

Indian Institute of Metals – Delhi Chapter

Celebrations of Chapter Level NMD and Foundation Day of Indian Institute of Metals

A programme was organised on **24Feb.2018** at IIM Delhi Chapter to celebrate Foundation Day of Indian Institute of Metals as well as Chapter Level National Metallurgists Day. A technical talk on “*A Reflection on the Financial Health of Steel Sector in India and a Perspective towards its Future...*” was also organised during the celebrations.

At the outset Shri K L Mehrotra, Chairman IIM Delhi Chapter welcomed all the participants. He gave brief details about the activities of Indian Institute of Metals Delhi Chapter and background on celebrations of Chapter level NMD & IIM Foundation Day.



He introduced the Speaker - Mr Manoranjan Ram, *Associate Vice President, Paul Wurth India & SMS Group*. After introductory reference, the floor was handed over to Mr Manoranjan Ram presentation.

Mr. Manoranjan Ram, during his detailed presentation, gave an overview of Global & Indian Steel Industry. While discussing the Highlights of Indian Steel Industry during 2017, he highlighted the fact that currently ~ 20% of Indian Steel manufacturing capacity is under insolvency and many of the steel companies are not able to service even their interest costs.



He observed that Total Stressed Assets in Indian banks are estimated at INR 10 trillion (\$155 billion) - as stated by India's Chief Economic Adviser, Mr. Arvind Subramanian in Oct 2017. 28% of Total NPAs in Indian Banks pertain to Steel sector.

The current status of steel companies referred to Insolvency Court (NCLT) is ~ 25 MTPA capacity. Five Companies (Bhushan Steel, Bhushan Power & Steel, Monnet Ispat, Essar

Steel and Electrosteel) with a combined Annual capacity of 21.9 MTPA, have a total debt burden of INR 148,106 crs. (as on Dec.2017) and were referred to NCLT in June 2017. The offers of Bidders are under evaluation. In addition four Companies (Uttam Galva, Adhunik Metalliks, Jayaswal Neco and Visa Steel) with a combined Annual capacity of 3.15 MTPA, have a total debt burden of INR 19,953 crores. (as on Dec.2017) and have been referred to NCLT in Jan.2018. These cases are under process. He opined that huge capital loans, without meticulous due diligence on the part of commercial banks has resulted in such sorry state of affairs. Mr. Manoranjan Ram also showed a *video clip*, wherein Mr. Godfrey Bloom, Member of European Parliament (2004-14), expressed similar opinion in the European Parliament at Brussels.

Mr. Manoranjan Ram made the observation that almost all Green field Steel Plants are making losses owing to

- ✓ High Depreciation and interest costs
- ✓ Cancellation of Iron Ore Mines and Coal blocks
- ✓ Underutilisation of capacity
- ✓ Unfavourable capital structure

On the issue of setting up New Greenfield Steel Plants, the speaker quoted Mr. Edwin Bassen, DG (World Steel Association) as *“If we compare the estimated demand for finished steel products in 2035 with existing installed capacity, then we can very safely say there is already today enough capacity installed globally to satisfy demand for the next 20 years; it makes sense NOT to focus on building too much new capacity”*

Mr. Manoranjan Ram emphasised that the *‘Need of the Hour’* is **SMART MODERNISATION** by rebuilding the existing assets with larger and modern Technology-oriented assets. He gave an example of a recent upgradation of a blast furnace at JSW, within a total shutdown period of 110 days only. The parameters achieved were Improvement in productivity by ~ 6% (2.50 t0 2.64) and increase in Production by 94% (0.9 to 1.88 MTPA). This was possible by increasing the working volume (1107 to 2000m³), Hearth Dia. (8.0 to 10.4m) and blast temp. (1050 to 1250°C).

Mr. Manoranjan Ram concluded his presentation by emphasising that

- There should be a concerted effort to utilize nearly 95% of installed steel production capacities in India, with best possible techno economic parameters
- Focus on increasing the export turnover
- Creditors (Lenders) should build an independent ecosystem which will facilitate collaboration of technology suppliers, steel plant operators and turnaround specialists
- Instead of putting Greenfield Steel Plants in a new location, rebuilding and upgradation of existing steel facilities will unlock the values of Indian steel companies without putting much burden on exchequer

The presentation which was supported by suitable visuals, evoked lively interaction amongst the audience. There were a number of queries during the Presentation.

As a token of appreciation, a memento was presented to Mr Manoranjan Ram by Chairman.

After the Technical Talk, the following members of IIM Delhi Chapter were honored for making significant contributions to the cause of Metallurgical profession and activities of Delhi Chapter:



- Mr. P K Bajaj
- Mr. R K Vijayavergia
- Mr. N K Kakkar
- Mr. P N Shali
- Mr. Deepak Jain

Shri K L Mehrotra, Chairman IIM DC, spoke about the institution of Chapter level award in 2011 and organizing the event every year. Thereafter Shri S C Suri, Past Chairman, Delhi Chapter narrated the contributions made by Mr. R K Vijayavergia, Mr N K Kakkar, Mr P N Shali and Mr Deepak Jain in the metallurgical profession and in promoting the technical activities of Delhi Chapter. Subsequently these awardees were honoured with Mementoes on the occasion.



After receipt of Award, each recipient thanked IIM Delhi Chapter and narrated his experiences relating to IIM and metallurgical industry.



Owing to the physical absence of Mr P K Bajaj, he could not be honoured. It was decided to present him with the Memento later.



The Programme was attended by ~ 30 IIM DC members.

As a token of appreciation, a Gift was presented to Shri Umakant Pandey for his exemplary services in the Chapter's day-to-day operations.

Mr G I S Chauhan, proposed a vote of thanks to Mr. Manoranjan Ram, all the recipients of Awards, Chairman Delhi Chapter, Mr S C Suri and all the participants.



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