



Essar Steel forays into defence sector



Essar Steel has forayed into the high growth Defence manufacturing sector by developing steel grades which find application in Land and Naval Defence. The estimated expenditure in defence sector is over USD 200 billion over the next 5 years.

The company in a press release said it has developed several products which are import substitutes as well as innovated to develop indigenous armour plate for ballistic protection.

Essar Steel's import substitute products have been used in the construction of advance naval destroyers, offshore patrol vessels and floating docks. They also provide ballistic protection to combat vehicles and battle tanks. In addition, Essar Steel products are used in the construction of coast guard vessels and in the repair of naval ships.

Essar Steel aims to participate in the indigenisation of products used in naval defence, including naval destroyers, offshore patrol vessels used by both navy and coast guard, rocket launchers, floating docks and submarines. In land defence, their products are used for battle tanks, motor casing of missiles, mine protected and combat vehicles, military and civil vehicles, artillery guns, morcha and machan.

Alongside growing domestic demand, these products also have a large export potential. Market estimates put the annual demand potential at approximately 2 lakh tonnes, of which 50% is in flat steel and the remaining in structural steel.

Dillip Oommen, MD and CEO of Essar Steel said: "The defence sector is witnessing exponential growth. Essar Steel would like to be a part of this growing segment so we can capitalise on our strengths, which include state-of-the-art manufacturing and product development.

"We have developed an excellent track record by successfully supplying steel to many defence projects. This has given us the confidence and encouragement to expand our product portfolio for this segment."

The revised Defence Procurement Policy 2016 encourages "Make in India" and supports indigenous manufacturing of defence equipment and spares. The goal is to achieve an indigenisation level of 60% to 70%, against the existing 40%. Apart from saving foreign exchange for clients, it will bring about self-sufficiency and self-reliance, as well as position the country as an exporter of defence goods.

The Union Budget for 2017-18 outlays a defence expenditure of US \$53.50 billion—up from US \$30 billion in 2009-10. About 80% to 90% of defence manufacturing in India is dominated by the

DPSUs and the OFB. However, several big corporate houses in India have also forayed into this sector and have announced partnerships and expansion plans. While Essar Steel has been servicing the defence sector for the past 6-7 years, the entry of private players in this sector has enhanced the marketability of its products.

The company has set up a 1.5 MTPA state-of-the-art 5-metre-wide steel plate facility at Hazira to meet the requirements of the defence sector. The plant has three types of rolling capabilities that include thermo-mechanical controlled rolling, normalised rolling and temperature controlled rolling. Further, it has two types of heat treatment capabilities—quenching & tempering, and normalising. These capabilities make this mill a versatile mill that is capable of producing any grade of steel for defence applications.

The plate mill is backed by advanced steelmaking facilities and has better control over raw materials through its upstream pellet making facilities. Essar is known for producing high end clean steel required for various sectors like auto, engineering, white goods, yellow goods, power sector, hydrocarbon sector pipe & tubes and defence.

Essar Steel has set up an R&D Centre at Hazira that is approved by Department of Science and Technology, Government of India. It has been developing products for the defence sector for the past seven years, and focuses on application-based product development. The defence grade steel developed by the company meets the standards of the Defence Metallurgical Research Laboratory, Combat Vehicle R&D Establishment, Directorate of Naval Architecture and Directorate of Naval Design.

