

FOLLOWS ACQUISITION OF ESSAR STEEL IN 2019 BY AM/NS INDIA

Essar, ArcelorMittal Nippon Steel in \$2.4-bn pact for infrastructure assets

ENSECONOMICBUREAU
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ESSAR GROUP on Friday announced the signing of a \$2.4-billion (Rs 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 in 2019 by AM/NS via the IBC (Insolvency and Bankruptcy Code) route.

The Ruias-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 Rs 42,785 crore in 2019, AM/NS India had claimed that the acquisition had given it the right to the 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. The signing of the agree-

EXPLAINED **E** Port & power assets

THE TRANSACTION, one of the largest M&A deals in the country post pandemic, covers port assets in Gujarat, Andhra Pradesh and Odisha, as well as two power plants at Hazira and an electricity transmission line.

ment 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 per cent 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 transaction.

A 100-km Gandhar to Hazira transmission line, connecting AM/NS India's steelmaking 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.

With this deal, Essar will conclude its planned asset monetisation programme and complete the debt repayment plan of \$25 billion. **FE**