

COS TO ALSO FORM 50-50 JV FOR LNG TERMINAL

AM/NS to Acquire Infra Assets from Essar for \$2.4 b

'Unlocking Value for Stakeholders'

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AM/NS India is a 60:40 joint venture between global steelmakers ArcelorMittal and Nippon Steel.

The port assets include a captive deep draft bulk port adjacent to AM/NS India's steel plant at Hazira, a port terminal at Visakhapatnam connected to the company's iron ore pellet plant with a conveyor, and a port in Paradip, Odisha with links to the company's pellet plant there.

The power plants include a 270-megawatt, multi-fuel unit and

another 515-MW gas-based unit at Hazira. The transmission line is a 100-kilometre long connection between AM/NS steelmaking complex and the central electricity grid.



The deal is expected to bring to a close a tussle between AM/NS India and the Essar Group that started following the latter's failed attempts to rescue its flagship company from the resolution process. The Ruia had offered to pay over ₹54,000 crore compared

to the winning bid of ₹42,000 crore from AM/NS. The bankruptcy court, however, ruled in the favour of AM/NS since the offer from the Ruia came days after the winning bid was accepted by lenders.

"With this deal, which yields a multi-fold 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," Rewant Ruia, director at Essar Ports & Terminals, said.

THE ECONOMIC TIMES

Verbal agreement reached for captive port, adjoining power assets
Ruias, ArcelorMittal Look to Settle Hazira Dispute
 Rules of Essar seek \$2.2-5.5 from ArcelorMittal Nippon Steel for 50% key to steel
 Looking for Resolution
 The Hazira steel plant, set up by Essar, was acquired by AM/NS India in 2019. The deal is expected to bring to a close a tussle between AM/NS India and the Essar Group that started following the latter's failed attempts to rescue its flagship company from the resolution process. The Ruia had offered to pay over ₹54,000 crore compared to the winning bid of ₹42,000 crore from AM/NS. The bankruptcy court, however, ruled in the favour of AM/NS since the offer from the Ruia came days after the winning bid was accepted by lenders.
 ET had first reported on May 12 that AM/NS and Essar had made a verbal commitment to the deal at \$2.2-5.5 b valuation

Assets for captive use for AM/NS steelmaking ops

AM/NS India to fully fund deal on its own

Part of sale proceeds will be used to repay Essar's debt

Rest for funding growth in green and existing businesses

These include three ports, two power plants and a transmission line

Our Bureau

Mumbai: ArcelorMittal Nippon Steel (AM/NS) India will acquire a clutch of infrastructure assets including three ports, two power plants and a power transmission line from Essar Group for \$2.4 billion, or about ₹19,158 crore, the companies said in separate statements on Friday.

The assets are mainly for captive use for the steelmaking operations of AM/NS India that had acquired Essar Steel India through the bankruptcy court in 2019.

ArcelorMittal and Essar Group have also agreed to form a 50-50 joint venture partnership for building a four million tonne per annum (mtpa) LNG terminal at Hazira in Gujarat.

For ArcelorMittal Nippon Steel, the deal will mean better control and synergy in its end-to-end ore to finished steelmaking. For the Ruia of Essar, it provides an opportunity to focus on rebuilding their business empire. The 'win-win' deal will also perhaps end a three-year-old tussle between AM/NS India and Essar Group that saw both parties taking their differences to the courts, people aware of the development said.

Both parties declined to comment on the structure of the deal and the amount of debt that will form part of the \$2.4-billion deal.

ET had on May 12 first reported that the two parties had made a verbal commitment to the deal at a valuation of \$2.2-5.5 billion.

"Essar is now repositioned for growth and resurgence," said Prashant Ruia, part of the second generation of the Ruia family that founded Essar Group. "After consolidating our businesses over the last four 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."

Essar says deal concludes its \$25-billion asset monetisation programme & that 'Indian banks have been almost fully repaid'

person aware of the matter said.

Essar said in a press statement that the deal concludes its \$25-billion (₹2 lakh crore) asset monetisation programme, and with this, Indian banks have been "almost fully repaid".

The group's aggregate revenues will stand at \$15 billion, or about ₹1.2 lakh crore, and assets under management at \$8 billion (₹64,000 crore) comprising various assets in India and overseas, it said.

AM/NS India said the transaction will be funded completely by the company, indicating that there will be no capital infusion by its parent companies.

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