

Essar, Arcelor in \$2.4-bn pact for infra assets

FE BUREAU
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IN ONE OF the largest post-pandemic M&A deals in the country, Essar group on Friday announced the signing of a \$2.4-billion (₹19,000 crore) pact to sell certain ports and power infrastructure assets to ArcelorMittal Nippon Steel (AM/NS). These assets are captive to the operations of the Hazira steel plant in Gujarat. The steel unit, which belonged to Essar, was taken over by AM/NS in 2019 through the IBC (Insolvency and Bankruptcy Code) route.

The Ruia-led firm said the deal also envisages a 50-50 joint venture between Essar and AM/NS for building a 4 million tonne a year LNG import terminal at Hazira.

Separately, AM/NS India said in a statement that the deal covers port assets in Gujarat, Andhra Pradesh and Odisha, as well as two power plants at Hazira and an electricity transmission line.

After acquiring Essar Steel for around ₹42,785 crore in 2019, AM/NS India had claimed that the acquisition had given it the right to the

WHAT THE DEAL COVERS

A 25 mtpa capacity jetty at Hazira

A 16 mtpa jetty at Visakhapatnam



A 12 mtpa jetty at Paradip

A 270 MW multi-fuel power plant at Hazira

A 100-km Gandhar to Hazira transmission line

licence of port operations. But Essar Bulk Terminal, part of the Essar group, had opposed it, saying that the Hazira port was not part of the bankruptcy process. The matter went to the courts where it was being argued.

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THE SIGNING of the agreement on Friday brings closure to the fight between the two.

AM/NS said the deal covers a 25 million tonne per annum capacity jetty at the all-weather, deep draft bulk port terminal at Hazira, captive and adjacent to the steel plant. It also includes a 16 million tonne all-weather, deep draft terminal at Visakhapatnam, Andhra Pradesh, along with an integrated conveyor connected to AM/NS India's 8 million tonne a year iron ore pellet plant in the port city.

A 12 million tonne deep-water jetty at Paradip, Odisha, along with a dedicated conveyor that handles 100% of pellet shipments from AM/NS India's Paradip pellet plant, is also part of the deal.

The deal also includes a 270 MW multi-fuel power plant at Hazira, which has a long-term power purchase agreement with the adjacent steelmaking facility. A 515 MW gas-based power plant, along with allied land, is also part of the transac-



tion.

A 100-km Gandhar to Hazira transmission line, connecting AM/NS India's steel-making complex with the central electricity grid, is also part of the deal.

"The transaction is expected to be funded only by AM/NS India," the statement added.

"Full ownership of the strategically located port assets in Gujarat, Visakhapatnam and Paradip will 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 AM/NS statement said.

The acquisition of the power and transmission assets will ensure cost-effective, long-

term power supply and energy efficiency at Hazira, it added.

Rewant Ruia, director, Essar Ports & Terminals, said, "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."

Prashant Ruia, director, Essar Capital, said, "Essar is now repositioned for growth and resurgence. 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."

With this deal, Essar will conclude its planned asset monetisation programme and complete the debt repayment plan of \$25 billion (₹2 trillion) with the Indian banking sector being almost fully repaid.

Essar's aggregate revenues will stand at \$15 billion (around ₹1.2 trillion) and an AUM (assets under management) of \$8 billion (₹64,000 crore) comprising various assets spread across India and overseas.