



In the largest investment by an Indian company in Australia, the Mundra Port has acquired on a 99-year lease of the Abbot Point coal terminal for \$1.83 billion from the Queensland government. Mundra Port emerged successful in international bids invited by the Queensland government. The coal terminal, with a capacity to handle 50 million tonnes a year, will facilitate the transport of coal from Australian mines to India.

The Adani group had acquired Linc Energy's Galilee coal project for \$2.7 billion (₹12,600 crore) last August. Mundra Port is the Australian subsidiary of Mundra Port & Special Economic Zone (MPSEZL), which developed and manages the largest privately developed port in India and forms part of the Adani group. The group, which operates thermal stations in Gujarat and Maharashtra and which has large expansion plans, has recently shown its willingness to invest in Queensland, proceeding with plans for a \$6.5 billion coal project in the Galilee Basin.

The deal puts MPSEZL among the top port companies in the world, with its asset base of \$100 million, increasing to over \$3 billion. From a 2.5 million tpa port in 2001, MPSEZL's cargo handling capacity has now risen to over 200 million tpa. The sale-and-purchase agreement

was signed in Brisbane, Australia, between MPSEZL director Rajeeva Sinha and officials of the state of Queensland. It is the largest acquisition by any Indian company abroad in this sector. The big advantage that the Adani group has is that its own imports from Australia will be an important element in the commercial success of the port.

The deal size is one of the largest port acquisitions in the world, making the Adani group the largest Indian investor in Australia, says B. Ravi, CFO. The all cash deal will be duly funded by an acquisition debt. "The asset base at Abbot Point allows us to take out finance at the asset-level soon," he adds. MPSEZL has formed a subsidiary, Mundra Port Pty Ltd.

About 25 per cent of the amount involved is expected to be in the form of equity from internal accruals, while the balance would be through short-term mezzanine debt. Having achieved full financial closure, the Adanis will take over the Abbot Point coal terminal on 1 June.

Abbot Point, which commenced operations in 1984, currently handles 20 million tpa of coal. The fully-mechanised port is equipped with high-end ship loaders, stacker reclaimers, conveyors and rail systems. "The Adani group has substantial global interests in power generation,

mining, oil and gas exploration and development and operations," says Queensland acting treasurer Rachel Nolan. "The company is focussed on creating, owning and operating common user port facilities and providing efficient services."

Transaction approved

Mundra Port is also focussed on expanding the future capacity of Abbot Point in line with rail upgrades and increased demand from port users. The Foreign Investment Review Board of Australia's federal government has approved the transaction. "Under the deal the state retains ownership of the port land, associated strategic infrastructure such as the jetty and wharves, and will continue to facilitate future private sector-funded expansion of export infrastructure within the broader port precinct," explains Nolan.

The North Queensland Bulk Ports Corporation will remain as port authority for the Port of Abbot Point, responsible for the ongoing safety, security, efficiency and development of the port. With a capacity to handle 50 million tpa of coal from its existing two fully-mechanised berths at Abbot Point, the current revenue of A\$100 million is expected to go up to A\$305 million when the company expands to add two more berths to reach 80 million tpa capacity in the next three years.

The demand in the region is about 100 million tpa, apart from the Adanis' Galilee cargo, making it a sound commercial proposition for the group. During this period, the EBIDTA is expected to increase from 54 per cent (A\$60 million) to 74 per cent (A\$213 million). At present, its entire capacity is fully booked by nine customers. In the near-term, however, the Adanis, who have coal interests in Australia, could also join the user base.

MPSEZL was advised by Blake Dawson LLP, an Australian law firm, along with Sujain Talwar and Vikram Nankani of the Mumbai-based Economic Laws Practice (ELP). Abbot Point Port was advised by Australian firm Arthur Robinson.

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