents, Constitution Documents, Partnership Deed, etc. as may be applicable and SEBI Registration Certificate for AIFs
- v. A certificate for list of Board of Directors, principal shareholders, key management personnel and designated partners (as applicable), duly signed by the respective Company Secretary of IB/ each Consortium Member and also counter signed by its authorized signatory.
- vi. A certificate by an independent chartered accountant/ statutory auditor/ Company Secretary or any other office in-charge of secretarial affairs for the shareholding pattern of the IB/ each Consortium Member.
- vii. A certificate duly signed by Company Secretary/ any other officer in charge of legal affairs, for eligibility to participate in the proposed Transaction.
- viii. A certificate from Statutory Auditor of the Interested Bidder/ Lead Member of Consortium certifying that it has been operating in [a Mining Industry/ Core Industry/ Metal Industry] for atleast 5 (five) years OR self-certified true copies of Consents to Operate issued by the relevant State Pollution Control Board.
- ix. In the event IB/Lead Member of Consortium meets Technical Criteria through its Direct Subsidiary/ Direct Subsidiary LLP/ Direct Holding Company, a certificate from Statutory Auditor of the entity meeting technical criteria certifying that such entity has been operating in [a Mining Industry/ Core Industry/ Metal Industry] for atleast 5 (five) years OR self-certified true copies

of Consents to Operate issued by the relevant State Pollution Control Board. The below example is solely for the purposes of reference and to illustrate about Direct Subsidiary/ Direct Subsidiary LLP/ Direct Holding Company and meant for guidance only

Figure 4-1: Illustration for Direct Subsidiary/Direct Subsidiary LLP/Direct Holding Company

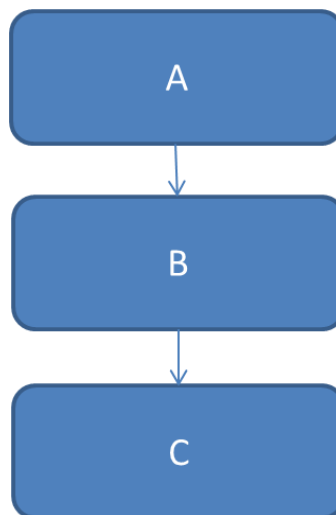


Illustration: In above figure, company A has control over B as it has 51% shareholding in company B and company B has control over C as B has 100% shareholding in company C. Hence, B and C are Subsidiaries of the company A and company C is a subsidiary of the company B. However, C is the “**Direct subsidiary company**” of company B whereas B is the “**Direct subsidiary company**” of company A. Also, A is the holding company of company B and company C and company B is the holding company of company C, however, company A is “**Direct holding company**” of company B and company B is “**Direct holding company**” of company C.

Hence, if company A is an IB then it can meet technical criteria through its Direct Subsidiary company B. Likewise, if company C is an IB then it can meet technical criteria through its Direct Holding company B and if company B is an IB then it can meet the technical criteria through either A or C.

- x. An independent chartered accountant/ statutory auditor certificate certifying fulfillment of the Financial Criteria as defined in the Eligibility criteria.
- xi. Audited Financial Statements (on standalone and consolidated basis)/Annual Reports for the previous five financial years.

In case the IB/ Consortium Member is an unlisted company, and its audited financial statements are not available for the immediately preceding financial year, the latest available unaudited/provisional numbers may be submitted as

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

- xii. Extract of the charter documents and documents such as a board or shareholders' resolution in favor of the person executing the Power of Attorney for the delegation of power on behalf of the IB.
- xiii. Management Organization: An overview of IB's and each Consortium Member's senior management and organization structure certified by its company secretary
- xiv. International Operations/ Joint Venture/ Alliances: Brief note of IB's/ each Consortium Member's international operations, its joint ventures, and alliances (whether international or domestic), including incorporation details, registered office, effective management and control, nature and size of such operations, equity ownership, if applicable, and copies of the audited financial statements for the immediately preceding financial year (as per definition of financial year in the respective jurisdiction) for such companies.
- xv. Professional Advisors: Names and addresses of those companies and professional firms, if any, who are (or will be) advising the IB/Consortium for the proposed Transaction, together with the names of the principal individual advisors at those companies and firms.

Note: This information can be provided at a later stage, if not available at this stage.
- xvi. Outstanding Litigation: The IB / each Consortium Member, (including the beneficial owner, Promoters, persons in control, thereof) must provide with the EOI, a statement of those pending litigations that, if decided against the IB/ Consortium Member, shall disqualify them in terms of the prescribed eligibility criteria and extant Government instructions on disinvestment.
- xvii. FDI Restrictions: If the Interested Bidder is a foreign entity, specify list of statutory approvals from the Government of India/ the Reserve Bank of India/ the Foreign Investment Promotion Board/ relevant ministry/ any other Government agency applied for/ obtained/ awaited.

- xviii. In the event IB/Lead Member of Consortium meets Technical Criteria through its Direct Subsidiary/ Direct Subsidiary LLP/ Direct Holding Company:
- a. A certificate duly signed by company secretary or statutory auditor of the IB to demonstrate the relationship between IB and entity meeting technical criteria.
 - b. A certified true copy of the register of members, register of partners, register of designated partners, LLP agreement (as applicable), and any other document or agreement (including shareholders' agreement or voting agreement) evidencing relation between the IB and entity meeting technical criteria.
5. Duly executed Power of Attorney authorizing the signatory of the EOI to commit the IB (as per **Annexure – 4 or Annexure 5, as applicable**).
 6. In case of a Consortium (including Employee Consortium), a Consortium Agreement duly executed amongst each of the Consortium Members (as per **Annexure 6**).
 7. Duly executed Undertaking by the Interested Bidder (as per **Annexure 7**).
 8. Duly executed Affidavit (as per **Annexure 8**).
 9. A declaration in relation to statement of legal proceedings (as per **Annexure 9**).
 10. In the event IB/Lead Member of Consortium meets Technical Criteria through its Direct Subsidiary/ Direct Subsidiary LLP/ Direct Holding Company, duly executed Undertaking from such entity. (as per **Annexure 10**)
 11. A Compact Disc containing scanned copies of the EOI including all the supporting documents referred in this EOI Request
- g) Unless otherwise specified, a copy of any document that is not the original, shall be a certified true copy (duly verified by a notary) for submission.
 - h) The EOI and all related correspondence and documents in relation to the EOI shall be in English language. Any documents that are not in the English language shall be accompanied by an official translation duly notarized and apostilled/ consularised by the Indian mission of the home country.
 - i) GOI/ Company/ Transaction Advisor shall bear no responsibility for non-receipt of documents sent by post/courier.

- j) Any additional information supplied subsequent to the Due Date of submission of EOI as prescribed in Clause 2.3, unless the same has been expressly sought for by GOI/ Company/ Transaction Advisor, shall be disregarded.
- k) EOIs shall be opened only after the due date and time of submission of EoIs.

4.4 Evaluation of EOI

- 1) Any condition or qualification or any other stipulation contained in the EOI shall render the EOI liable to rejection as a non-responsive EOI.
- 2) The Company reserves the right to call for any additional document (s)/ information / physical copies of any document from the IBs, which may be considered necessary, without any liability to the Company.
- 3) The Transaction Advisor may seek appropriate clarifications from the IB, if required, while examining the EOI.
- 4) The GOI reserves the right to verify all statements, information and documents submitted by the IB in response to the EOI Request, or the EOI process and the IB shall, when so required by the GOI, make available all such information, evidence and documents as may be necessary for such verification. Any such verification or lack of such verification, by the GOI shall not relieve the IB of its obligations or liabilities hereunder nor will it affect any rights of the GOI thereunder.
- 5) In shortlisting Interested Bidders and in selecting the Successful Bidder, the Company will pay due attention, inter-alia to the security requirements of the country.

4.5 Governing Law / Jurisdiction

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

5. ELIGIBILITY CRITERIA

5.1 Eligibility Criteria

The Eligibility Criteria for the IBs are as follows:

1) Incorporation Criteria:

- a. Any Eligible Entity which is permitted to invest under the laws of India (subject to such entity obtaining all statutory approvals by themselves from the GOI, FIPB, RBI, relevant ministry etc. as applicable) can submit an EOI either independently or as a Consortium Member. (“Interested Bidder”)
- b. No IB shall submit more than one EOI. An IB submitting EOI independently or as a Consortium Member shall not be entitled to submit another EOI either independently or as a member of any other Consortium, as the case may be.

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

2) Financial Criteria:

The Interested Bidder shall satisfy the following financial criteria:

- a. **Net-worth:** The Interested Bidder should have a Minimum Net-worth of Rs. 900 Crore.

Explanation: Net-worth shall mean

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

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

- **In case of AIF – Net-worth shall mean Maximum Permissible Investment Limit in a single company**
- b. **Sales:** The Interested Bidder should have sales of atleast Rs. 1,350 Crore in each of the past three financial years.

Explanation: Sales shall mean Gross Revenue from Operations

- c. **Profitability:** The “cash profit” of the Interested Bidder must be ‘positive’ in at least three of the immediately preceding five financial years.

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

- d. Financial Criteria shall be assessed on the basis of:
- i. **In case of entities other than AIFs and employees:** Audited financial statement of an Interested Bidder (on consolidated basis), of which the latest audited financial statement shall not be older than 12 months from the date of publication of this EOI Request.
 - If the audited financial statements are not available for the immediately preceding financial year, unaudited/provisional numbers as certified by the statutory auditors (in case of an unlisted company) or information contained in Quarterly Limited Review report (in case of a listed company) shall be considered.
 - The Financial Criteria should be certified by a statutory auditor (in case of a company) or an independent chartered accountant (in case of other Eligible Entities).
 - ii. **In case of AIFs:** The Maximum Permissible Investment Limit would be considered as per independent Chartered Accountant/ Statutory Auditor’s certificate not older than 3 months from the date of EOI Request.
 - iii. **In case of bids by employees of SAIL:**
 - For Employees: Practicing Chartered Accountant’s certificate not older than 3 months from the date of EOI Request, certifying Net-worth of employees.
 - For bank/ venture capitalist/ financial institution: Statutory Auditor/ practicing Chartered Accountant’s certificate not older than 3 months from the date of EOI Request, certifying its Net-worth.

