

Born into a modest family in Rajasthan, Lakshmi Mittal is now the fifth richest man in the world. **Tim Bouquet** talks to the industrialist with an exhausting schedule and an unfailing eye for a business opportunity.

Photographs by **Tom Craig**

MAN OF STEEL

Lakshmi Mittal's website mission statement does not mess around. He is, it is claimed, 'transforming the world's horizons'. The steel multi-billionaire, now the fifth richest man on the planet, is leaving massive footprints on the 21st century's built environment as he continues on a remarkable journey that began in the unremarkable town of Sadulpur on the shifting sands of the Thar Desert in Rajasthan, north-west India.

With some prescience, he was named after Lakshmi, the Hindu goddess of wealth, even though he lived in a modest house with 20 extended family members sharing rooms, sleeping on rope beds and cooking on a brick oven in the yard. 'It was a very poor, very hard place to work,' Mittal says. 'There was no electricity or piped water until the 1960s.' By which time his father Mohan had moved his family to Calcutta and had become a partner in a small steel company.

The Mittal family is of the Marwari caste, as are India's other leading industrial families, the Tatas, the Birlas and the Jindals, who all moved from Rajasthan to Bengal to make their fortunes. 'Bengalis wanted only to enjoy the easy life,' Mohan Mittal says. 'Marwaris had come from Rajasthan and had nothing to eat.'

As a small boy, Lakshmi Mittal woke daily in a small first-floor apartment in Chitpur, a poor northern suburb, to the rattle and gnash of the city's trams. 'The electricity cable for the tramway was just outside the window,' he says. 'They would start rolling at five in the morning.' Now, he uses a private jet, a chauffeur-driven £200,000 Daimler Maybach, and a couple of very large yachts as he travels to houses in London, Delhi and St Moritz.

When they were younger Mittal took his son Aditya, now 31, and daughter Vanisha, 26, to see



Lakshmi Mittal with his son Aditya at their London family home in Kensington Palace Gardens

where his life began. 'It is important for them to see, to stay grounded,' he says. 'In the rainy season the streets flooded but schools stayed open so you had to walk through all this water to get to lessons.'

Mittal had a facility for numbers, graduating from St Xavier's College, Calcutta, top of his class in commerce and joining his father's business full-time aged 19. 'My father is the man I admire most,' he says. 'I really got inspired by his hard working, his caring for the family, guiding everyone.' He was also inspired by his father's creed: 'Accept challenges. Don't get scared by new prospects.'

It is a creed that has fuelled and fired the greatest story of industrial success since that other baron of steel, Andrew Carnegie. Mittal is now worth £19.25 billion. He has been called the Emperor, the 'Raja of Steel', yet just three decades ago he was paying himself \$250 a month and driving a second-hand Australian car in deepest Indonesia.

In 1975, aged 26, he gazed out at the rice paddies in Surabaya, East Java, that his father had instructed him to sell because his plans for building a steel mill there were beset with bureaucratic governmental obstacles to gaining the necessary permits and electricity supply. Lakshmi had only planned to drop in while on a \$250 bucket-shop holiday in South-east Asia, but instead he decided to ignore his father's instructions.

'I went to the retail market to see the prices of bars [steel for making gears, tools and engineering products] and rods [used to reinforce concrete] and saw there was a good margin in the business,' he says. It was also a chance to produce steel for the first time in Indonesia and strike a blow against the Japanese companies that used the country for finishing products and were monopolising the local market. He would undercut them by building a mini-mill – with machinery imported from India and local partner cash – with an electric arc furnace fed with enriched iron-ore pellets rather

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than the bulky coking plants and blast furnaces used traditionally to turn raw iron ore, coke and limestone into steel. It would give him a cost advantage of up to 50 per cent. Mittal returned to the ministry and the power company. He got his permit and his power supply. 'Then I called my father and I told him, "I am not going further on my vacation. I shall build this plant here."'

Mittal was to stay in Indonesia for 14 years, with his young wife Usha – whom he married at the age of 21 – and their children, developing and making his plant more profitable. 'He was always at the plant sorting out problems,' Aditya says. 'I remember when I was four, we were having dinner at a friend's house and there was a breakdown, so we all jumped in the car and went over. I sat in the car looking at the glow of the furnace, watching him go into the plant, and then I fell asleep with my mum. We used to do that quite a lot.'

