

Adani Ports sells Myanmar Port at discounted price of \$30 mn

Exit in line with guidance of risk panel, says CEO

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India's largest private port operator, Adani Ports and Special Economic Zone (APSEZ), on Thursday announced the sale of the controversial Myanmar Port for a total consideration of \$30 million, which is \$120 million less than its last-known investment value in the port.

Karan Adani, chief executive officer and whole-time director of APSEZ, said: "This exit is in line with the guidance provided by the APSEZ Board based on the recommendations made by the risk committee in October 2021."

In May 2022, the company had announced signing of a share-purchase agreement for the sale of its Myanmar Port. The pact had certain condition precedents (CPs), including completion of the project and relevant approvals for smooth conduct of business by the buyer.

"Given the continuous delay in the approval process and challenges in meeting certain CPs, the APSEZ has obtained an independent valuation on "as is where is" basis. Thereby, the buyer and seller have renegotiated the sale consideration to \$30 million. The buyer will pay the said amount to the seller within 3 business days on completing all the necessary compliance by the seller," the APSEZ said in a statement.

The buyer, according to the company's regulatory filing, is a firm called Solar Energy. Further details remain unknown.

On receipt of the total transaction value, APSEZ will transfer the equity to the buyer and its exit will be concluded, it said.

The project, announced in May 2019, had landed the port operator in controversy following a military coup in February 2021. There were allegations that the conglomerate de-facto was facilitating genocidal actions in the country after the US had imposed sanctions on the country's military officials responsible for the coup.

"Considering the subsequent military coup in Myanmar and continuity of sanction imposed by the US on the Myanmar economic cooperation. Since February 2021, the company based on the risk com-

India kick-starts shipment to Sittwe Port



A vessel containing 1,000 metric tonnes of cement was flagged off from the Syama Prasad Mookerjee Port in Kolkata to officially kick-start the operation of Sittwe Port in Myanmar.

This is part of the \$484-million Kaladan Multimodal Transit Transport Project, and has been built under grant assistance from India. The main aim is to create an alternative route to connect northeast and mainland India.

So far, the narrow Siliguri Chicken's Neck corridor is the only feasible route for transportation. "The project is a live example of the co-operation and commitments between India and

Myanmar. This strategic and important route will further enhance trade, commerce and economic ties with Myanmar, our north-eastern states and South Asian countries." Minister of state for ports, shipping, and waterways, Shantanu Thakur, said. The vessel will make a five-day voyage to reach Sittwe on May 9.

Sittwe Port has been developed under a framework agreement between India and Myanmar for the construction and operation of a multimodal transit transport facility on Kaladan river connecting the port with Mizoram.

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mittee recommendation has decided to exit its investment in Myanmar, which we expect to conclude by the end of this financial year," Adani had said in the company's October 2021 earnings call.

He had said the APSEZ's total investment in the port was \$150 million. However, the present value of investments remains unknown. The firm had paid a \$90 million upfront payment for land lease.

In August 2019, a United Nations fact-finding mission had highlighted the role of foreign businesses in Myanmar's developments.

"The mission finds that any foreign business activity involving the Tatmadaw and its conglomerates MEHL and MEC poses a high risk of contributing to, or being linked to, violations of human rights law and international humanitarian law. At a minimum, these foreign companies are contributing to supporting the Tatmadaw's (Myanmar military) financial

capacity."

At the same time, the company had reportedly said that it was not in violation of any sanction guidelines issued by the Office of Foreign Assets Control (OFAC) of the US Department of Treasury.

Meanwhile, delays in completion of the sale were due to the company's commitment to execute it in a "correct way".

"...we have been working aggressively in terms of finding a buyer and to get all the approvals. So that whenever we do an exit, we do an exit properly as well because the worst thing we can do is we leave an asset behind which is again used for some other which could be used for human right violation purpose. So that is where we are cognizant of the fact that it is taking little time than expected but we just want to do it in a correct way so that it goes to the right buyer and it is not used for any other purpose," Adani had said in the company's February earnings con-call.