

InfraBuild woes worsen as Gupta moves cash around stricken empire

Simon Evans *Senior reporter*



Dec 2, 2024 - 4.43pm



Listen to this article

4 min

Sanjeev Gupta's Australian steel business, InfraBuild, made a cash payment of almost \$29 million to the British industrialist's Liberty Holdings Australia entity in the September quarter, even as its losses worsened.

The transactions are outlined in a presentation circulated by the company to bondholders. The documents show InfraBuild, once part of the steel empires run by BHP and the Smorgon family, slumping to a \$35.5 million loss for the three months ended September 30.



Sanjeev Gupta at one of InfraBuild's Melbourne plants in 2017. The collapse of his main financier has sent the industrialist scrambling to pay down big debts. **Bloomberg**

It is the third consecutive quarter of losses for InfraBuild, which runs two electric arc furnaces, 10 manufacturing mills in Sydney, Melbourne and Newcastle, and a national network of steel distribution sites and recycling operations. Once the jewel in the crown of Mr Gupta's sprawling business interests, InfraBuild lost \$18.6 million in the 12 months to June 30. That compared with a profit of over \$239 million one year earlier.

In the most recent presentation to lenders, InfraBuild said earnings before interest and tax had fallen to \$25 million in the September quarter, down 76 per cent compared to the same period one year earlier.

The company said it had paid \$7.6 million for corporate services to Liberty Holdings Australia, of which Mr Gupta is a director in the period. But, in a footnote, InfraBuild said the total cash that had been paid to Liberty Holdings Australia in that time was actually \$28.8 million.

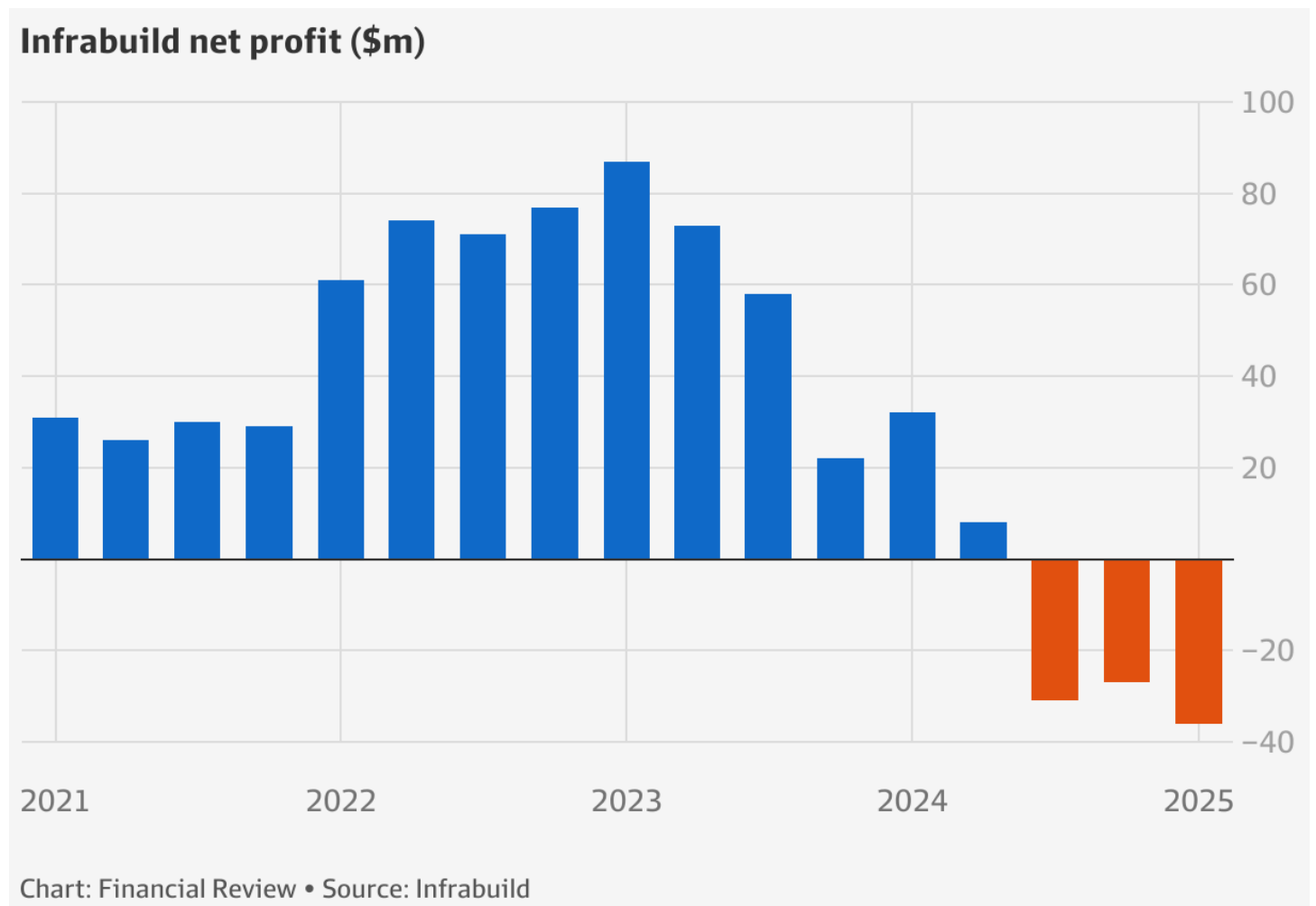
InfraBuild is increasingly being used to prop up other parts of Mr Gupta's embattled GFG Alliance business [<https://www.afr.com/companies/manufacturing/administrators-to-probe-gupta-s-troubled-european-empire-20241127-p5ktru>], which includes steel mills from Britain to the United States and Europe. InfraBuild was one of the best-performing businesses in the GFG stable, but is now under serious financial pressure as a Chinese steel glut deepens.