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

- e. Where the financial statements are expressed in a currency other than the Indian Rupee, the eligible amount as described above shall be computed by taking the equivalent amount at the exchange rates prevailing on the dates of such financial statement as stipulated by Reserve Bank of India. All financial information required for satisfying the eligibility criteria shall be represented in Indian Rupees.
- f. In case an IB is a Direct Subsidiary/ Direct Subsidiary LLP of a Holding Company, the Financial Criteria of such direct Holding company may also be considered:

Provided that, in such case, the IB must continue to be a Direct Subsidiary/ Direct Subsidiary LLP of such Holding company until such time the IB meets the aforementioned Financial Criteria threshold(s)

3) Technical Criteria:

- a. The Technical Criteria can be met by:
 - i. The Interested Bidder, or
 - ii. Direct Holding Company of the IB, or
 - iii. Direct Subsidiary of the IB, or
 - iv. Direct Subsidiary LLP of the IB
- b. Minimum five (5) years of
 - i. experience in mining of iron ore or manganese ore or chrome ore; or
 - ii. manufacturing/ processing experience in any Core Industry as included in Index of Eight Core Industries published by Department of Industrial Policy & Promotion, Ministry of Commerce and Industry or in Metals traded on London Metal Exchange, as listed below:

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

Core Industry	Metals traded on London Metal Exchange
Steel	Tin
--	Zinc

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

4) Conditions for bidding by Consortium:

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

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

b. Minimum stake requirement:

- i. Lead Member shall hold atleast 26.00% stake in the Consortium (i.e. holding at least 26% of the equity share capital of the Consortium SPV to be promoted in case it becomes the Successful Bidder)
- ii. Each Consortium Member shall hold at least 20% stake in the Consortium (i.e. holding at least 20% of in the equity share capital of the Consortium SPV to be promoted in case it becomes the Successful Bidder)

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

d. Financial Criteria

i. Net-worth:

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

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

- The Lead Member of the Consortium shall have a Net-worth contribution, of at least 26%, towards the calculation of Minimum Net-worth for testing its eligibility

Explanation: Lead Member should have Net Worth of at-least 26% of the Minimum Net-worth Criteria as mentioned in Clause 2(a) above i.e. 26% of Rs. 900 crore

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

ii. **Sales:**

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

iii. **Profitability Criteria:**

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

e. **Technical Criteria**

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

- i. The Lead Member of the Consortium, or
- ii. Direct Holding Company of the Lead Member, or
- iii. Direct Subsidiary of the Lead Member, or
- iv. Direct Subsidiary LLP of the Lead Member

The following examples illustrate the compliance of IB with Eligibility Criteria. The below examples are illustrative and solely for the purposes of reference to the IBs and meant for guidance only.

Table 5-1: Illustrative Example 1: Consortium members and eligibility criteria

	Details of Consortium Members			Eligibility of Consortium
	M1 (Lead Member)	M2	M3	
Description	Company operating in metals industry for the past 7 years	AIF, registered with SEBI	Other company operating in core industry for past 5 years	
% Stake in Consortium (i.e. equity share capital of the Consortium SPV)	30%	50%	20%	
Net-worth/ MPIL (in case of AIF) (Rs. Crore)	280	1,600	600	
Sales (Rs. Crore)	<1,350, in each of past 3 FYs	NA	>=1,350, in each of past 3 FYs	
Cash Profit (+/-)	(+) in 3 out of preceding 5 FYs	NA	(+) in 3 out of preceding 5 FYs	
Eligibility criteria	Eligibility of Members			
Technical criteria	✓	NA	✓	✓
Net-worth Criteria				
- Combined Net-worth of Consortium to be minimum Rs. 900 crore	280 X 30% = 84	1,600 X 50% =800	600 X 20% = 120	✓
	Combined Net-worth Rs. 1,004 crore (84 + 800 + 120)			
- Lead Member: Lead Member to have minimum 26% Net-worth contribution	✓ NW of 280 > 234 (26% X 900)	NA	NA	✓
- Each Consortium Member to have +ve Net-worth	✓	✓	✓	✓
Sales Criteria:				
- Atleast Rs. 1,350 crores in each of the past 3 FYs	✗	NA	✓	✓
- To be met by any 1 Member meeting Technical criteria			(M3 meets Technical criteria)	
Profitability Criteria:				
- Positive Cash Profit in atleast 3 of the immediately preceding 5 FYs	✓	NA	✓	✓
- To be met by all Consortium members (excluding AIF & employees)				
Consortium meets the eligibility criteria				

Table 5-2: Illustrative Example 2: Consortium members and eligibility criteria

	Details of Consortium Members			
	M1 (Lead Member)	M2	M3	
Description	Direct Holding Company of M1 is in Mining of iron ore for the past 5 years	AIF	LLP, in services sector	
% Stake in Consortium (i.e. equity share capital of the Consortium SPV)	30%	50%	20%	
Net-worth/ MPIL (in case of AIF) (Rs. Crore)	230	1,600	800	
Sales (Rs. Crore)	>=1,350, in each of past 3 FYs	NA	<1,350, in each of past 3 FYs	
Cash Profit (+/-)	(+) in 2 out of preceding 5 FYs	NA	(+) in 3 out of preceding 5 FYs	
Eligibility criteria	Eligibility of Members			Eligibility of Consortium
Technical criteria	✓	NA	✗	✓
Net-worth Criteria				
- Combined Net-worth of Consortium to be minimum Rs. 900 crore	230 X 30% = 69	1,600 X 50% = 800	800 X 20% = 160	✓
	Combined Net-worth Rs. 1,029 crore (69 + 800 + 160)			
- Lead Member: Lead Member to have minimum 26% Net-worth contribution	✗ NW of 230 < 234 (26% X 900)	NA	NA	✗
- Each Consortium Member to have +ve Net-worth	✓	✓	✓	✓
Sales Criteria:				
- Atleast Rs. 1350 crores in each of the past 3 FYs	✓	NA	NA	✓
- To be met by any 1 Member meeting Technical criteria				
Profitability Criteria:				
- Positive Cash Profit in atleast 3 of the immediately preceding 5 FYs	✗	NA	✓	✗
- To be met by all Consortium members (excluding AIF & employees)				
Consortium fails to meet the eligibility criteria				

Table 5-5-3: Illustrative Example 3: Sole Interested Bidder and eligibility criteria

	Details of Interested Bidder
Description	IB is an investment company. IB holds 15% non-controlling stake in another company which is in Steel Manufacturing for the past 5 years.
Net-worth/ MPIL (in case of AIF) (Rs. Crore)	1,020
Sales (Rs. Crore)	>=1,350, in each of past 3 FYs
Cash Profit (+/-)	(+) in 3 out of preceding 5 FYs
Eligibility criteria	Eligibility of IB
Technical criteria	✘ IB fails to meet the technical criteria as entity meeting technical criteria is not direct subsidiary of the IB
Net-worth Criteria	✓
Sales Criteria: Atleast Rs. 1350 crores in each of the past 3 FYs	✓
Profitability Criteria: Positive Cash Profit in atleast 3 of the immediately preceding 5 FYs	✓
IB fails to meet the eligibility criteria	

Table 5-4: Illustrative Example 4: Sole Interested Bidder and eligibility criteria

	Details of Interested Bidder
Description	Company X holds 51% controlling stake in IB and company X is its direct holding company. Company X is a leading thermal power generation company in India for last 20 years.
Net-worth/ MPIL (in case of AIF) (Rs. Crore)	1120
Sales (Rs. Crore)	>=1,350, in each of past 3 FYs
Cash Profit (+/-)	(+) in 3 out of preceding 5 FYs
Eligibility criteria	Eligibility of IB
Technical criteria	✓

	Details of Interested Bidder
Net-worth Criteria	✓
Sales Criteria: Alleast Rs. 1350 crores in each of the past 3 FYs	✓
Profitability Criteria: Positive Cash Profit in atleast 3 of the immediately preceding 5 FYs	✓
IB meets the eligibility criteria through its direct holding company	

f. Restriction on change in composition of Consortium:

- i. **Prior to Due Date for submission of EOI:** The IB is permitted to change Consortium Members prior to the due date of submission of EOI by withdrawing the EOI and submitting a fresh EOI before the due date of submission of EOI.
- ii. **After the Due Date for submission of EOI till determination of Shortlisted Bidders:** No change, either by way of withdrawal/substitution/addition of any Consortium Member or any change affecting the composition of the Consortium will be permitted after the due date for submission of EOI, as prescribed in Clause 2.3, till shortlisting of Interested Bidders.

