

# Essar returns to steel biz with \$8-bn investment

Setting up steel plant in Saudi, an iron pellet plant each in Odisha, US

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**T**he \$15-billion Essar group is making a quiet but big comeback to the steel industry with a global footprint in three mega projects with an investment of \$8 billion over three to four years, according to a senior official.

These include a steel plant in Saudi Arabia, and an iron pellet plant each in Odisha and Minnesota, US.

The group is also one of the five shortlisted bidders for NMDC Steel, a public-sector firm up for disinvestment and is constructing a steel plant with a capacity of 3 million tonnes (mt) a year. It has also been in talks with some states for a steel plant but there is no concrete proposal that has been finalised.

The greenfield project the group is setting up in Saudi Arabia will have an investment of \$4 billion and a capacity of 4 mt a year of casting and hot-strip steel. It will also include 1 mt of cold-roll coil capacity as well as a tin plate in Ras Al Khair City.

The project will include two direct reduced iron plants with a 2-million-tonne per annum (mtpa) capacity.

In order to minimise carbon emission associated with steel making and enable making green steel, the plant will be based on gas but it would be ready to use green hydrogen when prices are viable.

Discussions are on with the government for allocating gas.

## THE COMEBACK TRAIL

■ Steel plant in Saudi Arabia will have investment of **\$4 bn**

■ Finalising **\$1.4-bn** investment in pelletisation plant in Odisha

■ Invested **\$1.5 bn** of the **\$2.5-bn** total investment in Minnesota, US, for a pelletisation plant

■ One of the bidders to buy NMDC Steel, which is building a **3-mtpa** steel plant



Company sources said the firm applied to the Saudi Industry Development Fund, which was evaluating the project, and were hopeful the process would be completed in the next few months.

They expect to start work by the end of the year and complete the plant in 36 months.

This is the group's second foray into steel making. Essar Steel, which had a 9-mt plant in Gujarat, went to the National Company Law Tribunal and sold the asset in 2019 to steel magnate L N Mittal for ₹42,000 crore. The group has nearly concluded its asset monetisation to complete its

debt payment of ₹2 trillion to the banking sector.

Group company Essar Minnet is investing ₹12,000 crore (\$1.46 billion) to set up a 14-mt iron ore pellet complex at Keonjhar, Odisha, which is close to the mines. It will build a slurry line of 245 km from Keonjhar to Paradip and a pellet plant of 14 mtpa in the port city.

Sources in the company said after obtaining environmental clearances for the beneficiation plant and completing due diligence and tying up finances, the project is expected to commence production in 30 months.

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**FROM PAGE 1**  
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## **Essar...**

In Minnesota, it will operate in the name Mesabi Metallics, in which it has invested \$1.5 billion of the proposed \$2.5 billion. This is to mine taconite of 7 million tonnes a year and build a direct reduction grade pellet project. The project is half completed and is one of the largest investments in the area. The group has hired a team of old hands from top public-sector steel firms. They include Anil Kumar Chaudhury, former chairman of Steel Authority of India (SAIL), as chief executive officer, and Amit Sen, who was finance director in SAIL, as president (finance). And at the helm is steel stalwart Jatinder Mehra, vice-chairman.