

AM/NS to acquire Essar infra assets for ₹19,000 crore

Deal envisages a JV to build an LNG terminal

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The Ruia and the Mittals have buried the hatchet after battling in and out of courts for the last four years. ArcelorMittal Nippon Steel India (AM/NS India), a joint venture between ArcelorMittal and Nippon Steel, announced on Friday that it had reached a definitive agreement to acquire ports, power plants, and other logistics and infrastructure assets from the Essar group for a net value of about \$2.4 billion (₹19,000 crore).

The settlement for assets comes almost three years after ArcelorMittal and Nippon Steel jointly acquired Ruia-owned Essar Steel (now AM/NS India) for \$5.7 billion in one of the most successful resolutions under the Insolvency and Bankruptcy Code (IBC).

The deal also envisages a 50:50 joint venture partnership between Essar and ArcelorMittal for building a 4 MTPA (million tonnes per annum) LNG terminal at Hazira, Gujarat.

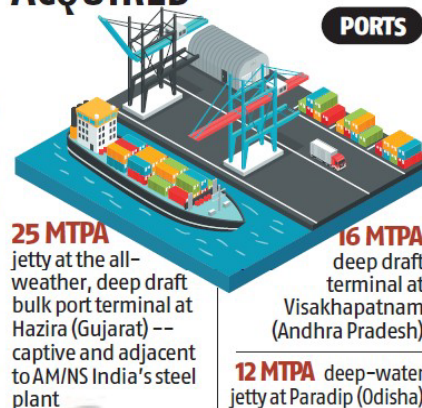
The agreement with AM/NS is for assets that are captive, including port assets in Gujarat, Andhra Pradesh, and Odisha, or allied to its steelmaking, but were not part of the insolvency resolution process for Essar Steel.

In a statement, the company said the transaction was expected to be funded only by AM/NS India. The transaction is subject to completion of certain corporate and regulatory approvals.

The ownership of port assets had been in courts since 2020 after AM/NS India moved the Gujarat High Court.

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KEY ASSETS BEING ACQUIRED



PORTS

25 MTPA jetty at the all-weather, deep draft bulk port terminal at Hazira (Gujarat) -- captive and adjacent to AM/NS India's steel plant

16 MTPA deep draft terminal at Visakhapatnam (Andhra Pradesh)

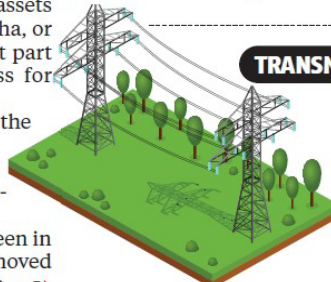
12 MTPA deep-water jetty at Paradip (Odisha)



POWER PLANTS

270 MW multi-fuel power plant at Hazira, which has a long-term PPA with AM/NS India's adjacent steelmaking facility

515 MW gas-based power plant, along with allied land, at Hazira



TRANSMISSION LINE

100-km Gandhar-Hazira transmission line connecting AM/NS India's steelmaking complex with central grid

AM/NS...

It was shortly after the conclusion of the Essar Steel acquisition in December 2019 following an intense legal battle between the two sides.

The settlement is expected to put to rest the ongoing legal dispute over the port assets, which include a 25 MTPA jetty at the all-weather, deep draft bulk port terminal at Hazira, captive and adjacent to AM/NS India's flagship steel plant; a 16 MTPA all-weather, deep draft terminal at Visakhapatnam, Andhra Pradesh; a 12 MTPA deep-water jetty at Paradip, Odisha.

Full ownership of the port assets would ensure seamless connectivity and supply chain security for movement of raw materials and finished goods between AM/NS India's manufacturing facilities in western, eastern and southern India, as well as for exports, the company said. The acquisition of the power and transmission assets would ensure cost-effective, long-term power supply and energy efficiency at Hazira.

The acquisition assumes significance as AM/NS is ramping up its steel production capacity. The joint venture plans to debottleneck existing operations and achieve 8.8 mt capacity by the end of 2023.

Essar said the deal concluded its planned asset monetisation programme and completed the debt repayment plan of \$25 billion (₹2 trillion), with Indian banks being almost fully repaid.

Rewant Ruia, director, Essar Ports & Terminals Limited, said, "With this deal, which yields a multifold return on our investments, Essar Ports & Terminals has unlocked value for all its stakeholders and will continue to focus on building new and modern core infrastructure assets in India and overseas."

Prashant Ruia, director, Essar Capital, said, "Essar is now repositioned for growth and resurgence. After consolidating our businesses over the last 4 years, we have now entered the next growth phase, focused on helping build a sustainable energy future that will impact lives and livelihoods for a greener world."