5) Conditions in case of employee bids:

- a. Subject to compliance with Guidelines for management-employee bids in strategic sale issued vide Office Memorandum No. 4/38/2002/DD-II dated April 25, 2003 (“Employee Guidelines”) and the terms and conditions stipulated in this EOI Request, Employees can participate in the Transaction as Interested Bidders either (a) directly and independently (“**Direct Employee Participation**”) or (b) by forming of a consortium along with a bank, venture capitalist or a financial institution (“**Employee Consortium**”).
 - b. Where EoI is submitted by Employees (whether as Direct Employee Participation or Employee Consortium), it shall be accompanied by a duly executed Power of Attorney (as per **Annexure 5**) where Employees forming part of such EOI shall appoint one participating Employee to be their lawful attorney for submission of EOI and connected documents and be the lawful attorney of the other participating Employees.
 - c. The GOI and Advisors may provide for such further clarifications, conditions, criteria as it may deem necessary for the purposes of Employees to participate.
 - d. It is clarified that whole-time directors on the Board of SAIL cannot participate in the Transaction. However, in case of any other conflict between the Employee Guidelines and this EOI Request, the Employee Guidelines shall apply.
- 6) An IB can submit only one EOI i.e. either as a sole bidder or as a member of one Consortium. In case, more than one EOI is submitted by an IB, all such EOIs shall be disqualified.
 - 7) IB should not have been convicted by a court of law or indicted/ have any adverse order passed against them by any other regulatory authority in any matter involving a grave offence and/ or which casts a doubt on its ability to participate in the proposed Transaction. Further such entities or their Affiliates should not have any charge sheet filed against them by any agency of Government of India or any court of law, which involves a matter concerning security and integrity of India. The mere fact that an appeal against any such

order mentioned above is pending in any court of law or any regulatory authority will not affect the Disqualification. Additionally, IBs should not have any existing legal proceedings by them or against them in respect of Company/ SSP and its Associate Companies

5.2 Other Terms and Conditions

- 1) The IB must meet the Eligibility Criteria as stated in Clause 5.1 of this EOI Request, on the date of submission of the EOI and must continue to be eligible throughout the Transaction until its completion. IB shall have the obligation to immediately notify the Transaction Advisor on its becoming ineligible any time during the Transaction. In the event of any IB getting disqualified or not meeting the eligibility criteria, such IB shall not be permitted to continue to participate in the Transaction.
- 2) All the bid(s) shall be valid for 180 days from the last date of submission of EOI as stipulated in Clause 2.3 and may need to be further extended by another 180 days on intimation to the Interested Bidders of the same.
- 3) All financial statements or data to be derived therefrom for the evaluation of Financial Criteria referred herein shall mean on a consolidated basis.
- 4) In the event the SSP – Divested Unit is transferred to an SPV (“SSP SPV”), the Successful Bidder and Consortium SPV, if applicable, shall be required to lock-in its shareholding in SSP SPV (including any shares subscribed to in future) for a minimum period of five (5) years from the date of closing under the Definitive Agreements and the Successful Bidder/ Consortium SPV shall not be permitted to cede with Control of the SSP SPV for such period. The Successful Bidder / Consortium SPV shall be obliged to ensure that the SSP SPV does not part with the SSP – Divested Unit (or a substantial portion thereof) for the aforesaid period of five (5) years from the date of closing under the Definitive Agreements. Further details and other terms and conditions shall be provided in the RFP.
- 5) In the event the SSP – Divested Unit is transferred directly to the Successful Bidder or the Consortium SPV, as the case may be, the Successful Bidder/ Consortium SPV shall not be permitted to part with the SSP – Divested Unit (or a substantial portion thereof) for a minimum period of five (5) years from the date of closing under the Definitive Agreements. Further details and other terms and conditions shall be provided in the RFP.
- 6) **Requisite approvals:** The IB shall be required to obtain all necessary approvals under applicable laws from relevant government agencies, including the Ministry of Steel, as may be required to enable the Interested Bidder to enter into the Definitive Agreements before completing the Transaction.
- 7) Where the Interested Bidder/ Consortium Member is a foreign entity, it shall ensure that it meets extant FDI norms and regulations.

- 8) The Interested Bidders shall evaluate and ensure that they are permitted to invest under applicable laws to the extent they propose to participate.
- 9) Only Interested Bidders which are permitted under applicable laws to participate (to the extent of their proposed participation) shall be permitted to bid.
- 10) After the submission of the EOI, there shall be no change in the Control of the Successful Bidder and each Consortium Member for a minimum period of five (5) years from the date of closing under Definitive Agreements, without prior approval of GOI/ Company.
- 11) Where the IB is a Consortium, upon being declared Successful Bidder,
 - a. The Lead Member of the Consortium shall continue to hold at least 26% equity shareholding in the Consortium SPV for a minimum period of five (5) years from the date of closing under the Definitive Agreements.
 - b. There shall be no change in composition of the Consortium SPV or dilution of shareholding or change in inter se shareholding ratio of the Consortium Members in the Consortium SPV, without the prior approval of Government of India/ SAIL, for a period of five (5) years from the date of closing under the Definitive Agreements.

Further details and other terms and conditions shall be provided in the RFP.

- 12) In the event IB/ Lead Member of Consortium meets Technical Criteria through its Direct Subsidiary/ Direct Subsidiary LLP/ Direct Holding Company, there shall be no change in the relationship between IB/ Lead Member of Consortium and entity meeting , after the submission of EOI, for a period of five (5) years from the date of closing under the Definitive Agreements.

It is clarified that the IB shall continue to remain its direct Subsidiary/ direct Subsidiary LLP/ Direct Holding Company after the submission of EOI, for a period of 5 years from the date of closing under the Definitive Agreements.

Further details and other terms and conditions including any continuing covenants shall be provided in the RFP.

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

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

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

- 14) The Interested Bidder shall continue the business of the plant in its entirety as being conducted on the completion of the Transaction on a going concern basis.
- 15) The Interested Bidder, alongwith the entity meeting Technical Criteria in accordance with Clause 5.1.3.a, is expected to bring in requisite technology to run the plant efficiently.
- 16) The Interested Bidders shall ensure that they are permitted to invest under applicable laws to the extent they propose to participate.
- 17) The GOI/ Company reserves the right to seek any additional indemnities, warranties, representations or performance obligations from the Interested Bidders or any of their Group Companies to its sole satisfaction.
- 18) Notwithstanding anything contained in this EOI Request, the GOI reserves the right to reject any EOI and to annul the EOI process and reject all EOIs at any time without any liability or any obligation for such acceptance, rejection or annulment, including on grounds of national integrity, national security and national interest and without assigning any reasons therefore. In the event that the GOI rejects or annuls all the EOIs, it may, in its discretion, invite all eligible IBs to submit fresh EOIs hereunder.
- 19) The GOI reserves the right not to proceed with the EOI process at any time, without notice or liability, and to reject any EOI without communicating any reasons.

6. DISQUALIFICATION

- 1) GOI/ Company/ Transaction Advisor shall not consider for the purpose of qualification, any EOI which has been found to be incomplete in content or attachments.
- 2) Without prejudice to any other rights or remedies available to GOI/ Company, the GOI/ Company reserves the right to disqualify any IB or Consortium Member and exclude its EOI from further consideration for any of the reasons, including without limitation listed below:
 - a. Any misrepresentation/ false statement made by an IB/ any Consortium Member at any stage of the Transaction, whether in the EOI, the financial bid, supporting documentation or otherwise and whether written or oral.
 - b. If the EOI submitted by the IB is in any respect inconsistent with, or demonstrates any failure to comply with, the provisions of the EOI Request, including not being accompanied by the non- refundable Fee.
 - c. Any condition or qualification or any other stipulation inserted by the IB/ any Consortium Member, in the EOI
 - d. Failure by IB/ any Consortium Member to provide the necessary and sufficient information required to be provided in the EOI in accordance with this EOI Request.
 - e. Failure by IB/ any Consortium Member to provide, within the time specified by the GOI/ Company/ Transaction Advisor, the supplemental information sought by the GOI/ Company/ Transaction Advisor for evaluation of the EOI.
 - f. Submission of more than one (1) EOI by any IB either as sole bidder or as Consortium Member in which case, all such EOIs shall be rejected.
 - g. The IB not satisfying the eligibility and requisite qualification criteria specified in the EOI Request and hence not being eligible.
 - h. Failure by IB/ any Consortium Member to comply with any other condition or requirement as listed in the EOI Request.
 - i. In case the IB/ any Consortium Member is a CPSU or Central Government owned Cooperative Societies i.e. where Government's ownership is 51% or more
 - j. Failure to comply with any reasonable request of GOI/ Company/ Transaction Advisor in relation to the Transaction.
 - k. If GOI/ Company is not satisfied with sources of funds/ownership structure of the IB.

- l. If at any time it is discovered that the IB/ Consortium Member are subjected to winding up/insolvency/ bankruptcy proceedings or other proceedings of a similar nature.
- m. Any of the outstanding indebtedness of the IB/ any Consortium Member or its respective parent or subsidiaries availed from either banks or financial institutions being classified as 'non-performing asset' or any equivalent classification in their respective jurisdiction.
- n. Any information regarding or in connection with the IB/ Consortium Member which becomes known that is detrimental to the national security and/or national interest and/or the Transaction and/or the interests of the Company.
- o. If at any stage of the Transaction, the IB/ Consortium Member and/ or its directors/ Promoters are denied security clearance or their security clearance is revoked by the GOI.
- p. Initiation or existence of any legal proceedings, by or against the IB/ Consortium Member in respect of the Company, which proceeding may be prejudiced by the participation of the IB/ Consortium Member in the selection process or the Transaction.
- q. IB/ Consortium Member or its Promoters or Promoter Groups or directors is debarred from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities by any Governmental Authority.
- r. IB/ Consortium Member or its Promoters or Promoter Groups or directors are appearing in the RBI list of wilful defaulters or any such list by a competent authority in their respective jurisdiction.

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

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

For the purpose of this clause, "Overseas Corporate Bod(ies)" mean a company, partnership firm, society and other corporate body owned directly or indirectly to the extent of at least sixty per cent by Non-Resident Indians and includes overseas trust in which not less than sixty per cent beneficial interest is held by Non-resident Indians directly or indirectly but irrevocably, which was in existence as on the date of commencement of the Foreign Exchange Management (Withdrawal of General

Permission to Overseas Corporate Bodies (OCBs) Regulations, 2003) and immediately prior to such commencement was eligible to undertake transactions pursuant to the general permission granted under Foreign Exchange Management Regulation Act, 1999.

