

Building A Global Footprint

Managing Director, Gagan Goel and Group CEO, Pankaj Gupta of Essel Group ME have had an eventful five years. After Goel launched the company in 2012, the trailblazers have taken advantage of dips to enter new markets and have since invested in groundbreaking innovation, assisted in humanitarian efforts, and survived a warzone.

What was your vision when you first set up Essel Group ME and how is it developing?

▶ **GG:** Essel Group is an established player in the television, media, entertainment and distribution sectors, and while it had some mining businesses in India, they were very small. So our idea was to look at different assets all around the world.

▶ **PG:** We started with agriculture and soon realized that we needed a larger vision, so we moved into potash, which is the major ingredient for fertilizer to help grow farming produce. And then, as we had a mandate for energy, we entered into a production sharing agreement with Simba Energy, the Toronto-listed E&P company focused on the onshore frontier basins of Africa. We also wanted to get into iron ore because steel is required in every development around the world. So we acquired four assets in Eritrea in Africa, and then last year we entered into the nuclear sector with a Swedish company called LeadCold. We hold six patents with them that have now been approved by the U.S., Canadian and European safety commissions. So hopefully soon we will be presenting a prototype to the world.

▶ **GG:** What's unique about LeadCold's concept is that currently to shut down a nuclear reactor you need to reduce the temperature by flooding it with water, and it takes 6-8 months. With this new technology we can shut down a reactor in one hour and it doesn't require water. And we have found a solution that has removed the toxicity of uranium and yet can



(L-R) Gagan Goel, Founder and Managing Director and Pankaj Gupta, Group CEO.

still be used for electricity generation. We held uranium in our bare hands—eventually you will see every nuclear station in the world using this material.

Do your projects benefit the local areas?

▶ **GG:** We have a budget assigned for CSR in the areas in which we operate and we designate 5% of our revenues to supporting local communities. We want to invest long term in these societies, and they need to think of us as responsible citizens. They should also have the opportunity to benefit from our success and that is very important to us.

How have you been affected by turbulence in the oil industry?

▶ **GG:** The downturn in the oil and gas market actually gave us an entry point, otherwise it was very expensive. Experts in the commodities markets say that low prices present a buying opportunity but this hasn't necessarily happened during the current cycle. However, we took the decision to enter the market at the bottom end, because we had our own funds, we didn't need to go to an institution for finance.

▶ **PG:** When the market came down from \$140 per barrel to \$28 per barrel there was huge scope for us. At \$140 it would have required a significant investment to enter into the oil and gas market. However, as the oil price fell the value of assets became far more competitive, which provided us with an opportunity to expand our footprint. It was a similar story in our potash business. We entered the market during a downturn and we acquired an asset in Eritrea with estimated reserves of more than one billion metric tons of potassium-bearing salts. The asset is situated in the Danakil depression, which is renowned for possessing significant accumulations of potash salts, and the Bada basin has one of the shallowest deposits in the world. Potash generally occurs 700 to 3,000 meters down, in the hard crust, but we are mining at 16 meters, which means our cost of production will not go above \$40 per ton.

Do you foresee renewable energy eventually overtaking fossil fuels?

▶ **PG:** Sustainability is an increasingly important focus for businesses operating across a range of sectors. Within the energy space there has been a notable shift from the majors as well as other low-cost operators towards the low-carbon—including gas vs oil—and renewables space which are areas that the business is targeting.

▶ **GG:** We are constantly looking out for solid long-term investment opportunities like LeadCold, which represents an important step in the development of our energy resources business.

What about your logistics operations?

▶ **PG:** We have a company called Gee Square Holding SRL, which is a level two vendor for the UN, so we supply relief and humanitarian aid for the UN wherever they demand us to go. We supply them with food security, fishing kits, electrical panels, medical supplies, etc. It is a commercial business for us. The UN is one of the largest buyers of commodities



and products in the world for the benefit of people in need across the globe, and they have a budget of over \$20 billion per annum.

▶ **GG:** This gives us a presence in a large part of the world as well, which is good for us. Wherever the UN is present we get access. Although supplying goods in difficult places is a challenge.

What kind of challenges have you had to overcome?

▶ **PG:** During the ongoing conflict in Yemen the UN asked us to help farmers by supplying urea to 19 locations where there were no roads. Our people were very courageous; they took the risk to benefit others. Every step was difficult, but we managed to keep our energy up and in the end we supplied all locations. In Libya we supplied hygiene kits to women and children who were trapped and becoming vulnerable to disease. So we packed boxes with items such as baby powder, Dettol, napkins, soaps, shampoos and ointments, and we took them to Libya. We feel we are a global citizen in this way—going into conflict areas and helping people.