

Essar to invest \$4 bn in Saudi Arabia steel plant

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The Essar Group is looking to invest \$4 billion in setting up an integrated flat in Saudi Arabia in the next three years, a senior company official said.

The plant, which will cost Saudi Riyal 15 billion (\$4 billion), is scheduled to break ground by this year-end, and be completed by the end of 2025, said Amar Kapadia, general manager for corporate planning at Essar.

The new 4-million tonnes per annum (mtpa) integrated flat steel-

works plant will have continuous casting, and hot strip capacity, 1 million tonnes of cold rolled coil capacity and a tin plate line in Ras Al-Khair Industrial City on Saudi Arabia's east coast.

The new facility will also have two direct reduced iron plants, each with a 2.5-million tonnes a year capacity.

Essar signed a memorandum of understanding with Saudi Arabia's National Industrial Development Centre (NIDC) in October 2021, and an agreement with the Royal Commission for Jubail and Yanbu (RCJY) for land allocation in



The plant is scheduled to break ground by the end of 2022, and be completed by the end of 2025

December.

“We have formally applied to the

Saudi Industrial Development Fund (SIDF), and they are evaluating our project. Through multiple rounds of discussion, additional information required for SIDF to complete technical, market, and credit evaluations has been shared. We hope to conclude the process in the next few months,” Kapadia said.

In an interview with an international publication, Kapadia said, “We plan to award an LSTK (Lump Sum Turnkey) contract with project drivers of schedule, cost, quality, and safety with the balance of the need to meet local content requirements even during the project

execution phase. Therefore, all procurement would be the contractor's responsibility to achieve these objectives.” The Essar Group has international investments across four areas covering the energy, metals and mining, infrastructure, and EPC verticals. The privately held group has an annual turnover of over USD 13 billion.

Essar is also in the process of concluding its planned asset monetisation program and completing the debt repayment plan of \$25 billion (about ₹2 lakh crore) with the Indian banking sector almost fully repaid.