- t. IB/ Consortium Member is prohibited or restricted from investing in SAIL / SSP – Divested Unit on the basis of status or sector in which SAIL operates under FEMA, 1999 or any regulations made thereunder and including the provisions of the consolidated Foreign Direct Investment Policy (FDI Policy). It being clarified that sectors where government approval is required will not be considered as ‘restricted’ from investing.
 - u. If it is discovered at any stage of the Transaction that the IB/ Consortium Member does not possess requisite corporate authorizations to participate in the Transaction.
- 3) Where IB is a Consortium, if any of the Consortium Members are disqualified, the Consortium shall automatically stand disqualified.
 - 4) Breach of Undertaking executed by the IB;
 - 5) In regard to matters relating to the national security and national integrity, any charge-sheet by any Governmental Authority / conviction by a court of law including under the provisions of the Indian Penal Code or Official Secrets Act or any other relevant legislation for an offence committed by the IB or any of the Consortium Members or by any of their respective Affiliate(s) or any of their Promoters, Promoter Group and directors would result in disqualification. The decision in regard to the relationship between the IB or any of the Consortium Members and the Affiliate(s) would be taken based on the relevant facts and after examining whether the two entities are substantially controlled by the same person/persons.
 - 6) The IB / any Consortium Member who is not qualified to participate in the Transaction pursuant to the Government of India office memorandum No. 3/9/2016-DoD-II-B dated September 28, 2017 (as per **Annexure 12A**), as amended from time to time.
 - 7) If the IB/ any Consortium Member does not satisfy any of the requirements as may be issued by the GOI by way of notifications/ guidelines / circulars or such similar notifications from time to time, including any conditions for qualification, the EOI submitted by the IB shall be disqualified.
 - 8) Integrity Pact Clause: If an IB/ any Consortium Member is found involved in corrupt practices, unfair means or illegal activities during any stage of the Transaction or during the bid process and during the negotiation and execution of the Definitive Agreements , the IB shall be disqualified, at the sole discretion of GoI.

- 9) If any default, as above, becomes known after the IB has been shortlisted to receive the CIM that would have entitled GOI to reject or disqualify the IB, GOI reserves the right to reject or disqualify the IB at the time such information becomes known to GOI.
- 10) GOI's determination that one or more of the events specified in this Clause 6 has occurred shall be final and conclusive.

7. ANNEXURES

Annexure 1: Format for Letter of EOI

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

Reference No. _____ Date _____

To,

Mr. S.K.Arora
Senior Vice President
PA&SF Group
SBI Capital Markets Ltd.
6th Floor, World Trade Tower
Barakhamba Lane
New Delhi – 110 001

Kind Attention: Mr. S.K. Arora

Sub: EXPRESSION OF INTEREST FOR STRATEGIC DISINVESTMENT OF SALEM STEEL PLANT AT SALEM

Sir/ Madam,

This is with reference to the advertisement dated [●] (“**Advertisement**”) inviting Expression of Interest (“**EOI**”) for strategic disinvestment of Salem Steel Plant at Salem, Tamil Nadu (“**SSP**” or “the **Plant**”) by SAIL (“**Company**”) along with transfer of management control (“the **Transaction**”).

This communication has been issued by the [Interested Bidder (as defined below) OR Lead Member (as defined below) for and on behalf of the Consortium (as defined below)].²

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

² Strike out, whichever is not applicable

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

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

1. We are interested in bidding for the strategic sale of SSP.
2. [We are submitting this EOI as [●] [insert name of Interested Bidder] having its registered office at [●]

OR

2. We have formed a consortium comprising [●] members (“**Consortium**”) as follows:
 - a. [●] holding [●]% stake in the Consortium i.e. holding [●]% of the equity share capital of the Consortium SPV and is designated as Lead Member as per the Consortium Agreement executed among all the Consortium Members (“**Lead Member**”);
 - b. [●] holding [●]% stake in the Consortium i.e. holding [●]% of the equity share capital of the Consortium SPV; and
 - c. [●] holding [●]% stake in the Consortium i.e. holding [●]% of the equity share capital of the Consortium SPV

OR

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

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

OR

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

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

The list of employees is provided below:

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

]³ (hereinafter referred to as the “Interested Bidder” or “IB”)

3. [We agree to form a Special Purpose Vehicle (in the form of a company), within a stipulated time, once finally selected to enter into the Definitive Agreements. The shareholding of the Consortium SPV shall be the same as the shareholding of the Members in the Consortium.]⁴
4. We satisfy the eligibility criteria detailed in the Advertisement and the Request for Expression of Interest, including the guidelines of Department of Investment and Public Asset Management OM No. 3/9/2016–DoD-II-B dated September 28, 2017, as amended from time to time.
5. [We are engaged in the [mining/ manufacturing/ processing] of [●] [insert name of Mining Industry/ Core Industry/ Metal Industry in which IB operates] for the past [●] years

OR

[●] [insert name of entity meeting technical criteria] is our [Direct Holding Company/Direct Subsidiary Company/ Direct Subsidiary LLP]⁵ and is engaged in the [mining/ manufacturing/ processing] of [●] [insert name of Mining Industry/ Core Industry/ Metal Industry in which such entity operates] for the past [●] years..

³ Strike out, whichever is not applicable

⁴ Strike out in case of Sole IB

⁵ Strike out, whichever is not applicable

6. We confirm and represent that we have the requisite corporate authorisations to submit the EOI.
7. We undertake and confirm that in the event we become the Successful Bidder,
 - a. We shall continue the business of the Plant in its entirety as being conducted on the completion of the Transaction, on a going concern basis.
 - b. We shall bring in requisite technology to run the plant efficiently, [through our [Direct Holding Company/Direct Subsidiary Company/ Direct Subsidiary LLP]⁶ whose experience has been utilized to meet the technical eligibility criteria]⁷.
 - c. In the event the SSP – Divested Unit is transferred to an SPV (“SSP SPV”), the [Successful Bidder/ Consortium SPV]⁸ shall be required to lock-in its shareholding in SSP SPV (including any shares subscribed to in future) and shall continue to be in Control of SSP SPV for a minimum period of five (5) years from the date of closing under the Definitive Agreements and shall be obliged to ensure that the SSP SPV does not part with the SSP – Divested Unit (or a substantial portion thereof) for the aforesaid period of five (5) years. We undertake to comply with the terms and conditions which may be included in the RFP.
 - d. In the event the SSP – Divested Unit is transferred directly to the [Successful Bidder / Consortium SPV]⁹, as the case may be, the Successful Bidder/ Consortium SPV , shall not be permitted to part with the SSP – Divested Unit (or a substantial portion thereof) for a minimum period of five (5) years from the date of closing under the Definitive Agreements. We undertake to comply with the terms and conditions which may be included in the RFP.
 - e. [The Lead Member of the Consortium shall continue to hold at least 26% equity shareholding in the Consortium SPV for a minimum period of five (5) years from the date of closing under the Definitive Agreements.
 - f. There shall be no change in composition of the Consortium SPV or dilution of shareholding or change in inter se shareholding ratio of the Consortium Members in the Consortium SPV, without the prior approval of Government of India/ SAIL, for a period of five (5) years from the date of closing under the Definitive Agreements.]¹⁰

⁶ Strike out, whichever is not applicable

⁷ Strike out, if not applicable

⁸ Strike out, if not applicable

⁹ Strike out, if not applicable

¹⁰ Strike out in case of Sole IB

8. We acknowledge that after the submission of the EOI, there shall be no change in Control of [the Interested Bidder/ any Consortium Member]¹¹, without the prior approval of Government of India/ SAIL, for a period of five (5) years from the date of closing under the Definitive Agreements (as applicable).
9. [We acknowledge and undertake that after the submission of the EOI, [●] [insert name of Direct Subsidiary/ Direct Subsidiary LLP used for meeting the Technical Criteria], it shall continue to remain our Direct Subsidiary/Direct Subsidiary LLP¹²), for a period of five (5) years from the date of closing under the Definitive Agreements.
10. 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 related to a grave offence that outrages the moral sense of the community.
11. We further certify that in regard to matters relating to security and integrity of the country, no charge sheet has been filed by any agency of the Government of India nor have we been convicted by a Court of law, including under the provisions of the Indian Penal Code or Official Secrets Act, for any offence committed by us or by any of our Affiliates or Group Companies.
12. We further certify that no investigation by a regulatory authority is pending either against us or against our Affiliates or Group Companies or against any of our directors or key managerial personnel or employees.
13. In the event we are attracted by any of the disqualifications in terms of the EOI Request during the pendency of the process of Strategic Disinvestment/ Transaction, owing to change in facts or circumstances, we would intimate the Transaction Advisor of the same immediately.
14. We represent that we are not disqualified to enter into or perform our obligations in relation to the Transaction (including acting as Promoter of the company) pursuant to the applicable laws including regulations, guidelines, orders, directions or instructions of any regulatory authority (including SEBI or RBI), administrative authority or department or ministry of central or state government or any court in India.
15. We however, understand that the GOI/ Company reserves the right to decide whether or not to qualify our EOI without assigning any reason whatsoever and without any liability.

¹¹ Strike out, whichever is not applicable

¹² Strike out, whichever is not applicable

16. We represent that the loans availed by us or by our parent or subsidiaries , have not been classified as ‘non-performing asset’ or such equivalent classification by either banks or financial institutions.
17. We represent that we or our Promoters or Promoter Groups or our directors are not debarred from accessing or operating in the capital markets.
18. We represent that we or our Promoters or Promoter Groups or our directors not appearing in the RBI list of wilful defaulters or any such competent authority in their respective jurisdiction.
19. We represent that we are not erstwhile Overseas Corporate Bodies which are incorporated outside India and are under the adverse notice of RBI.
20. We represent that we are not prohibited or restricted from investing in SAIL or SSP – Divested Unit on the basis of status or sector in which SAIL operates, under FEMA, 1999.
21. We confirm that we are not and have not been classified as Central Public Sector Undertaking or a central government owned Cooperative Society (i.e. where Government’s ownership is 51% or more)
22. We shall keep this EOI valid for 180 days from the Due Date of submission of EOI as specified in the EOI Request and shall be further extended by another 180 days on intimation from the Company/ Transaction Advisor.
23. [The Statement of Legal Capacity, Declaration in relation to Statement of Legal Proceedings and Request for Qualification as per formats given in Annexures of the EOI Request, duly signed by us are enclosed along with the stamped and notarized Power of Attorney.

