

Essar Steel to sell infra assets to ArcelorMittal Nippon Steel

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MUMBAI

Essar Group on Friday agreed to sell some of its ports and power and transmission assets to ArcelorMittal Nippon Steel India (AM/NS) for about \$2.4 billion (around ₹19,000 crore). The two entities also agreed to form an equal joint venture to build a 4 mtpa liquefied natural gas (LNG) terminal at Hazira in Gujarat.

The closing of the deal, which involves assets in Gujarat, Andhra Pradesh and Odisha, is subject to the completion of corporate and regulatory approvals.

After a protracted battle fought in insolvency courts and the Supreme Court, AM/NS acquired Essar Steel's 10 mtpa integrated steel plant in Hazira for ₹42,000 crore under a bankruptcy auction. The assets in Hazira, which have been sold now, were the subject of a tussle earlier, with AM/NS claiming they were built primarily as captive units for the steel plant and, thus, their ownership should be transferred along with the steel plant. However, these assets were ultimately not included under the insolvency resolution of the Hazira plant.

The Essar Steel case was one of the 12 large cases admitted for bankruptcy resolution. AM/



The assets will generate synergies immediately once transaction is completed, ArcelorMittal Nippon Steel said. **BLOOMBERG**

NS is a joint venture between ArcelorMittal and Nippon Steel, two of the world's largest steel companies.

A statement from AM/NS said these assets are either captive (including port assets in Gujarat, Andhra Pradesh and Odisha) or allied to AM/NS India's steelmaking and will strengthen the strategic integration of its manufacturing and logistics chain. "Full ownership of the strategically located port assets in Gujarat, Visakhapatnam and Paradip will ensure seamless connectivity and supply chain security for the 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. Acquisition of the power and transmission assets will ensure cost-effective, long-term power supply

and energy efficiency at Hazira," the statement said.

The assets being acquired are cash-accruing and will generate operational synergies immediately upon completion of the transaction, it said. AM/NS India will be able to realize further synergies from rising throughput at the port assets as a result of the company's planned expansion of steel production capacity.

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

Prashant Ruia, director of

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

Essar added that with this deal, the group would conclude its planned asset monetization programme and complete the debt repayment plan of \$25 billion (₹2 trillion) with the Indian banking sector.

Essar Group will have aggregate revenues of \$15 billion (₹1.2 trillion) and assets under management of \$8 billion (₹64,000 crore), comprising assets spread across India and overseas, the statement said. These include a 10 mtpa refinery in the UK, 15 TCF reserves (including some producing fields) of unconventional hydrocarbons in India and Vietnam and a 1,200MW power plant in India.

"Essar has planned significant investments in its core sectors of energy, infrastructure, metals & mining and technology & services. While ongoing businesses will provide operational stability, our renewed focus will be to transition existing assets to green and invest in sector-transforming clean businesses," the Essar group statement said.