Mr Gupta bought InfraBuild and the Whyalla steelworks in 2017 out of the collapsed Arrium business.

Mr Gupta's financial troubles began after the collapse of his main financier, Australia's Greensill, in 2021. Credit Suisse, which is now part of UBS, has been pursuing GFG Alliance for \$US1.3 billion (\$2 billion) in debts.

The presentation said problems at the blast furnace

[\[https://www.afr.com/companies/manufacturing/whyalla-steelworks-boss-exits-in-sanjeev-gupta-shake-up-20241031-p5kmx3\]](https://www.afr.com/companies/manufacturing/whyalla-steelworks-boss-exits-in-sanjeev-gupta-shake-up-20241031-p5kmx3) at the Whyalla steelworks, north of Adelaide, had meant the plant had been unable to make steel since September. This, it said, had also hampered InfraBuild, which buys much of its materials from those steelworks. The financial impact from the outage was between \$11 million and \$12 million, it added.



“Management of Whyalla Steel Works are targeting resumption of hot steel make in early December,” the documents sent to the company’s bondholders said. “Mitigation plans for InfraBuild have included two further import parcels of finished goods due to land December and January.”

A GFG Alliance spokeswoman said the steelworks were “on track for a resumption of steelmaking soon”, and the corporate services charges relate to services provided by staff at the company’s head office to InfraBuild.

Large rail operators Aurizon and Pacific National have also suspended rail transport services for Mr Gupta’s Whyalla plant because of unpaid bills.

While InfraBuild and the Whyalla plant face increasing financial difficulties, Mr Gupta has been expanding his real estate holdings in Sydney. *The Australian Financial Review’s* Rear Window column revealed in September that Mr Gupta had acquired a harbourside apartment in Sydney’s Woolloomooloo once owned by broadcaster John Laws. That purchase was settled in late August through a shell company called Aremob.

InfraBuild is not the only local steelmaker suffering from rising Chinese exports – where producers have been forced to look offshore as local demand falls. BlueScope Steel has told investors that its profits in the six months to December 31 will be 25 per cent lower than first expected.

InfraBuild’s net debt, according to the presentation circulated last week, increased by \$68 million to \$1.09 billion. Ratings agencies Fitch and Moody’s have both downgraded InfraBuild’s corporate rating this year.

RELATED



[The Fin](#) [/podcast/thefin]

The two different worlds of Sanjeev Gupta

<https://www.afr.com/companies/manufacturing/the-two-different-worlds-of-sanjeev-gupta-20241105-p5ko74>



[Manufacturing](#) [/topic/manufacturing-5z3]

The town bearing the brunt of Sanjeev Gupta’s financial nightmare

<https://www.afr.com/companies/manufacturing/the-town-bearing-the-brunt-of-sanjeev-gupta-s-financial-nightmare-20240930-p5kegu>

Simon Evans writes on business specialising in retail, manufacturing, beverages, mining and M&A. He is based in Adelaide. *Connect with Simon on [Twitter](#). Email Simon at simon.evans@afr.com*