Mittal started making 30,000 tons of steel a year. It took him 13 years to get up to 330,000. He wished to expand, but knew it would take too long to start more plants from scratch. Instead, he would start buying up other people's. In 1989 he bought the Iron and Steel Company of



Trinidad and Tobago, replacing 60 German managers costing \$20 million a year with 60 Indians who did a better job for \$2 million. In 1992 he bought another company in Mexico. He snapped up rusting state-owned bankrupt plants in far-flung places like Algeria and the outer reaches of post-Soviet eastern Europe that nobody else wanted to take a risk on. He turned them to profit in double-quick time, slashing costs and increasing production.

Some steel men dismissed him as a maverick outsider. Mittal kept buying up the plants, and he slipped under the radar to become the biggest producer in the United States. Western Europe began to fall to his march. The old guard tried to beat him at his own game by buying up remaining bankrupt stock but at hugely inflated prices. They failed. Following his victory last year in an epic and brutal battle to take over his nearest rival, Arcelor – forged from state companies in Luxembourg, France, Belgium and Spain – he is now indisputably the biggest maker of steel the world has ever seen, three times bigger than his nearest rival. Lakshmi Niwas Mittal, or plain 'Mr Mittal', as all his colleagues address him – as does

his son, in public – is a global industrialist employing 320,000 people in 60 countries.

He is also the first Indian to make his fortune entirely outside his own country. 'I am proud to be Indian, I have an Indian passport, but I regard myself as a global citizen,' he says, having moved to London in 1995, encouraged no doubt by the huge tax breaks afforded international entrepreneurs who claim non-domicile status in the UK (they are entitled to pay no tax at all on their overseas earnings), and because of its handy location halfway between Asia and the US. And what better place to rub along with the prime ministers and presidents whom he now regards as friends than Kensington Palace Gardens, one of the most expensive and discreet streets in the world?

Mittal paid £57 million for his gleaming white, three-storey, neo-Palladian home, once owned by the Formula 1 supremo Bernie Ecclestone and the Islamic art collector David Khalili. Across the way is Kensington Palace. Mittal's palace boasts a ballroom, a picture gallery, 12 bedrooms, Turkish baths, palm-tree pillars swathed in gold leaf, and a jewelled basement swimming-pool where the super-fit vegetarian swims lengths every morning

before boarding his Gulfstream G550, sometimes flying to three countries in a day. Servants glide across marble floors dug from the same quarry as the Taj Mahal. Mittal's wife Usha has furnished the house with the kind of antiques and artworks most of us only see surrounded by silken ropes. Some claim it is the most expensive private residence in the world, but Mittal points out that it was Khalili who put in the pool and the marble; he, on the other hand, simply bought it to be a family home.

'It's a wonderful house,' says the American billionaire and Mittal's close friend Wilbur L Ross, who sold his International Steel Group to Mittal in 2004 for \$4.5 billion. 'But remember, he has put a far smaller percentage of his net worth into his home than most people put into theirs. There is nothing flashy about Lakshmi.'

Mittal doesn't have bodyguards and he doesn't do bling. Across town at his utilitarian suite of offices in Berkeley Square, Mayfair, he sounds more GP

Mittal with daughter Vanisha and wife Usha at a fund-raising ball for the children's literacy charity Pratham UK

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than tycoon as he talks discreetly and smiles reassuringly in a sober off-the-peg suit ('I can't afford Savile Row,' he once said). Maybe he is smiling because the previous day he topped the Sunday Times Rich List yet again, £4.4 billion richer than the year before.

How does it make him feel to see his name against a number as big as that? He shrugs and peers into his laptop for a moment. 'I don't pay it much attention,' he says eventually. 'I don't like to comment on all these rumours and guesstimates.'

There are some figures on which he is happy to comment, however – the 130 million tons of steel he produced last year; the two million tons a week supplied to customers worldwide by Mittal ship and truck, including the 10,000 tons of massive beams known as 'jumbos' going into the foundations of the Freedom Tower that is being built on the site of the World Trade Centre's twin towers in New York. 'I am very happy and proud that we were chosen to supply that,' he says.