OR

The Statement of Legal capacity, Declaration in relation to Statement of Legal Proceedings, Request for Qualification, duly signed by representative members who jointly satisfy the eligibility criteria are enclosed along with the certified true copy of the Consortium Agreement between the Consortium Members as per formats given in Annexures of the EOI Request. Further, the stamped and notarized Power of Attorney of each Consortium Member is also enclosed.]¹³

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

¹³ Strike out, whichever is not applicable

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

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

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

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

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

Thank you.

Yours sincerely,

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

Signature: (Authorised Representative and Signatory)

Name of the Person: [●]

Designation: [●]

Enclosures:

1. Demand Draft for Non-refundable Fee
2. Statement of Legal Capacity
3. Request for Qualification, [submitted by each Consortium Member]¹⁴
4. Power of Attorney [submitted by each Consortium Member]¹⁵

¹⁴ Delete if not applicable

¹⁵ Delete if not applicable

5. [Certified true Copy of the Consortium Agreement between the Consortium Members]¹⁶
6. Declaration on Statement of legal proceedings [submitted by each Consortium Member]¹⁷
7. [Undertaking by direct Subsidiary/ direct Subsidiary LLP/ direct Holding Company]¹⁸

¹⁶ Delete if not applicable

¹⁷ Delete if not applicable

¹⁸ Delete if not applicable

Annexure 2: Statement of Legal Capacity

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

Reference No. _____ Date _____

Mr. S.K. Arora
Senior Vice President
PA&SF Group
SBI Capital Markets Ltd.
6th Floor, World Trade Tower
Barakhamba Lane
New Delhi – 110 001

Kind Attention: Mr. S.K.Arora

Sub: EXPRESSION OF INTEREST FOR STRATEGIC DISINVESTMENT OF SALEM STEEL PLANT AT SALEM (“SSP”)

Sir/Madam,

This is with reference to the advertisement dated [●] (“**Advertisement**”) inviting Expression of Interest (“EOI”) for strategic disinvestment of Salem Steel Plant at Salem, Tamil Nadu (“**SSP**” or “the **Plant**”) by SAIL (“**Company**”) along with transfer of management control (“**Transaction**”).

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

1. We are interested in bidding for the strategic sale of SSP.
2. [We are a member of the Consortium comprising [●] members (“**Consortium**”) as follows:
 - a. [●] holding [●] % stake in the Consortium i.e. holding [●]% of the equity share capital of the Consortium SPV and is designated as Lead Member as per the Consortium Agreement executed among all the Consortium Members (“**Lead Member**”);

- b. [●] holding [●] % stake in the Consortium i.e. holding [●]% of the equity share capital of the Consortium SPV and
- c. [●] holding [●] % stake in the Consortium i.e. holding [●]% of the equity share capital of the Consortium SPV

] ¹⁹ (hereinafter referred to as the “Interested Bidder” or “IB”)

3. We have examined in detail and have understood the terms and conditions and eligibility criteria stipulated in the Advertisement and the EOI Request and [we satisfy the eligibility criteria OR we jointly satisfy the eligibility criteria alongwith other Consortium Members]²⁰ stipulated in the EOI Request and the Advertisement.
4. We represent that we have the requisite corporate authorisations to submit the EOI.
5. We represent that all the information provided in the EOI along with supporting documents is complete and accurate in all material respects.
6. [We have agreed that [●] [insert name and designation of individual] will act as our representative on our behalf (“Representative”) and has been duly authorised to submit the EOI. Further, the Representative is vested with requisite powers to furnish this letter and Request for Qualification and authenticate the same.

OR

6. We have agreed that [●] [insert name and designation of individual] chosen as representative of our Consortium on our behalf (“Representative”) and has been duly authorised to submit the EOI. Further, the Representative is vested with requisite powers to furnish this letter and Request for Qualification and authenticate the same.]²¹

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

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

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

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

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

¹⁹ Strike out if not applicable

²⁰ Strike out, whichever is not applicable

²¹ Strike out, whichever is not applicable

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

Thank you.

Yours sincerely,

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

Signature: (Authorised Representative and Signatory)

Name of the Person: [●]

Designation: [●]

Annexure 3: Request for Qualification

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

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

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

- 1) Ownership structure
- 2) Identity of the natural persons who are the Ultimate Beneficial Owners
- 3) The Place of Effective Management of business of the IB/ Consortium Member
- 4) Write up on business history and growth, business areas/ activities, revenue details.

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

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

1) Following details to be provided

- a) Registered Office – Address, phone number, facsimile number
- b) Head Office (if different from Registered Office)– Address, phone number, facsimile number
- c) Address for correspondence [indicate whether Registered Office/ Head Office/ any other]

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

3) Contact Person(s):

- a) Name:
- b) Designation:
- c) Phone No.:
- d) Mobile No.:
- e) Fax No.:
- f) Email:

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

4) Website details of IB/ Consortium Member.

D. Basic Information:

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

E. Management Organization:

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

F. International Operations/ Joint Ventures/ Alliances:

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

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

the audited financial statements of such companies shall be submitted, as and when prepared as per the statutory requirements and timelines of the relevant countries where it is incorporated.

G. Professional Advisors:

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

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

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

H. Outstanding Litigation/ Contingent Liability:

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

I. Foreign Direct Investment (FDI) Restrictions:

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

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

J. Enclosures

- 1) Certificate of Incorporation, Memorandum and Articles of Association, Certificate of Commencement of Business, Charter Documents, or other Constitution Documents, i.e., Partnership Deed etc., as may be applicable and SEBI Registration Certificate for AIFs
- 2) A certificate for list of Board of Directors and key management personnel duly signed by the Company Secretary of IB/ Consortium Member and also counter signed by its authorized signatory.
- 3) A certificate by an independent chartered accountant/statutory auditor/Company Secretary or any other office in-charge of legal affairs for the shareholding pattern of the IB/ Consortium Member.
- 4) Basis of eligibility for participation in the Transaction:
 - a) A certificate duly signed by the Company Secretary/ any other officer in charge of legal affairs, stating that the IB is eligible to participate in the proposed Transaction in terms of Clause [●] [specific reference to the said provision may be drawn] of its Memorandum and Articles of Association/Partnership Deed/ [●] [insert name of relevant Constitution Document].
 - b) [A certificate from Statutory Auditor of the Interested Bidder/ Lead Member of Consortium certifying that it has been operating in [a Mining Industry/ Core Industry/ Metal Industry] for atleast 5 (five) years OR self-certified true copies of Consents to Operate issued by the relevant State Pollution Control Board

OR

In the event IB/Lead Member of Consortium meets Technical Criteria through its Direct Subsidiary/ Direct Subsidiary LLP/ Direct Holding Company, , a certificate from Statutory Auditor of the entity meeting technical criteria certifying that such entity has been operating in [a Mining Industry/ Core Industry/ Metal Industry] for atleast 5 (five) years OR self-certified true copies of Consents to Operate issued by the relevant State Pollution Control Board]

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

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

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

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

Yours sincerely,

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

Signature: (Authorised Representative and Signatory)

Name of the Person: [●]

Designation: [●]

Place:

Date:

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

Annexure 4: Power of Attorney

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

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

To all to whom these presents shall come, We..... [name of the IB] having our registered office at _____ [address of the registered office] do hereby exclusively, unconditionally and irrevocably constitute, nominate, appoint and authorize Mr./Ms. (name),.....son/daughter/wife of and presently residing at, who is presently employed with [us/ the Lead Member of our Consortium]²² and holding the position of, as our true and lawful attorney (hereinafter referred to as the “Attorney”) to do in our name and on our behalf, to do, execute, and perform all such acts, agreements, deeds, matters and things as are necessary or required in connection with or incidental to submission of our application for qualification for the proposed strategic sale of 100% stake in Salem Steel Plant at Salem in Tamil Nadu, including but not limited to signing and submission of all applications, EOIs, affidavits, bids, and other documents and writings, participating in participating in conferences, if any, and providing information/ responses to GOI/Company/ Transaction Advisor, representing us in all matters before GOI/ Company/ Transaction Advisor and generally dealing with GOI/ Company/ Transaction Advisor in all matters in connection with or relating to or arising out of our application for qualification for the Transaction (as defined in the EOI Request dated [●] issued by Transaction Advisor).

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

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

All the terms used herein but not defined shall have the meaning ascribed to such terms in the EOI Request dated [●].

²² Strike out whichever is not applicable

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

.....

(Signature, name, designation and address)

In the presence of:

- 1.
- 2.

Accepted

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

[To be duly notarized]

[To affix common seal, if applicable]

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

Annexure 5: Power of Attorney for Employee Participation

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

Special Power of Attorney

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

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

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

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

All the terms used herein but not defined shall have the meaning ascribed to such terms in the EOI Request dated [●].

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

.....

(Signature, name, designation and address)

In the presence of:

1.

2.

Accepted

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

[To be duly notarized]

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

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

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

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

1. M/s [insert name of Lead Member] _____ [a limited liability partnership OR company] incorporated under the laws of _____ and having its [Registered Office OR Principal Place of Business] at _____ (hereinafter called the "**Member-1**", which expression shall include its successors, executors and permitted assigns);
2. M/s _____ [a limited liability partnership OR company] incorporated under the laws of _____ and having its [Registered Office OR Principal Place of Business] at _____ (hereinafter called the "**Member-2**", which expression shall include its successors, executors and permitted assigns);
3. M/s _____ [a limited liability partnership OR company] incorporated under the laws of _____ and having its [Registered Office OR Principal Place of Business] at _____ (hereinafter called the "**Member-3**", which expression shall include its successors, executors and permitted assigns); and

for the purpose of submitting response to Advertisement dated [●] inviting Expression of Interest for strategic disinvestment of 100% stake in Salem Steel Plant ("**SSP**" or "**the Plant**") by SAIL ("**Company**") along with transfer of management control.

