

Usha Martin plans to sell steel business

Company sets up committee to evaluate proposals, oversee sale process

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Usha Martin has decided to sell its steel business to help reduce debt. The board inter alia reconstituted the committee of independent directors of the company to appoint investment banks, consultants and advisors to help evaluate proposals and oversee the process of sale of the steel business, the company informed the stock exchanges.

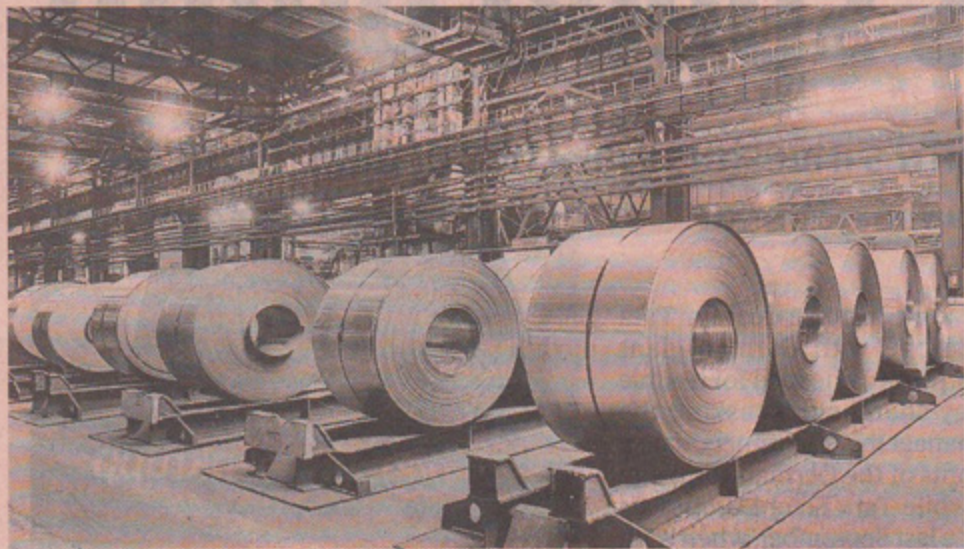
Managing Director Rajeev Jhwar recused himself from the committee, sources close to the development said. "The committee will advise on the roll-out of the sale process. Merchant bankers will be appointed to do a valuation of the steel business," a source added.

Any actual sale of the business will be undertaken by the company only after due consideration and after obtaining approvals from the board, regulators, shareholders and lenders, the statement added.

Usha Martin has a debt of around ₹50 billion. Tata Steel and JSW Steel is understood to have shown an interest in the steel business. However, sources said no formal offers had been received.

On Friday, Tata Steel clarified to the stock exchanges in response to media reports that it had not submitted any bid to acquire Usha Martin's steel business.

"The company is, from time to time, involved in discussions on various strategic matters in connection with business activities, including due diligence of potential acquisitions. Many such discussions are ongoing and our policy is not to comment on speculation with respect to such discussions," the firm said.



During Monday's board meeting, Prashant Jhwar and his father, Basant Kumar Jhwar, suggested that instead of selling piecemeal, it would be better to sell the company. However, there was no offer for the wire ropes business.

There are two promoter factions at Usha Martin: Brij Jhwar and his son, Rajeev, on one side, and Chairman Emeritus Basant Kumar Jhwar and his son, Prashant, on the other. Both factions have an equal share of 25.5 per cent in the company.

Usha Martin was earlier looking to sell its wire and wire ropes business. However, a change in market conditions prompted the company to look at the sale of the steel business. While the steel business accounts for a major chunk of revenues of Usha Martin, the wire ropes business is the more profitable one. Revenue from the steel business is around ₹34.21 billion and profit before tax is ₹0.99 billion. The wire and wire ropes business accounts for ₹15.17 billion in revenues and ₹2.09 billion in profits.

Tata-Mistry case: NCLT to announce date of order today

The Mumbai bench of the National Company Law Tribunal (NCLT) may announce a date on which it is going to pronounce an order on the Tata-Mistry battle, on Tuesday. Following his ouster as chairman Tata Sons, In December 2016, Cyrus Mistry and his investment firms filed a petition against Tata Sons and its directors, Tata Trusts, its chairman and several individuals. In his petition, Mistry challenged his removal and alleged oppression and mismanagement at Tata Sons. Irrespective of the outcome, the order on the high profile case, which has seen both sides exchanging barbs publicly, will be critical as it will mark a decisive turn in the one-and-a-half-year-old bitter legal battle.

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