From paperclips to suspension bridge cables, shipbuilding to car bodies, hi-fi chassis, oil and gas pipes, Mittal's steel is everywhere. Seventy per cent of American car bumpers are made by his colossus of a company ArcelorMittal, as well as the beautiful Millau Bridge, the world's highest, which sweeps 984 feet above the River Tarn in the south of France. 'Yes, Lord Foster designed it,' Mittal acknowledges. 'But it is 27,000 tons of our steel that made it possible.'

Lakshmi Mittal, 57, has taken steel truly global. Historically it was a parochial industry with countries regarding their loss-making, over-subsidised and inefficient nationalised producers, like British Steel, as gems not for the taking. Mittal saw that an industry riven by cycles of boom and bust could only prosper if it was international, with fewer and bigger players better able to control prices of raw materials and finished product. 'In 1998 I spoke at a conference in the United States and raised for the first time the need for consolidation of the industry. Back then the largest company in the world was



producing just 25 million tons a year. Nobody agreed with me.' He shakes his head. A year later, following a crash, a third of US steel companies filed for bankruptcy. Mittal's company wobbled, but true to his vision he kept on acquiring. He had spotted that China was a huge upcoming economy. It would be crying out for steel to build its revolution. At the same time he was buying iron ore and coal mines to ease reliance on external suppliers, all part of his grand vision – to create the most admired steel institution in the world.

'Mr Mittal is also a man of figures,' says his chief operating officer Malay Mukherjee, who has been involved in all the company's major acquisitions since the early 1990s. 'When we bought the plant in Mexico, which cost the government \$2.2 billion, it was producing just 500,000 tons a year when it was designed to make two million. In the first month we produced 70,000 tons. Mr Mittal set us a new monthly target – 200,000 tons. It wasn't just a number plucked out of his head. He said, "Your down time is 30 per cent. It's too high." He had worked out that if we trained more staff and invested in spare parts, the plant would not be idle. He sees the big picture; he also knows the minute details. Now, that plant produces four million tons a year: one of our most profitable.'

Working for Mittal has been a breathtaking ride, Mukherjee says. 'Sometimes I felt as if we should pause and take stock, but Mr Mittal always said, "No, we must grow. We must move on."'

'I am very conscious of my obsessive side,' Mittal admits. 'I once took up golf. I started playing it every day. Then, one day, I was driving to the golf club and it worried me that I was becoming addicted, losing my focus, which I don't like to do, so I turned the car around and came home. I have never picked up a club since.' In business, he does not turn back.

'Mr Mittal is driven, determined and unsentimental,' says Philip Gawith of the Maitland Consultancy, the PR firm Mittal used last year in his battle to take over Arcelor. 'He is someone who I don't think feels there is such a thing as an

insurmountable obstacle. He is really not used to taking no for an answer.'

What is particularly surprising is that such a successful and wealthy individual has not made more enemies on the road to riches. Very few of the people I have spoken to have a bad word to say about him. One might have expected to hear examples of a cold-hearted ruthless streak, a desire to crush his rivals, but the praise is constant: the man is focused, unshakeable.

Mittal was the world's biggest producer of steel, Arcelor the biggest earner and Mittal needed all his patience and diplomacy in the battle that raged for six months and was fought by seven governments, eight different market regulators, five billionaires, and scores of financial analysts, investment bankers, hedge funds and lawyers. It began bitterly. Guy Dollé, Arcelor's French chief executive, and one of Mittal's few vocal critics, responded to Mittal's opening bid of £10.2 billion by saying he was not going to let his shareholders be bought off by 'monkey money', or by 'a company of Indians'. 'Our steel is like perfume, Mittal's is like eau de cologne,' he snapped. 'Mittal is not an industrialist, not a steel man. He is an entrepreneur, an opportunist.' French politicians joined a pan-European firestorm and ranted about 'economic patriotism'.

'What they were all about to witness was global financial capital eroding the autonomy of national capital,' says Byron Ousey, the managing director of the public relations company Gavin Anderson, which advised the Luxembourg government during the battle.

'I never expected the emotional stir that the bid created,' Mittal says. 'It was very sad. We are not used to these kinds of comments in today's age.' Instead of reacting he got in his plane and began a hectic round of meetings with politicians, market regulators and Arcelor shareholders across Europe and in the States. 'I read somewhere that I sat on my plane, drinking champagne,' he says. 'In fact, we call it the pizza flight, because that's what we served. We were always working.'

