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Usha Martin to seek shareholders' nod to sell steel business to Tatas

OUR BUREAU

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Kolkata-based Usha Martin Ltd (UML) will seek shareholders' approval for the sale of its integrated steel business to Tata Steel.

"An extraordinary general meeting will be held on November 10 to consider sale of the steel business undertaking of the company to Tata Steel as a going concern on a slump sale basis," UML said in a notification to the bourses on Wednesday.

UML under debt

Tata Steel had, in September this year, entered into an agreement to acquire the one-million-tonne steel business of the debt-ridden UML for a cash consideration of ₹ 4,300-4,700 crore.



Rajeev Jhavar, Managing Director of Usha Martin

Promoter holding in Usha Martin stands at 50.66 per cent, split equally between Rajeev Jhavar, Managing Director and Prashant Jhavar,

promoter-director. Apart from the integrated steel plant in Jamshedpur, UML's steel business has a producing iron-ore mine, a coal mine under development and captive power plants.

The agreed purchase consideration would be ₹4,525 crore, the notification said.

As on March 31, UML's debt was ₹4,600 crore against a consolidated turnover of ₹4,767 crore, of which ₹3,441 crore was contributed by the steel business.

The company also has a wire-rope business.

"Post divestment of the steel business and repayment of existing lenders, the company will operate a significantly deleveraged wire and wire rope business," the company said.