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

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

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

NOW THEREFORE, THIS AGREEMENT WITNESSTH AS UNDER:

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

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

- with the SSP – Divested Unit (or a substantial portion thereof) for the aforesaid period of five (5) years from the date of closing under the Definitive Agreements.
- e. The composition of the Consortium shall be maintained for a period of 5 (five) years from the date of closing under the Definitive Agreements (as applicable). There shall be no dilution of shareholding or change in inter se shareholding ratio of the Consortium Members in the Consortium SPV, without the prior approval of Government of India/ SAIL, for a period of five (5) years from the date of closing under the Definitive Agreements.
- f. The Lead Member of the Consortium shall continue to hold at least 26% equity shareholding in the Consortium SPV for a minimum period of five (5) years from the date of closing under the Definitive Agreements.
6. We acknowledge that after the submission of the EOI, there shall be no change in Control of each Consortium Member for a minimum period of 5 (five) years from the date of closing under the Definitive Agreements.
7. The Lead Member, on behalf of the Consortium, shall inter alia undertake full responsibility for liaising with any authority or persons as required.
8. In case of any breach of commitment by any of the Consortium Members, the Lead Member shall be liable for the consequences thereof.
9. Except as specified in the Agreement, it is agreed that sharing of responsibilities as aforesaid shall not in any way be a limitation of responsibility of the Lead Member under these presents.
10. The Lead Member shall be liable irrespective of its scope of work or financial commitments.
11. This Agreement shall be construed and interpreted in accordance with the Laws of India and courts at New Delhi alone shall have the exclusive jurisdiction in all matters relating thereto and arising thereunder.
12. It is further expressly agreed that the Agreement shall be in force and remain valid until such time that each Consortium Member is a shareholder of the Consortium SPV, unless expressly agreed to the contrary by the Consortium Members, with the prior written consent of the Company and GOI.
13. The Lead Member is authorized and shall be fully responsible for the accuracy and veracity of the representations and information submitted by the Consortium Members respectively from time to time in the EOI.
14. It is hereby expressly understood between the Consortium Members that no Consortium Member at any given point of time, may assign or delegate its rights, duties or obligations under the EOI except with prior written consent of the Company and GOI.
15. This Agreement

- (i) has been duly executed and delivered on behalf of each Member hereto and constitutes the legal, valid, binding and enforceable obligation of each such Member;
- (ii) sets forth the entire understanding of the Members hereto with respect to the subject matter hereof; and
- (iii) may not be amended or modified except in writing signed by each of the Members and with prior written consent of the Company and GOI .

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

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

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

Witnesses:

- (i) Signature _____
Name:
Address:
- (ii) Signature _____
Name:
Address:

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

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

Witnesses:

- (i) Signature _____
Name:
Address:
- (ii) Signature _____
Name:
Address:

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

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

Witnesses:

(i) Signature _____

Name:

Address:

(ii) Signature _____

Name:

Address:

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

[To affix common seal, if applicable]

Annexure 7: Undertaking by the Interested Bidder

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

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

UNDERTAKING BY THE INTERESTED BIDDER

This UNDERTAKING ("Undertaking") is made on this day of, [●].

BY

M/s _____ [insert name of Interested Bidder/ Lead Member] a [limited liability partnership OR company] incorporated under the laws of _____ [insert name of the country] and having its [Registered Office OR Principal Place of Business] at _____ (hereinafter called the ["Interested Bidder" OR "Lead Member"]²³, which expression shall include its successors, executors and permitted assigns);

[AND

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

AND

M/s _____ [insert name of Consortium Member] a [limited liability partnership OR company] incorporated under the laws of _____ [insert name of the country] and having its [Registered Office OR Principal Place of Business] at _____

²³ Delete whichever is not applicable

(hereinafter called "**Member-3**", which expression shall include its successors, executors and permitted assigns);

The Lead Member, Member-2 and Member 3, shall be collectively referred to as **Interested Bidder**²⁴

OR

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

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

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

AND

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

The Employees and Employee Consortium Member, shall be collectively referred to as **Interested Bidder**²⁵

IN FAVOUR OF:

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

AND

²⁴ Delete if IB is not a Consortium

²⁵ Delete if IB is not a group of Employees/ Employee Consortium

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

AND

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

AND

L&L Partners (Formerly known as Luthra & Luthra Law Offices), whose registered office is at 103, Ashoka Estate, Barakhamba Road, New Delhi- 110001, India (hereafter referred to as the “Legal Advisor”),

AND

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

WHEREAS:

- A. The Interested Bidder has submitted an Expression of Interest for participation in the strategic disinvestment of Salem Steel Plant at Salem in Tamil Nadu (“SSP” or “the Plant”) by SAIL (“the Company”) along with the transfer of management control (the “Transaction”).
- B. In the context of the IB’s interest in the Transaction, the Disclosing Party (as defined hereinafter) may disclose Confidential Information (as defined hereinafter) to the Receiving Party (as defined hereinafter) to enable the IB to evaluate the Transaction.

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

1. Capitalised terms and expressions used but not defined in this Undertaking shall have the same meaning ascribed thereto in the EOI Request. The following capitalized expressions used in this Undertaking (including the recitals) shall have the meaning assigned to them hereunder;
 - 1.1. “Confidential Information” means and includes any and all facts, knowledge, information, documents and materials whether written or otherwise, concerning the business, operations, prospects, finances, or other affairs of the Company, its Plant, affiliates, associates or subsidiaries. It includes, without limitation, documents delivered

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

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

- (a) Information which the Interested Bidder can prove was already in the possession of the Receiving Party and was available to the Receiving Party on a non-confidential basis prior to its disclosure to the Receiving Party by the Disclosing Party;
- (b) Information which is obtained by the Receiving Party from a third person who, insofar as is known to the Receiving Party, is not prohibited from disclosing the information to the Receiving Party under a contractual, legal or fiduciary obligation to the Disclosing Party; and
- (c) Information which is or becomes generally available to the public otherwise than as a result of a breach of this Undertaking by the Receiving Party.

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

- 1.2. "**Disclosing Party**" means the Advisors, the Company, the Administrative Ministry, the GOI, other Governmental Authority and/or their respective Representatives, whether jointly or severally.
 - 1.3. "**Receiving Party**" means the Interested Bidder and its/ their Representatives, whether jointly or severally.
 - 1.4. "**Representative(s)**" of any Person includes the directors, officers, employees, agents, consultants, advisors, lenders for financing of this Transaction or other representatives, including legal counsel, accountants and financial advisors of such Person and also includes the Representatives of the Representatives of any Person.
-
2. The Confidential Information disclosed by the Disclosing Party to the Receiving Party, or acquired by the Receiving Party in the course of any studies conducted by the Receiving Party, will be received and treated by the Receiving Party as strictly confidential, subject to its obligations contained herein, and the Receiving Party shall not, without the Company's as well as the Government's prior written consent or as expressly permitted herein, directly or indirectly disclose to any other Person, or use or allow others to disclose or use, the Confidential Information.
 3. The Receiving Party will use the Confidential Information only to evaluate the Transaction and to decide whether or not it wishes to proceed with the Transaction and not for any purpose other than the Transaction. The Receiving Party will not directly or indirectly use the Confidential Information for any other purpose or in any other manner whatsoever and shall particularly ensure that the interests of the Company / GOI/ Advisors are not adversely affected in any manner whatsoever.
 4. In consideration of the Disclosing Party providing the Receiving Party with Confidential Information, by the Interested Bidder's execution of this Undertaking, the Interested Bidder, for itself and on behalf of all other Receiving Party, agrees that all of the Confidential Information shall be held and treated by the Receiving Party in strict confidence. The Interested Bidder agrees (a) to disclose Confidential Information only to Consortium Members and/or those of its Representatives who need to know the Confidential Information for the purposes of an evaluation of the Transaction and each such Interested Bidder or Representative of the Interested Bidder will be informed and advised in writing by the Interested Bidder of the confidential nature of such information and the contents of and the obligations under this Undertaking and (b) to satisfy itself that each such Consortium Member and/or Representative of the Interested Bidder will hold and treat the Confidential Information in confidence and act in accordance therewith. The Interested Bidder agrees that the Confidential Information shall not, without the Company's as well as the Government's prior written consent, be disclosed by the Interested Bidder and/or its/ their Representatives in any manner whatsoever, in whole or in part, to any third Person, and shall not be used by

the Interested Bidder or its Representative other than in connection with an evaluation of the Transaction.

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

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

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

[In case the Interested Bidder is a Consortium, it agrees that for the purpose of this Undertaking, its liability shall be joint and several with each of the Consortium Members.]²⁶

5. Except as permitted by Clause 4 herein and except as expressly permitted by the Definitive Agreements, entered into by the Interested Bidder, and/or any company formed and promoted by them for the acquisition of SSP – Divested Unit, 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

²⁶ Delete, if IB is not a Consortium

purchase agreement, the Receiving Party will not directly or indirectly disclose to any Person the fact that any discussions or negotiations are taking place concerning the Transaction, including the status and content of such discussions or negotiations.

6. On acquiring the Confidential Information on the terms stated in this Undertaking or otherwise, the Receiving Party shall comply with all applicable law, and the Interested Bidder hereby jointly and severally indemnifies and agrees to hold the Advisors, the Government and the Company indemnified and harmless (without prejudice to Clause 15 set forth below) against all and any consequences arising from any violation by the Receiving Party of such applicable laws.
7. If the Receiving Party is requested or becomes legally compelled (by oral questions, summons, interrogatories, requests for information or documents, subpoena, civil or criminal investigative demand, or similar process) or is required by a Governmental Authority and/or regulatory body (including any self-regulated organisation) to make any disclosure that is prohibited or otherwise constrained by this Undertaking or any similar undertaking or agreement, the Receiving Party will provide the Advisors, the Government and the Company with prompt written notice of such request so that the Advisors, the Government or the Company may seek an appropriate injunction, protective order or other appropriate remedy. Subject to the foregoing, the Receiving Party may furnish that portion (and only that portion) of the Confidential Information that, in the written opinion of the Interested Bidder's legal counsel (reasonably acceptable to the Advisors, the Government and the Company), the Receiving Party is legally compelled or is otherwise legally required to disclose or else stand liable for contempt or suffer other material censure or material penalty; provided, however, that the Receiving Party must use best efforts to obtain reliable assurance that confidential treatment will be accorded to any Confidential Information so disclosed.
8. The confidentiality obligations contained in this Undertaking may, at the discretion of the Government, the Company and the Advisors, be amended, modified or superseded upon the Interested Bidder and/or any company formed and promoted by them for executing Definitive Agreements, but shall be without prejudice to any of the Advisors', the Government's or the Company's rights in respect of any breach of this Undertaking which may have occurred prior to such amendment, modification or supersession.

