

# Essel Group ME:

## PULLING POWER

While energy and mining are the cornerstones of Essel Group ME's business, the fast-growing conglomerate is pursuing new opportunities in a diverse range of sectors.



(Left to right) Punkaj Gupta, Joint Managing Director & Group CEO, and Gagan Goel, Founder, Chairman & Managing Director, Essel Group ME.

There aren't many examples of conglomerates worth nearly US\$2.5 billion that have been built in only two years, but Essel Group ME is one of them. Founded by Punkaj Gupta and Gagan Goel—CEO and Chairman, respectively—EGME is riding high on the success of its recent investments.

"EGME is a dynamic business, and we are on the lookout for assets that can add value and complement our portfolio, whatever the sector," says Gupta, Joint Managing Director & Group CEO, EGME.

EGME is rooted in the Gulf, but its ambitions are global. Established in Dubai five years ago, EGME quickly expanded its footprint into multiple international markets and now has offices across

Europe, Asia, Africa, and North America. Just as it has expanded geographically, the Group has diversified operationally. "We have operations across oil and gas, potash, nuclear-based energy, mining, financial services, media production, international trading, and education," explains Goel, Founder, Chairman, and Managing Director of EGME.

### Building the Core Portfolio

Natural resources form the cornerstone of EGME's asset base, and its oil and gas assets in particular have significant potential. EGME identified an attractive entry point into petroleum in 2015. It signed an agreement with Simba Energy

(since renamed Simba Essel Energy), a Toronto-listed oil and gas exploration company, to acquire a stake in five production-sharing contracts ("PSCs") across Africa.

Among these assets is the highly promising onshore PSC covering Block 2A in Eastern Kenya, which EGME estimates has the potential to produce 40,000 barrels a day. The final results of a 2D seismic survey are expected any day now, meaning that drilling will begin soon.

Last year, EGME injected fresh capital into Simba Essel Energy in preparation for the first production at Block 2A and for the development of its other assets.

Goel explains why he is so excited about this sector: "While the current downturn in oil prices has been difficult for many in the industry, it is also offering a new set of opportunities for us. Now is the best time to invest as assets and services are valued at attractive prices and qualified labor is plentiful, and we have already taken full advantage of this."

### Exploring New Opportunities

2016 was a busy year for EGME, as it expanded its global footprint and secured attractive opportunities to diversify its operations. It made its first natural resources investment outside Africa and second significant investment in potash with the formation of a Joint Venture ("JV") with Gensource Potash Corporation. The JV will develop a potash production facility in Gensource's Vanguard area (in Canada's Saskatchewan province), with EGME funding the construction and providing logistical expertise, and Gensource committing its specialized project execution team. With this agreement EGME added another high-quality potash asset to its portfolio—a year earlier it acquired the exploration license for Bada potash mine in Eritrea, one of the largest and the shallowest deposit in the world.

EGME diversified further, moving into a new market with a strategic investment

of US\$18 million in LeadCold Reactors, a Swedish-Canadian lead-cooled small nuclear reactor technology company. For Gupta and Goel, LeadCold represented a valuable opportunity for EGME to increase its exposure to the robust long-term fundamentals of the energy resources market. "This was a key moment for EGME that illustrates our strategy of targeting competitively valued assets in underdeveloped markets. We have successfully diversified our asset base into low-carbon technology and plan to invest a further US\$200 million into the project," Goel comments.

### Gaining Momentum

While natural resources and energy remain at the core of its portfolio, EGME is building on the legacy of its parent company, Essel Group, which has a 90-year history of developing and promoting companies across a broad spectrum of industries. "We draw upon the wealth of experience that our parent company, Essel Group, has built up over nearly a century. Our management team has decades of experience working at some of the leading businesses in the region, and they are putting their knowledge to work at EGME," says Goel.

Today, EGME's portfolio spans five distinct industries and includes international trading and logistics company Gee

Square, a United Nations-approved vendor of relief supplies. EGME also entered another two industries only this year. It acquired diversified financial services group Morgan Gatsby, and last month welcomed Dubai-based media production company Essel Serena to its portfolio. It is no surprise that EGME's management team has achieved widespread recognition for scaling up the Group so swiftly and successfully. As a result, Goel was ranked among Forbes Middle East's top 100 Indian Business Owners in the Arab World this year.

### Looking to the Future

Despite the success and scale that EGME has already achieved, its appetite for growth is far from satisfied. "We will continue to seek out the most attractive opportunities worldwide to deliver the next stage of growth and drive value for stakeholders," Gupta explains.

The next important milestone for Gupta and Goel is the launch of the Essel Africa Natural Resources Fund. EGME has mandated Morgan Gatsby to raise the fund, which will invest in oil-exploring assets with high income and long-term capital appreciation potential. With half of the US\$350 million target already secured, the fund looks set to be another success for this energetic and fast-growing business.



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