'What needs to be said in big red letters is that he did not get swept away to the point of this being an ego trip,' Wilbur L Ross says. 'However hostile the reaction to him, he remained focused on the real objective, which was how do you do the transaction in the way that produces the best economic result? Some people might have been tempted to ram-rod it, but he didn't. He made all these concessions and it paid off.'

'It was a victory for shareholders unconstrained by national social and political bonds,' Ousey adds. 'And a defining moment for the world steel industry.'

'Mr Mittal has great vision about where this industry is going long-term,' says Yoel Zaoui, who led the team from the investment bank Goldman Sachs, the lead adviser to Mittal on the takeover. 'He doesn't speak too much, which I like as a characteristic, but everything he does say is measured and makes a lot of sense. In a complex deal like this his grasp of detail was inspirational. He is an exceptional individual, but then so too is his son.'

Aditya Mittal, 31, the chief financial officer of ArcelorMittal, looks even younger for his age than his father. When we meet, he has just returned from heli-skiing in Canada and is, just as everyone says, smart, super-intelligent and extremely well mannered. His father prefers cross-country skiing because it is harder, but that is one of the few discernible differences between the two men. 'I have never seen such telepathic understanding between

a father and son,' Philip Gawith says. When Aditya left home to attend the prestigious Wharton School at the University of Pennsylvania, Mittal was so upset that he couldn't go to the airport to see him off. If Mittal is the visionary, Aditya, in charge of mergers and acquisitions, is the deal-maker. 'What people don't understand is that we are not gamblers,' he says. 'Aggressive, yes, but we are very focused. We do the due diligence and if the numbers work, we move. Where others saw the plant we bought in Kazakhstan losing a million a day and pulled back, we saw the chance to make steel there for the neighbouring Chinese market.'

'I am very proud of Adit,' Mittal says. 'We understand each other very well as father and son and colleagues. Both can be very delicate relationships, but we have very good alignment. I have no problems about him following in my footsteps. In fact I am following in his. He is the future.'

Mittal is equally proud of his daughter, Vanisha, who is also on the board of his company. He famously spent a reported £34 million on her wedding in France in 2004 when she married Amit Bhatia, a Delhi-born investment banker. A thousand guests flew in for five days of events, including an engagement party at Versailles, wedding ceremony at Vaux le Vicomte (the finest chateau in France), an hour-long play that told the story of how Vanisha and Amit met and fell in love, dinner in the Jardin des Tuileries cooked by chefs flown in from Calcutta, and serenades from Mittal's favourite Bollywood stars and Kylie Minogue. The press were banned. 'Papa, buy me an Eiffel,' ran the headline in the Indian magazine *Outlook*.

'I do not comment on family matters,' Mittal says. 'All the figures are speculation. Any father

would want to give his daughter a very special day.'

He remains wary of the general media, though his natural shyness makes way for confident performances at press conferences. When he upped his bid for Arcelor towards a winning £18.1 billion, he told attending business journalists, 'This is the most compelling offer you have ever seen.' 'That's right, but even last time it seemed to be a very compelling offer,' someone called out. 'Last time, I said it was the best offer,' Mittal corrected, his trademark beam beginning to break on to his face. 'Now it is a most compelling offer. With a compelling offer you are compelled to accept. With the best offer you have a chance to better it.'

During our numerous interviews he is candid and makes good company. He explains how he likes to hang out with his workers in the factory-canteen because 'that's where you find the soul and pulse of a company'. He still genuinely loves the fire, steam, noise and smell of the mill, and enjoys rubbing along with steelmen. He is probably the only steel magnate who can operate the control panel of a plant. But every time he feels a line of questioning taking him out of his comfort zone, he draws back – for example, the subject of the safety record in his mines in Kazakhstan, where since 2004 more than 90 have died in explosions caused by faulty gas detectors.

'These are major accidents. I was sleepless for many days,' he says. 'I visited many of the grieving families straight away and made sure that compensation was paid immediately.' He points out that this year alone he is spending £13.2 million on modernising the mines, that there have been no fatalities in 2007, and that injuries have dropped by 30 per cent. Still in Kazakhstan, and in Poland, Mittal has

used lobbyists and middle men to broker takeovers who were subsequently mired in bribery allegations attached to non-Mittal privatisation deals. One of them is now serving time in a Polish jail.

