

Arcelor-Nippon JV to acquire Essar's steel infra for \$2.4bn

Both Parties To Drop All Cases Against Each Other After Deal

Reeba.Zachariah
@timesgroup.com

Mumbai: ArcelorMittal Nippon Steel India (AM/NS India) has inked an agreement with Essar Group to buy certain infrastructure assets that are "strategic" to its steel-making operations in the country.

Following this pact, the two parties are expected to withdraw all cases against each other in various courts.

AM/NS India — a 60:40 joint venture between ArcelorMittal SA and Japan's Nippon — will buy three ports, two power plants and an electricity transmission line from Essar for \$2.4 billion (Rs 19,000 crore), which will strengthen the integration of its manu-

► **Adani launches ₹31k cr offers for ACC & Ambuja, P 22**

ring and logistics operations.

The port assets — located in Gujarat, Andhra Pradesh and Odisha — are either captive or allied to AM/NS India's steel-making and gaining full ownership of them will ensure seamless connectivity for movement of raw materials and finished goods between the manufacturing facilities as well as for exports, AM/NS India said. Moreover, acquisition of the power and transmission assets in Gujarat will ensure cost-effective, long-term power supply, it added.

PORTS TO POWER PLANTS

WHAT ARCELMITTAL NIPPON STEEL INDIA (AM/NS INDIA) GETS:

Ports | 25MTPA (million tonnes per annum) jetty at **Hazira**, Gujarat, adjacent to AM/NS India's flagship steel plant



► **16MTPA** terminal at **Visakhapatnam** with a conveyor connected to AM/NS's 8MTPA iron ore pellet plant

► **12MTPA** jetty at **Paradip**, Odisha with conveyor from AM/NS's Paradip pellet plant

Power Plants | 270MW multi-fuel power plant at Hazira, which has a long-term agreement with AM/NS's adjacent facility

► **515MW** gas-based power plant, along with land that can be utilised for AM/NS's expansion plans at Hazira

Transmission Line | 100km Gandhar-Hazira transmission line, connecting AM/NS's steel-making complex with central electricity grid

WHAT ESSAR IS LEFT WITH:

Energy | 10MTPA refinery in UK

► **15 trillion cubic feet** reserves of hydrocarbons in India and Vietnam

► **1,200MW** power plant in Salaya, Guj



Infra | 3mn cubic metres storage terminal in the UK

► **20MTPA** port in Guj

Metals & Mining | Iron ore mine and pellet project in the **US**

Tech Services | Global EPC engineering, procurement, and construction) and **IT solutions** business

On the other hand, Essar will use most of proceeds to retire debt and some for growth capital requirements. With this deal, Essar will conclude its planned asset-monetisation programme and "complete the debt repayment plan of \$25 billion with the Indian banking sector being almost fully repaid", the group said.

AM/NS India and Essar have been involved in legal disputes with each other after the former acquired the latter's steel unit in Hazira, Gujarat — the country's lar-

gest single-location flat steel plant — through the bankruptcy route in 2018-19.

While AM/NS India got the steel plant, the complex also houses other infrastructure assets such as a port terminal and two power plants but these were excluded from the bankruptcy proceedings despite being critical to the steel-making operations. AM/NS India claimed that its Rs 42,000-crore Essar Steel acquisition gave it the right to use the captive infrastructure, but Essar opposed it saying that they were not

part of the bankruptcy process. The matter relating to transfer of ownership of these assets is pending before the courts. The dispute will end now

LG OLED

eyesafe[®]
DISPLAY[™]

LOW BLUE LIGHT
COLOR ACCURATE

after Essar inked an agreement to sell the assets to AM/NS India. Moreover, the steel company will now be able to modernise and expand the infrastructure capacities.

Separately, Essar has entered into a 50:50 joint venture with ArcelorMittal SA (and not AM/NS India) to build an LNG terminal in Hazira. As and when it is operational, it will cater to the needs of AM/NS India, a person in the know said. After the deal with AM/NS India is concluded, the \$15-billion Essar will be left with a clutch of assets in India, the UK, the US and other countries across energy, infrastructure, metals and mining and technology and services.