SALE OF BLOOMING AND HEAVY STRUCTURAL MILL

INDUSTRY	GEOGRAPHY	CHALLENGE	BIDDING STRATEGY	RESULTS
STEEL	Burnpur, West Bengal	To discover a price better than scrap value for the the old mills & sell to credible buyer(s).	Forward auction with Multi Variable Bidding strategy	The H1 value achieved through our selling strategy was 12 % higher than the estimated prices.

The Client

SAIL-ISP

Business Requirement

SAIL was interested in selling their steel mills at ISP-Burnpur which was installed way back in 1938 . They wanted valuejunction to adopt an auction strategy that would discover the prices of each category of material present in the mills.

The Business Challenge

1. During the period when the sale was being conducted, the steel market was going through a lull phase & prices of ferrous & non-ferrous material was on the decline. The challenge was to achieve the best market price in these prevailing market conditions.
2. valuejunction was to carry out the due diligence of buyers before allowing them to participate in the auction, so that there were no post-auction defaults.

The Solution and Strategy adopted

- valuejunction carried out an In-depth inspection of the mills to assess the condition & decide the optimal selling strategy.
- An estimation report was prepared for SAIL which assisted them in setting the Reserve Price for the auction.
- End users & large steel mill equipment traders were targeted to enhance competition in the auction.
- The Multi Variable Bidding strategy was adopted so that SAIL received a price break-up of each category of material.

Result and Achievements

- 7 buyers submitted their techno-commercial bids to SAIL.
- 4 buyers were short-listed as per the evaluation criteria and they were allowed to participated in the auction conducted by valuejunction.
- The Blooming mill received a quotation of Rs. 6.28 crore and the Heavy Structural mill received a quote of Rs. 10.83 Crores
- The H1 prices achieved were 12% higher than the estimated prices of both the mills. The prices were duly approved by SAIL.