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

9. The Government and/or the Company may elect at any time to terminate further access by the Receiving Party to any Confidential Information required by the Interested Bidder in connection with its evaluation of the Transaction. After any such termination by the

Government and/or the Company as specified in Clause 8 above, or after the decision of the Interested Bidder to not proceed with the Transaction, the Interested Bidder:

- (a) will promptly deliver to the concerned Disclosing Party, all Confidential Information including all documents or other materials furnished by such Disclosing Party to the Receiving Party, together with all copies and summaries thereof in the possession or under the control of the Receiving Party, and
- (b) will destroy materials generated by the Receiving Party that include or refer to any part of the Confidential Information, without retaining a copy of any such material.

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

10. The Receiving Party shall not deal or communicate (except in the ordinary course of its business) with any officer, director or employee of the Government or the Company regarding the business, operations, prospects or finances of the Company or the Plant, without the Advisors' prior written consent. It is understood that the Advisors will arrange for appropriate contacts for due diligence purposes in connection with the Transaction. Unless otherwise agreed to by the Advisors in writing (i) all communications regarding any possible transaction, (ii) any requests for additional information, (iii) any requests for management meetings, and (iv) any queries regarding the Transaction, will be directed exclusively to the Advisors. However, if the Receiving Party is called upon by the Government and/or the Company for any discussions, the Receiving Party will do so or meet the Government and/or the Company only after duly informing the Advisors in writing.
11. The Disclosing Party and its employees shall not reveal their identity and/or contact any member of the Company or the Administrative Ministry/ DIPAM and also keep the data/ information of the Company and SSP (shared as part of Transaction) strictly confidential.
12. The Government and/or the Company reserves the right, in its sole discretion, to reject any and all proposals made by the Receiving Party with regard to the Transaction and to terminate discussions and negotiations with the Receiving Party at any time. Without limiting the preceding sentence, nothing in this Undertaking (i) requires either the Interested Bidder or the Government to enter into the Transaction or to negotiate such Transaction for any specified period of time or (ii) requires the Advisors, the Government or the Company to enter into an agreement or an understanding, or prohibits the Advisors, the Government or the Company from entering into any agreement or understanding, for proceeding with the Transaction with any other Person.

13. In the event that the Receiving Party is not declared as the Successful Bidder, it shall not, directly or indirectly, solicit for employment or hire any employee of the Company for a period of 1 year from the date of this Undertaking or till six months from the completion of the Transaction, whichever is later.
14. The Receiving Party agrees that from the date of this Undertaking till the completion of the Transaction or till the time the Interested Bidder decides not to proceed with the Transaction, as the case may be, the Receiving Party shall not, directly or indirectly, buy, sell, negotiate, or enter into any arrangements for the purchase of any interest in SSP, or advise any other person directly or indirectly to buy, sell, negotiate or enter into any arrangements for purchase and / or sale of any of the shares of the Company, or take any action or make any statement or announcement that may affect the price of the shares of the Company on any stock exchange or elsewhere or which may affect the existing shareholding structure of the Company.
15. The Interested Bidder understands, acknowledges and agrees that the Government, the Advisors and the Company retain the right to determine, in their sole discretion, the information that they wish to make available to the Receiving Party and the personnel through whom the same will be made available. Further, nothing in this Undertaking shall amount to or be construed as the Disclosing Party making any representations or warranties, express or implied, as to the accuracy and/or completeness of the Confidential Information and the Disclosing Party shall have no liability whatsoever to the Receiving Party resulting from the Interested Bidder's use of the Confidential Information. The Interested Bidder also agrees that if it determines to proceed with the Transaction, its determination will be solely based on the terms of the Definitive Agreements as well as on its own investigation, analysis and assessment of its investment. Moreover, unless and until such agreements are entered into, neither the Government nor the Interested Bidder will be under any legal obligation of any kind with respect to the Transaction except for the matters specifically agreed to in this Undertaking or in another written and duly executed Definitive Agreement.
16. The Interested Bidder hereby indemnifies and agrees to hold the Advisors, the Government and the Company indemnified and harmless from all and any damages, losses, costs, or liabilities (including legal fees and the cost of enforcing this indemnity) arising out of or resulting from any unauthorized use or disclosure by any Receiving Party of the Confidential Information or other violation of this Undertaking (notwithstanding that a Receiving Party may not be party to this Undertaking) or of any similar undertaking or agreement. In addition, because an award of money damages (whether pursuant to the foregoing sentence or otherwise) would be inadequate for any breach of this Undertaking or any similar undertaking or agreement by the Receiving Party and any such breach would cause the Disclosing Party irreparable harm, the Interested Bidder also agrees that, in the event of any breach or threatened breach of this Undertaking or such similar undertaking or agreement, the Advisors, the Government or the Company will also be entitled, without the requirement

of posting a bond or other security, to equitable relief, including injunctive relief and specific performance. Such remedies will not be the exclusive remedies for any breach of this Undertaking but will be in addition to all other remedies available at law or equity to the Advisors, the Government and/or the Company.

17. The Interested Bidder understands, acknowledges, confirms and agrees that each of the Government, the Company and the Advisors are beneficiaries under this Undertaking. The Interested Bidder further agrees and confirms that each of the Government, the Company and the Advisors, will be entitled to and may enforce, either individually or jointly, the obligations imposed on the Receiving Party under this Undertaking.
18. The Receiving Party agrees that in case the Interested Bidder or any Consortium Member decides not to proceed with the Transaction or if the GOI/ Company/ Advisors notify the Interested Bidder or any Consortium Member that the GOI/ Company does not wish the IB or any such Consortium Member to consider the Transaction any further, the terms of the Undertaking shall survive on even subsequent to the date of receipt of notification of such decision by the relevant party.
19. The Interested Bidder agrees that no failure or delay by the Advisors/the Government / the Company in exercising any right, power or privilege hereunder will operate as a waiver thereof nor will any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any right, power or privilege hereto.
20. The terms of this Undertaking may be varied only with the Company's and the Government's prior written agreement. This Undertaking shall be effective as of the date first above given on the first page of this Undertaking.
21. This Undertaking shall be governed by and construed in accordance with the substantive laws of India without giving effect to its conflict of law principles.
22. All notices required or permitted to be given hereunder shall be in writing and shall be valid and sufficient if dispatched by registered airmail, postage prepaid, or by cable or facsimiles as follows.

If the notice is to the Government:

Mr. Aman Sharma
Director,
Ministry of Steel
Room No. 185, Udyog Bhawan
New Delhi – 110 011

If the notice is to the Advisors:

Transaction Advisor:

Mr. S.K.Arora
Senior Vice President
PA&SF Group
SBI Capital Markets Limited
6th Floor, World Trade Tower
Barakhamba Lane
New Delhi – 110 001

Legal Advisor:

Mr. Samir Dudhoria, Partner / Ms. Damini Bhalla, Partner
L&L Partners (Formerly known as Luthra & Luthra Law Offices)
103, Ashoka Estate,
Barakhamba Road,
New Delhi- 110001

Asset Valuer:

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

If the notice is to the Company:

Mr. MB Balakrishnan
DGM & Company Secretary
Steel Authority of India Limited
Ispat Bhawan, Lodhi Road
New Delhi 110 003

If the notice is to the Interested Bidder:

IB/ Lead Member	[Member-2	Member-3] ²⁷
[•]	[•]	[•]

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

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

Witnessed by: Name: Address:	[Name of the Interested Bidder/ Lead Member of Consortium] By: Name: Designation:
Witnessed by: Name: Address:	[Name of the Consortium Member] By: Name: Designation:
Witnessed by: Name: Address:	[Name of the Consortium Member] ²⁸ By: Name: Designation:

²⁷ Delete if not applicable

²⁸ Delete if not applicable

Annexure 8: Format of Affidavit

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

AFFIDAVIT

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

1. I am the [designation of the deponent] of the Interested Bidder. I am conversant with the facts and circumstances surrounding the subject of this affidavit [and have been authorised to depose to the same pursuant to the power of attorney dated [date] issued pursuant to [particulars of corporate approval]]. I am filing this affidavit to place on record verification of facts and documents in connection with the bidding process concerning strategic disinvestment of Salem Steel Plant (SSP).
2. [Insert separate paragraphs for each information/ document physically submitted with the Transaction Advisor, in a chronological sequence].
3. [If applicable, _____].
4. That nothing has been concealed in the information submitted as mentioned above.

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

(Signature)

Name, Designation & Address

VERIFICATION

I, [name], [the [designation of the deponent] of] the Interested Bidder above named, having my office at [address], do hereby solemnly declare that what is stated above is on the basis of the books and records of the Interested Bidder, and verify that the contents of the above affidavit are true and correct, no part of it is false and nothing material has been concealed therefrom.

