

Nagarnar Steel Plant to be hived off from NMDC; demerged firm to be divested

Minimum floor price for the facility will be ₹23,140 cr

OUR BUREAU

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The Cabinet Committee on Economic Affairs (CCEA) on Wednesday approved the demerger of Nagarnar Steel Plant from state-owned mineral producer NMDC. The Cabinet also approved the strategic disinvestment of the demerged company by selling the entire Government stake to a strategic buyer.

This is the second time that the Cabinet has given a nod for the strategic sale of the NMDC Iron & Steel Plant (NISP) Nagarnar, Bastar district, Chhattisgarh. With the latest approval, the CCEA has amended its earlier decision taken on October 27, 2016, to disinvest NSP as a unit of NMDC.

Speaking to journalists after the Cabinet meeting, Union

Minister Prakash Javadekar said: "The Nagarnar Steel Plant is 90 per cent complete. It is expected to be commissioned by March 2021. The next step will be to carve it out of NMDC Ltd by April 2021. The strategic disinvestment will be completed by September 2021."

Responding to a *Business Line* query, Javadekar said: "The total expenditure in setting up the Nagarnar Steel Plant was ₹23,140 crore. It is a profitable venture, so this will be the minimum floor price for strategic sale. The interests of minority stakeholders will also be protected."

In August this year, the NMDC Board had given an in-principle approval to the proposal to demerge NMDC Iron & Steel Plant, Nagarnar. This was part of long-standing considerations for unlocking its value by either roping in a strategic partner or potentially listing it separately by demerging.

The project has faced signi-

ficant delays, and the cost overrun is already said to have touched 50 per cent.

An official statement said the Nagarnar Steel Plant (NSP) will be a three million tonne per annum (mta) integrated steel plant. NMDC has invested ₹17,186 crore in the project, out of which ₹16,662 crore is from NMDC's own funds and ₹524 crore has been raised from the bond market.

Post-merger plan

The statement also said that after the demerger, NSP shall be a separate company and the managements of NMDC and NSP shall be accountable for their respective operations and financial performance. Shareholders of NMDC will also be shareholders of the demerged company (NSP) in the proportion of their shareholding.

"The demerger will also be tax-neutral from the point of view of capital gains," the statement added.