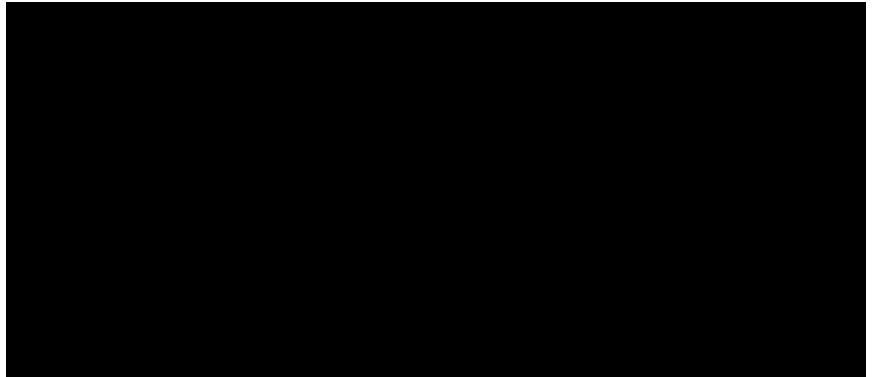


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Is Sanjeev Gupta's buying spree running out of steam?

A steel baron has been thrust into the spotlight over his rush to buy ageing assets

John Collingridge

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Might Sanjeev Gupta's deal frenzy be on the wane?

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A sprawling postwar steelworks in the northeast of the Czech Republic is Sanjeev Gupta's latest battleground. Last month the industrialist agreed to buy the Ostrava steelworks, a dilapidated 2m-ton-a-year plant that was the backdrop for the 2008 sci-fi film *Babylon AD*.

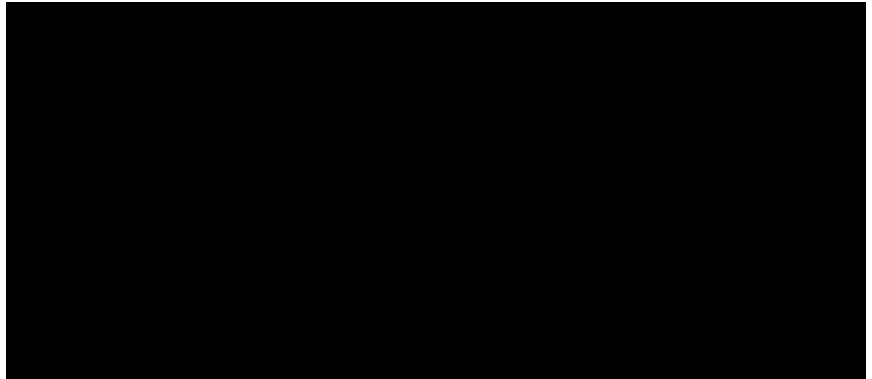
Gupta's purchase of the factory from the world's biggest steelmaker, ArcelorMittal, was just the latest step in the Indian-born tycoon's frenzied expansion drive. He has swooped on dozens of tired industrial assets around the world, from pipe mills in the Midlands to Australia's largest steelworks.

Ostrava, however, is proving trickier than most. Gupta's acquisition of the site — and its 6,000 workers — via his Liberty House business has led to a clash with unions and politicians. Unions are worried the takeover will “permanently and irreversibly damage” the plant and they have demanded a “detailed plan and commitment to invest in this facility”.

New questions are also emerging about his financing, his strategy and his business contacts — as well as his ambitious plans to pump billions into modernising his factories. Fast-talking and publicity-hungry, the Cambridge-educated Gupta, 47, has gone from obscurity to being the biggest buyer of old industrial assets, snapping up more than 25 companies around the world.

He has rubbed shoulders with Prince Charles, earned the moniker “Man of Steel” and appeared aboard private jets and yachts in

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His deals are combined under the loosely defined Gupta Family Group (GFG) Alliance, an umbrella organisation that includes his father Parduman's Simec commodities trading venture, which made its fortune in Nigeria. GFG's operations have swelled to more than 14,000 staff and a \$15bn (£11.6bn) turnover.

Gupta's first big foray was in 2013 when he bought the Mir steelworks in Newport, south Wales. A hiatus of more than two years followed, during which time he kept the mothballed plant's 150 staff on half-pay. In late 2015, in the depths of the steel crisis, he burst back onto the scene, snapping up the remains of the Caparo steel empire and trying to buy Tata Steel's vast Port Talbot plant.

Since then he has been on a non-stop spree, buying a £330m aluminium smelter, hydroelectric power plants and 100,000 acres of land near Ben Nevis, from the mining giant Rio Tinto.

Do the objections to the Ostrava deal, and problems with a Swiss fund that helped fund his expansion, suggest Gupta's dealmaking

EU competition concerns about its takeover of the Ilva steelworks in Italy.

The Ostrava deal does not add up, said Andrzej Kotas, director at Metals Consulting International. It is less advanced than nearby sites, such as ArcelorMittal's Krakow plant. "How can the acquisition make strategic sense?" he asked.

There are other reasons to suspect Gupta may be losing momentum. His rise has been fuelled by what Liberty House called "equity from Sanjeev Gupta's trading successes combined with debt and securities based on the value and earning potential of industrial assets acquired".

His expansion has been helped by largesse from governments in Wales, Scotland and Australia. He received a secret £7m loan from the Scottish government for the Dalzell steel mill, and a 25-year state guarantee on power prices for its Lochaber aluminium factory in the Highlands. Gupta has matched that support with generous promises of investment: a further £500m in Scotland, \$5bn in India and €2bn (£1.75bn) in France.

That 25-year smelter deal allowed Gupta to cash in the rights to the guaranteed power purchases — a buffer against power price fluctuations — by selling them to financing house Greensill.

The lender, founded by Australian banker Lex Greensill, has worked with the Guptas on a number of deals. Greensill used the power guarantees to raise £295m of debt on the bond market.

suspended in the summer over accusations of inadequate due diligence. These concerns were thought to be partly linked to bonds relating to Liberty House. There is no suggestion of wrongdoing by Greensill or Gupta in the GAM fundraising.

Liberty House insisted the GAM issues had not affected its ability to raise money, and said a delayed \$500m purchase of another Rio Tinto smelter in Dunkirk was due to be completed imminently. It added: “It’s completely false we’re having difficulty raising capital. We are currently acquiring major industrial assets in Europe and have secured all the committed funding we need for those.”

Liberty House’s expansion has also brought it into contact with two colourful businessmen. The Panama Papers data trove linked Sanjeev Gupta, via a Panama company called Liberty Commodities, to the businessman Vladimir Delic.

Delic was involved in the controversial privatisation of Bratstvo in 2004, in which he teamed up with the father of a prominent Belgrade politician, Sinisa Mali, to buy the Serbian railway parts company — a deal that allegedly involved the use of inside information. Parduman Gupta was also a joint director with Delic of the dormant Mayfair-based Litmus Enterprises in 2015.

Another associate, Misbah Al Droubi, was arrested in 2016 in Spain in connection with alleged money laundering. Documents show he worked with Liberty House’s Spanish commodities operations in 2014.

Neither Delic nor Al Droubi responded to requests for comment.

Liberty House said it had “done routine third-party commodities trading with Mr Delic’s firms from time to time but [has had] no involvement beyond that”, and insisted Gupta was unconnected to any of Delic’s Panamanian companies.

Liberty House added that it traded steel with Al Droubi “many years ago and at one point discussed starting a metals trading operation in Spain managed by him, but this never took off”. “We’ve had no recent contact and certainly no knowledge of allegations against him.”

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