" Both Steel & Sponge Iron Industry will go rapidly "

Guest of the Month

Ashok Pandit

Mr.Ashok Pandit, Managing Director of Tata Sponge Iron Limited since January 2001, has to his credit an experience of over 13 years in industrial engineering at Kaiser Steel Corporation USA, 12 years practicing industrial engineering at Tata Steel and heading the Tubes Division of Tata Steel, an independent profit center, as Executive-in-Charge for 7 years.

Closely associated with several executive committees and apex councils of various professional bodies like past Chairman of the Indian Management Board of the International Tube Association,India, ex-Chairman of the Precision Tubes Division of CII, present Chairman of the Eastern Zonal Council of INVEST, he was conferred the RS Murthy National Award in 1985, the Ramaswamy Cup for Best Industrial Engineer in 1987, the HK Firodia Gold Medal in 1991 and the highest honour bestowed by the Indian Institute of Industrial Engineers(IIIE)- the Lillian Gilbreth Award for promotion of the industrial engineering discipline in India and the introduction of innovative ideas in industrial engineering in 1994.

Under his dynamic leadership, Tata Sponge has scaled new heights in terms of overall performance, which has been substantiated by the company winning more than 15 prestigious awards & recognitions at the National & State levels in the fields of quality, environment, safety, corporate governance & shareholder value. Here is an exclusive interview with STEELWORLD.

1) Many congratulations for commissioning 3rd sponge iron kiln at Tata Sponge. Pl tell us about Tata Sponge's short term and long term expansion plans.

As per the programmes drawn for the company, Tata Sponge will first install three more kilns of 150,000 tonnes each, thus increasing its production capacity of sponge iron making to 840,000 TPA.

Simultaneously, it will also invest in power generation facility by installing power plants to convert the waste heat of the above kilns to generate electrical power of upto 37.5 MW and in the process, increase the power generation capacity to 64 MW. The surplus power, after catering to the plant & township requirements, will be sold to generate additional revenue for the company.

The company has recently been granted a coal block under the Mahanadi Coalfields Ltd. The block contains 'E' to 'G' grade coals which will need to be washed in a coal washery to bring down the ash level before consumption in sponge iron kilns. The coal middlings produced as a by-product as well as rejects can be utilised for generating electrical power at pit head which proposal is yet to be considered by the Board. With the allotment of the coal block, Tata Sponge has been well placed for its future growth.

The company is also seriously striving to own its iron ore mine for which applications have been

In the long term growth, Tata Sponge will put up steelmaking facility of 1.5 million tonnes to profitably convert its sponge iron & power into semi finished steel.

2) How do you see the prospects of Indian iron & steel industry in general and sponge iron segment in particular ?

	Domestic Demand (Million)	Per Capita Steel Consumption (Kg Per Year)
Present	36	34
2011-12	65	57
2019-20	110	90
2029-30	175	131

Considering the above statistics it is estimated that both steel and sponge iron industry will grow rapidly. As witnessed in the steel industry, there will be consolidation in sponge iron industry also and those who have backward integration will stand a better chance to survive in the long run and will able to compete even during the down cycle of the steel industry.

3) Presently, what are the issues facing sponge iron industry ?

- Low capacity plants form a formidable share and the industry is highly fragmented.
- Availability of quality raw materials at affordable prices.
- Environmental issues.

- The industry has not seen any major R&D activities and as such, is vulnerable to alternate technologies.
- Disposal of waste materials
- Short term goals of investors investing in sponge iron plants.
- Sponge iron price is sensitive to external factors viz. price of steel & scrap

4) Lot of sponge iron units have mushroomed in states like Orissa, Chattisgarh, Jharkhand etc. How a big company like Tata Sponge would look at this development ? How would you react on the viability factor for such tiny units ?

❖ The plants have been set up at low costs compromising on equipment selection, which will lead to poor plant availability and capacity utilization will be low.

❖ Due primarily to non availability of skilled manpower, quality product output is still a major issue for small producers.

❖ Even though in the long run, these two issues can be addressed, still the scale of operations and its economics coupled with power generation capacities will be favourable for major companies like TSIL.

❖ Unlike major plants, smaller plants do not have any linkage for coal which compels them to buy at spot price. Similarly, owing to very meager requirement, they cannot own iron ore mine or coal block and as such, their variable cost of product would remain higher.

❖ The scale of operation discourage usage of pollution control equipment which require consumption of very high power. Therefore, such small scale plants have been notorious in causing air & water pollution.

❖ Due mainly to inconsistency in process parameters, quality of product from such plants are considered to be inconsistent.

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