

Task cut out for Lakshmi Mittal's son Aditya to expand business empire in India

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After taking over Essar Steel in India, Aditya Mittal, son of steel baron LN Mittal, has rolled out a plan for expansion of the metal making business in India, besides the family's investments in petrochemicals business. The young Mittal, who was recently appointed the chairman of ArcelorMittal Nippon Steel India (formerly Essar Steel), plans to double the steel production from the Hazira plant to 15 million tonne (MT). He is also in the process of setting up a dual feed petrochemical annual capacity of 1.2 MT, through the joint venture company -- HPCL Mittal Energy (HMEL). HMEL owns 11 MT Guru Gobind Singh Refinery at Bathinda. It was built at a cost of \$4 billion in 2012.

Essar Steel's plant produces about 7.5 MT finished steel at present. The company has 14 MT iron ore pellet facilities in the east. ArcelorMittal plans to increase the finished steel shipments to 8.5 MT in the medium-term by completing the ongoing capital expenditure plans, enhancing the efficiency and commissioning of additional assets, the company earlier said. It will simultaneously improve the product quality and grades to realise better margins.

ArcelorMittal Nippon (AMN) has a long-term aspiration to increase the finished steel shipments to 12MT - 15 MT through a fresh investment for building iron and steel making facilities. Green field investments require \$1.5 billion to build 1 MT capacity. But since AMN eyes brownfield expansion, the cost would be half, according to industry experts. Aditya Mittal earlier said, "Our aim is to create sustainable and long-term value by becoming a leading steel manufacturer in the country... We have in place a targeted capital expenditure plan designed to build on our combined management strength, operational expertise, commitment to safe, sustainable steelmaking and industry-leading research and development."

HPCL-Mittal Energy (HMEL) -- a joint venture of Hindustan Petroleum Corporation (HPCL) and Mittal Energy Investment with 48 per cent stake each -- recently raised \$300 million by selling bonds to offshore investors. The company wanted to use the proceeds to refinance its high cost debt.

Aditya Mittal, who is also the chairman of HMEL, spearheads HMEL's expansions into petrochemicals. The JV commenced construction of dual feed petrochemical capacity of 1.2 MT in October 2017. "The company now intends to complete it by April 2021," Moody's Investors Service said recently. ArcelorMittal's market cap stands at over \$17 billion.

Businessstoday.in first reported that Aditya Mittal, who was leading the negotiations to acquire Essar Steel since 2017, would lead the Essar Steel business on November 16. Since the young generation from business families is increasingly taking responsibilities, the likes of Aditya Mittal will be compared to the young Ambanis and Premjis.

He joined Mittal Steel in January 1997 and took charge of mergers and acquisitions within two years. He led the company's acquisition strategy, helping it to expand the empire to Central Europe, Africa and the US. Aditya became President and CFO in 2004. He orchestrated the Mittal group's acquisition of Arcelor in 2006, creating the

world's first 100 MT plus steel company. At the philanthropic front, he works with his wife Megha, in the area of child health. He is a supporter of the Great Ormond Street Children's Hospital in London and funded the Mittal Children's Medical Centre. In India, the couple works closely with UNICEF and funded the first-ever country-wide survey into child nutrition.