

# ArcelorMittal, JSW in NMDC steel plant race

## JSPL also in the fray; steel company's shares to be listed today

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**T**he world's largest steel company, ArcelorMittal, and Sajjan Jindal's JSW Steel are in the race to buy the steel plant of mining major National Mineral Development Corporation (NMDC) in Chhattisgarh. The steel company will be listed separately on Monday and the government plans to privatise it in the current fiscal year.

JSPL has also submitted an expression of interest, while, according to banking sources, other large conglomerates — such as Vedanta and Tata Steel — are not participating in the sale. The listing on Monday will give an indication on the valuation of the company and the premium, which is likely to be offered by the bidders, said a banking source.

Analysts said NMDC had deleveraged its balance sheet and any additional capital expenditure on the steel plant will not adversely impact its numbers.

As on Friday, NMDC shares closed at ₹121 per share, giving the company a market valuation of ₹35,504 crore. The government plans to sell its majority holding in the steel company to the highest bidder by March.

Analysts said the book value of the NMDC steel plant is ₹17,000 crore, or ₹58 a share. Pending divestment, the unit's new shares can be valued at the lower end, or at ₹23 a share, and ideally, the stock may list around ₹30 a share. The stock should trade between 0.4 and 0.6 times of its price-to-book ratio till some clarity emerges for the sale, said a Nuvama analyst.

Bankers said if ArcelorMittal won the race to buy the company, it would be its third acquisition in the country in the steel sector. The LN Mittal-owned company and Nippon Steel of Japan had acquired Essar Steel in 2019 by paying ₹42,000 crore to the Indian lenders who auctioned the company after it defaulted on its loans.

In 2022, Mittal acquired Uttam Galva Steel from the lenders for ₹3,472 crore. The company is also in an advanced stage of acquiring Indian Steel Corporation,



### BIG BUY

■ **3 MTPA CAPACITY** of NMDC steel plant in Chhattisgarh

■ The plant is an attractive buy as it is located close to iron ore mines

■ **₹22,000 cr** NMDC investment in the steel plant

■ Project commissioning delayed due to the pandemic and land acquisition hurdles

which was sent for debt resolution under the Insolvency and Bankruptcy Code (IBC), 2016. The transaction would be announced soon, said a banking source.

JSW Steel, on the other hand, acquired Bhushan Power and Steel for ₹19,400 crore in 2021 to expand its India capacity and had earlier acquired Monnet Ispat under the IBC, 2016.

For both JSW and ArcelorMittal, acquiring the NMDC steel plant would be a strategic fit to expand their India businesses. JSW is planning to expand its capacity by 9 million tonnes per annum (MTPA) in the next financial year by spending ₹20,000 crore.

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# Steel plant...

A JSW spokesperson declined to comment. A mail to ArcelorMittal did not elicit any response.

NMDC has spent ₹22,000 crore in setting up the 3-million tonne plant in Chhattisgarh, which is close to the iron ore mines. The project has suffered a cost overrun of ₹7,000 crore. The project was to be commissioned in 2015, but due to land acquisition delays, the Covid lockdown, and disputes with the contractors, the commissioning of the project had to be deferred.