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

Deponent
(Signature)

[particulars of notarisation]

Name, Designation & Address

Annexure 9: Declaration in relation to Statement of Legal Proceedings

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

DECLARATION

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

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

- a) SEBI orders which directly relate to “Fraud” as defined in the SEBI Act and/ or regulations
 - b) SEBI orders casting doubt on the ability of the IB to manage the SSP – Divested Unit, when it is disinvested
 - c) Any conviction by a court of law
 - d) In case SEBI passes a prosecution order, disqualification will arise only on conviction by court of law.
2. We further declare that we, our Group Companies, our Director(s), CEO, principal officers, managers, promoters or partners have not been issued a charge sheet by any Governmental Authority or convicted by a court of law for any offence with regard to matters relating to the security and integrity of the country.
 3. We further declare that we, our Group Companies, our Director(s), CEO, principal officers, managers, promoters or partners are not under any investigation pending before any Governmental Authority, regulatory authority or other authority, which if decided against us or our Group Companies, our Director(s), CEO, principal officers, managers, promoters or partners (as the case may be), would disqualify us in terms of (1) and/ or (2) above or in terms of the Eligibility Criteria and Disqualification conditions detailed in the EOI Request.
 4. We declare that complete information as required is provided in the EOI and Request for Qualification and Statement of Legal Capacity.

Yours sincerely,

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

Signature: (Authorised Representative and Signatory)

Name of the Person: [●]

Designation: [●]

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

Annexure 10: Undertaking by Direct Subsidiary/ Direct Subsidiary LLP/ Direct Holding Company

(To be executed in the event IB/Lead Member of Consortium meets Technical Criteria through Direct Subsidiary/ Direct Subsidiary LLP/ Direct Holding Company)

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

UNDERTAKING BY THE DIRECT SUBSIDIARY/ DIRECT SUBSIDIARY LLP/ DIRECT HOLDING COMPANY OF INTERESTED BIDDER/ LEAD MEMBER OF CONSORTIUM²⁹

This UNDERTAKING ("Undertaking") is made on this day of, [●].

BY

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

IN FAVOUR OF:

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

AND

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

We confirm that [●] [insert name of IB] is our [Direct Subsidiary/ Direct Subsidiary LLP/ Direct Holding Company]³⁰ and is interested in bidding for the strategic sale of SSP and proposes to use

²⁹ Strike out whichever is not applicable

³⁰ Strike out whichever is not applicable

our experience to meet the Technical Criteria stipulated in the Preliminary Information Memorandum and EOI Request dated [●].

We undertake and confirm that in the event [●] [insert name of IB] becomes the Successful Bidder:

1. [We shall continue to remain its Direct Holding Company after the submission of EOI, for a period of five (5) years from the date of closing under the Definitive Agreements]³¹.
2. We shall bring in requisite technology to run the plant efficiently.

Yours sincerely,

For and on behalf of Connected Company:

Signature: (Authorised Representative and Signatory)

Name of the Person: [●]

Designation: [●]

³¹ Strike out if IB not meeting criteria through its Direct holding

Annexure 11: Advertisement

GLOBAL INVITATION FOR EXPRESSION OF INTEREST FOR PROPOSED STRATEGIC DISINVESTMENT OF ALLOY STEELS PLANT AT DURGAPUR, VISVESVARAYA IRON AND STEEL PLANT AT BHADRAVATI AND SALEM STEEL PLANT AT SALEM BY STEEL AUTHORITY OF INDIA LTD.

Steel Authority of India Limited (SAIL) (“Company”) is a ‘Maharatna’ Public Sector Enterprise, promoted by the Government of India. The Company was incorporated under the Companies Act 1956, in the year 1973. Presently, the Company has five Integrated Steel Plants, a Ferro Alloys Plant and three Special Steel Plants. Alloy Steels Plant (ASP), Visvesvaraya Iron & Steel Plant (VISP) and Salem Steel Plant (SSP) of SAIL are proposed for Strategic Disinvestment and the Company has appointed SBI Capital Markets Limited (SBICAP) as its Transaction Advisor to advise and manage the Strategic Disinvestment process.

This Strategic Disinvestment process is to be implemented through open competitive bidding route. Accordingly, Expression of Interest (EOI) is invited from Interested Bidders, to be submitted at the below mentioned address **by 6.00 p.m. on August 1, 2019**. The details of PIM/EOI Requests for each of the above three Plants can be downloaded from websites of DIPAM at www.dipam.gov.in, Ministry of Steel at www.steel.gov.in, Company at www.sailtenders.co.in and Transaction Advisor at www.sbicaps.com. In future any amendments to the PIM/ Request for Expression of Interest/ extension in time for submission of EOI will be uploaded on the above websites only.

Address for submission of EOI:

Mr. S.K. Arora
Senior Vice President
PA&SF Group
SBI Capital Markets Limited
6th Floor, World Trade Tower
Barakhamba Lane
New Delhi – 110 001

Annexure 12: Department of Investment and Public Asset Management (DIPAM) Guidelines

DIPAM has issued Guidance Note – I toV on strategic disinvestment. Please find below the link for reference:

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

https://dipam.gov.in/sites/default/files/Revised%20Guidance%20Notes%20II%20to%20V%20%28May%202018%29_0.pdf

Annexure 12A: Guidelines for qualification of Bidders seeking to acquire stakes in Public Sector Enterprises through the process of disinvestment

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

Dated: 28th September, 2017

OFFICE MEMORANDUM

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

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

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

- a. Only those orders of SEBI are to be treated as coming under the category of ‘Grave Offences’ which directly relate to ‘fraud’ as defined in the SEBI Act and/or regulations.
 - b. Only those orders of SEBI that cast a doubt on the ability of the bidder to manage the public-sector unit, when it is disinvested, are to be treated as adverse.
 - c. Any conviction by Court of Law;
 - d. In cases in which SEBI also passes a prosecution order, disqualification of the bidder should arise only on conviction by the Court of Law.
- b) In regard to matters relating to the security and integrity of the country, any charge-sheet by an agency of the Government / conviction by a Court of Law for an offence committed by the bidding party or its Associate Company as defined in Companies Act, 2013 would result in disqualification. The decision in regard to the relationship interse between the concerns would be taken, based on the relevant facts and after examining whether the two concerns are substantially controlled by the same person/persons.
- c) In both (a) and (b), disqualification shall continue for a period that Government deems appropriate.
- d) Any entity, which is disqualified from participating in the disinvestment process, would not be allowed to remain associated with it or get associated merely because it has preferred an appeal against the order based on which it has been disqualified. The mere pendency of appeal will have no effect on the disqualification.
- e) The disqualification criteria would come into effect immediately and would apply to all bidders for various disinvestment transactions, which have not been completed as yet.
- f) Before disqualifying a bidder, a Show Cause Notice why it should not be disqualified would be issued to it and it would be given an opportunity to explain its position.
- g) These criteria will be prescribed in the advertisements seeking Expression of Interest (EOI) from the interested parties. The interested parties would be required to provide the information on the above criteria, along with their Expressions of Interest (EOI). The bidders shall be required to provide with their EOI an undertaking to the effect that no investigation by a regulatory authority, which if decided against the bidder, may disqualify the bidder in terms of (a) & (b) above or the eligibility criteria prescribed in the EoI, is pending against them. In case any investigation is pending in case which if decided against the bidder, may disqualify the bidder in terms of (a) & (b) above on the eligibility criteria prescribed in EoI against the bidder or the concern in which the bidder has substantial interest or against its CEO or any of its Directors/ Managers, full details of such investigation including the name of the investigating agency, the charge/

offence for which the investigation has been launched, name and designation of persons against whom the investigation has been launched and other relevant information should be disclosed, to the satisfaction of the Government. For other criteria also, a similar undertaking shall be filed along with EOI.

(-sd/-)

(Aseem Kumar Jha)

Under Secretary to the Government of India

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

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

Annexure 12B: Participation of Central Public Sector Undertakings (PSUs)/Cooperative Societies controlled by the Government in disinvestment of other PSUs.

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

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

OFFICE MEMORANDUM

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

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

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

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

(T.S. Krishnamachari)

Deputy Secretary to the Government of India

Phone no. 436 8523

Fax No. 436 6524

Annexure 12C: Guidelines for Management-Employee Bids in Strategic Sale.

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

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

OFFICE MEMORANDUM

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

- i. The term 'employee' will include all permanent employees of a PSU and the whole time directors on the board of the PSU. A bid submitted by employees or a body of employees will be called an "employee bid".
- ii. At least 15% of the total number of the employees in a PSU or 200 employees, which ever is lower, should participate in the bid.
- iii. An employee bid would be exempted from any minimum turn over criterion but will be required to qualify in terms of the prescribed net worth criterion. They will be required to follow the procedures prescribed for participation by Interested Parties in the process of strategic sale including, but not limited to, filing the expression of interest along with all details, as applicable to other investors, furnishing of bank guarantee for payment of the purchase price etc.
- iv. Employees can either bid directly and independently or, for the purpose of meeting the financial criteria like net worth, can form a consortium or bid through a joint venture (JV) or a special purpose vehicle (SPV), alongwith a bank, venture capitalist or a financial institution. However employees will not be permitted to form consortia with other companies.
- v. If the bidding entity of the employees is a consortium, JV or SPV, employees must have a controlling stake and be in control of the bidding entity.
- vi. If the bid is submitted through a consortium, JV or SPV, employees must contribute at least 10% of the financial bid.

- vii. If the employees form a consortium, the consortium partners would be prohibited from submitting individual bids independently.
- viii. If it is not the highest bid, the employee bid shall be considered only if the said bid is within 10% of the highest bid.
- ix. The employee bid shall, subject to fulfilling the conditions above, have the first option for acquiring the shares under offer provided they match the highest bid and the highest bid being equal to or more than the reserve price.
- x. If the employee bid is not the highest bid and there are more than one employee bids within the 10% band, the highest of the employee bids will have precedence for purchase at the highest bid. If such employee bidder is unwilling or unable to match the highest bid, the option will pass on to the next highest employee bid and so on till all the employee bids, within the 10% band, are exhausted.
- xi. In the event of no employee bidder, within the 10% band, being willing or able to match the highest bid, the shares under offer will be sold to the highest bidding entity.
- xii. There will be a lock in period of three years for the shares disinvested by the Government.

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

(T.S. Krishnamachari)

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