'When I went into Kazakhstan in 1997, nobody even knew where it was on a map, and before making a deal you have to know what this country is about, what the opportunities are,' Mittal says. 'You need people to guide you, advise you, make contacts. Now, Goldman Sachs and the banks know about Kazakhstan and can advise; then, I had to use local people.'

Philanthropy is on his agenda, though – as elsewhere – he prefers to keep a low profile, and would appear to have no desire to share a stage with Bono. He is involved with several educational projects in Rajasthan, and he has also set up a sporting foundation to help Indian athletes develop their talents.

'I was in the stadium at the last Olympics and I was proud to see such a large Indian team. But we won so few medals, I couldn't understand it. I decided to create Mittal's Champions to help young people train better, to give them good coaches.'

Mittal likes meeting the powerful. When Bill Clinton came to London last year to help launch the philanthropic charity Fortune Forum, which is bringing the wallets of the rich to the aid of the poor, Mittal was the only guest to have a private one-to-one session with the former president.

'I also respect Tony Blair a lot,' Mittal says. 'I admire his leadership, I admire his vision. He has worked hard for the country and has done very well in my opinion. I was sad to see him go.'

Which leads us to those donations to the Labour Party, currently standing at more than £4 million,



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especially the controversial £125,000 he gave in 2001, which seemed to coincide with a letter Blair wrote to the prime minister of Romania supporting Mittal's takeover of the nationalised steel firm Sidex. Mittal says that Blair wrote the letter at the request of the British ambassador in Romania – 'but that was after we had already been informed that our offer had been accepted. I gave to Labour because of my love of the party and its leader,' he says. 'I never asked for anything, and never expected anything in return,' he adds, making sure that questions about knighthoods and peerages remain holstered.

Along with work, family is the twin pillar in Lakshmi Mittal's life. Apart from loving James Bond films, he has few interests. Whenever he gives a major speech or press conference, his children and their spouses or his father are usually there. The whole family spends weekends together. There are many photographs of relations all around the house. He dotes on his granddaughter, Shanaya, born to Aditya and his wife Megha last year. But the most important member is his wife Usha. There is much more to her than a wife who stays in the background furnishing houses. As he began buying up companies around the globe, Usha ran the plant in Indonesia. 'She knows and understands this business very well,' he nods proudly. 'I have a very deep respect for her.'

In an interview on Indian television last year, Usha confided that she 'fell in love with him on our first telephone conversation', after a stilted, chaperoned first meeting at the Calcutta Club to cement their arranged marriage. 'We talked for more than two hours.' She was impressed by his hard-working attitude. He made her laugh. 'He is always teasing

me. We're still very romantic. Then he wrote me a letter, which he ended "kissed by smiling always". That touched my heart the most.'

'Weren't you touched by my also saying that I welcome you as my life partner?' Mittal asked.

'Yes,' she giggled. 'But I was young then, you know.'

In January this year, Mittal and his family returned to Sadulpur to visit a training institute set up by his father in memory of Lakshmi's mother, Geeta, who died six years ago. 'It was the first time I had been back in 30 years. The whole town was closed. I was not prepared for it.' Despite being based in the UK, he remains an icon in India, a symbol of what can be achieved if you set your mind to it. Three hundred thousand people came to meet him. 'It was very nostalgic for me to see the house where I was born,' he says. The town was crying out for a speech. He told them how they must master new technology to get on. He told them he had not set out to conquer the world, but had taken small steps at a time. 'I have always adjusted my goalposts,' he says.

But where will Mittal's journey end? 'This is definitely a work in progress,' Wilbur L Ross says. Two of Mittal's competitors, Japan's Nippon Steel and POSCO of Korea, already have their defence strategies in place, just in case he comes after them. 'I have no plans to take them over,' Mittal insists. But then he also told me he had no ambitions to buy a football club. A week later he was rumoured to be buying Birmingham City.

Tim Bouquet is co-author with Byron Ousey of 'Cold Steel', an account of the Mittal-Arcelor takeover, which will be published by Little, Brown in April 2008