



Tata Steel to Acquire Nilanchal Ispat Nigam | Jharkhand | 02 Feb 2022

Why in News

Recently, the central government has approved the proposal to sell Odisha-based public sector company Nilanchal Ispat Nigam Limited (NINL) to Tata Steel Long Products Limited (TSPL) for Rs 12,100 crore.

Key Points

- The committee headed by Union Road Transport Minister Nitin Gadkari, empowered by the Cabinet Committee on Economic Affairs, which also included Finance Minister Nirmala Sitharaman and Commerce Minister Piyush Goyal, recommended handing over the ownership of Nilanchal Ispat to TSPL after bidding for Rs 12,100 crore Approved.
- Three companies had bid for Nilanchal Ispat Nigam Limited which included Jindal Steel Power Limited, Nalwa Steel Power Limited and JSW Skil apart from Tata Steel Long Products. But due to the highest bidder, this company was handed over to Tata Steel Long Products.
- NINL is a joint venture of two Odisha government companies OMC and IPICOL, including four public sector companies MMTC Limited, National Mineral Development Corporation (NMDC), BHEL (BHEL) and MECON Limited. All these companies hold 93.71 percent stake in Nilanchal Ispat Limited.
- Nilanchal Ispat's Integrated Steel Plant is located at Kalinganagar in Odisha with an annual production capacity of 11 lakh tonnes. The company is incurring huge losses and is closed since March 30, 2020.
- NINL had a debt of over Rs 6,600 crore as on March 31 last year. This includes Rs 4,116 crore dues to promoters, Rs 1,741 crore to banks and other creditors and employees. The company's net worth as on March 31, 2021 is Rs 3,487 crore and accumulated losses are around Rs 4,228 crore.
- It is noteworthy that the privatization of NINL is the second successful privatization in the present central government. The first company in this list is Air India, which was recently bought by the Tata Group. Tata made a bid of Rs 18,000 crore for the purchase of Air India and won.