

'Our investment reflects confidence in India'

Buoyed by the India growth story, ArcelorMittal Nippon Steel India (AM/NS India), a joint venture between ArcelorMittal and Nippon Steel, has embarked on an expansion that includes increasing capacity at its existing location, Hazira in Gujarat, and setting up new plants in Odisha. In a conversation, **DILIP OOMMEN**, chief executive officer (CEO), AM/NS India, and executive vice-president, ArcelorMittal, tells **Ishita Ayan Dutt** that ArcelorMittal and Nippon Steel are bullish on India over a medium to long term. Edited excerpts:

AM/NS India is looking to invest about \$7.4 billion by early 2026 in upstream and downstream facilities. What is giving it confidence to go ahead with such a massive expansion when global demand for steel is slowing down?

Our capacity expansion cannot be viewed through the lens of this steel cycle or even the next one. This investment programme reflects our confidence in the medium and long-term prospects of the Indian economy and the steel industry. Even today, India is a bright shining star in the global economy. The per capita consumption of steel in India is about one-third of the world average. This means that there is a big scope for increase as India's economy follows the growth trajectory. There are also good initiatives like 'Make in India', 'Aatmanirbhar Bharat', Gati Shakti, PLI scheme and a lot of spending on infrastructure. These are certainly going to give steel consumption a boost domestically. We are optimistic of the growth over the medium-term and long-term horizons.

What is the next leg of expansion that you are looking at and what kind of investment would that entail?

We are looking at participating in India's growth journey to 300 million tonnes (mt) in the coming decade. We will be expanding in Hazira, and in Odisha, it will be a greenfield. Any other opportunities that may come up will be

apart from this.

Greenfield projects have been tough to establish in India and no one knows that better than ArcelorMittal. Is the environment more conducive to setting up a new plant?

A greenfield expansion can be difficult. But we are confident of the government of

Odisha, the Centre and ourselves. Together we can do it.

How is the expansion going to be funded? Is there any plan for AM/NS India to go for an IPO?

Nothing as of now. We have internal accruals and other sources of funding that are very competitive.

AM/NS India is the fourth largest steel producer in India. In the next 5-10 years, where do you see the company in the pecking order?

We are not in that game. We will continue to grow, but our focus will be on bringing the best of technologies and ensuring that our carbon footprint is among the most competitive. We will have world class governance practices and focus on social responsibilities.

Will your aggressive expansion include participation in disinvestment of RINL and NMDC as and when it happens?

I will not give any specific names right now. But we have always been looking at possible participation in acquisition whether through the disinvestment route or IBC (Insolvency and Bankruptcy

Code). If it suits our strategy and growth plan, we will certainly participate.

Another name that has come up is Electrosteel. Are you evaluating it?

Any option that comes our way, we evaluate obviously.

The IBC gave ArcelorMittal and Nippon Steel an opportunity to establish a major presence in India, but there are still a number of legal proceedings for assets like the slurry pipeline. How would you sum up your IBC experience?

The IBC has come a long way. There are still some rough edges that have to be rounded off. For instance, once an organisation is taken over through the IBC, there has to be clear guidelines for all stakeholders. It cannot be that people go to court after it's done and dusted. As far as possible, the takeover has to be practically on a clean slate.

You are acquiring infrastructure assets from the Essar group for \$2.4 billion. Why was it necessary when you had long-term arrangements for some of the assets like port?

Logistics is a key enabler for a steel plant to function successfully. So it's best if you can control it. Also, it can improve efficiency and profitability.

Does it mean the litigations on various fronts between the two parties are now going to be withdrawn?

Yes. With this \$2.4-billion deal, there are no more issues. And, the two parties (AM/NS India and the Essar group) have reached an understanding.

What does the withdrawal of export duty mean for the sector and AM/NS India?

It helps in pellet exports; whatever surplus we have, we can export after meeting the needs of the domestic market and our own consumption. It improves sentiment in the market. Even in the last month and previous month, people were exporting. So, the export duty withdrawal will help. And, as and when the global situation improves, we should be in a position to increase exports over and above what the domestic market requires.



DILIP OOMMEN
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