

Indian steel industry is under threat of dumping of steel : **Dilip Oommen**



Dilip Oommen, Chief Executive Officer (CEO)- India Region, Essar Steel

Dilip Oommen, Chief Executive Officer (CEO)- India Region, Essar Steel, joined the company in July 2003.

A Metallurgical Engineer from the Indian Institute of Technology, Kharagpur, Mr. Oommen brings to the Essar Group a rich experience of over 28 years in the steel industry.

Prior to joining Essar, he was the Head of Operations at Hadeed. Some of his outstanding achievements in that organization included the commissioning of the flat product plant in record time and operating at 150 percent of installed capacity in just 24 months.

He had a brief stint at Essar Steel at Hazira as the Vice President, SMP, before he took up the assignment at Hadeed. He has also worked with organizations like Mukand Iron and Steel and Bharat Gears. He has also contributed towards customer interaction and customer delight via a program called "Drive for Excellence", which he successfully spearheaded at Hadeed.

He brings with him impeccable technical acumen and excellent people management skills. He is responsible for the entire steel operations of Essar Steel in India.

Here is an in-depth conversation with Dilip Oommen, CEO- India Region, Essar Steel.

“ Our asset is our people. We have inculcated in them a passion to excel in what they do ”

Q) How do you see the current situation of global steel industry, particularly Indian steel industry?

D. Oommen : Recovery in India will be faster than the rest of the world. In March 2009, global steel production was down by 23.5 percent YOY and in India it was marginally down by about 2 percent (JPC report) YOY. In India, the demand and production has picked up since the last quarter of CY 2008.

One has to take a long term view on the industry. Steel, being a commodity, is prone to cyclical downturns and upturns. The per capita steel consumption in India is paltry 43 kg as against world average of 192 kg. Hence the scope for even the domestic growth is enormous.

Q) Could you tell us about Essar Steel's current projects and expansion plans?

D. Oommen : Essar Steel is currently expanding its capacity at Hazira from 4.6 MTPA to 8.5 MTPA and then to 10 MTPA. The expansion is scheduled to be completed by next year. In addition to expansion of steel capacity, we are also setting a pipe mill with a capacity of 0.6 MTPA and 5 mtr wide plate mill with a capacity of 1.5 MTPA at Hazira.

Q) Please tell us more about your R & D efforts?

D. Oommen : We have a full fledged R & D and Application Engineering team. We continuously interact with customers to develop niche products. Today, we are capable of producing over 300 grades of steel. In addition, we have tied up Kobe Steel of Japan to develop new products and improve operational efficiency.

Q) What are the measures that are being taken to tackle current financial turmoil?

D. Oommen : We have taken primarily three measures to tide over the present situation – diversified the product mix, enhanced distribution and cost management.

We have now probably the largest product basket in the country catering to various industry segments. This versatility has given us a flexibility to switch over any product to suit market requirement. We have also moved up the value chain to produce high value added products.

Essar Steel has pioneered the concept of steel retailing in the country through branded retail outlets – Essar Hypermart. This is primarily catering to SME segment.

Efforts are being made by way of short and long term measures to cut down the costs: like input costs, freight costs and improvement of efficiencies.

Q) What, in your opinion, are the factors for the success of Essar Steel?

D. Oommen : Essar Steel is completely integrated from raw materials to ready to market products. We are able to add value at every stage of manufacturing. We have also set up down stream processing facilities in Hazira. Probably this is the only steel complex where steel



Aerial view of Essar's Sponge Iron Plant at Hazira, India



Slab Caster at Essar's Steel Plant at Hazira, India



Coil Box at Essar's Steel Plant at Hazira, India

Interview



Electric Arc Furnace at Essar's Steel Plant at Hazira, India



Pickling plant at Essar's Cold Rolling Complex at Hazira, India



Aerial view of Essar's Steel Complex at Hazira, India

making and down stream facilities are located in a single location. We have 4.6 MTPA slab making capacity and 3.6 MTPA rolling capacity. Our down stream facilities can process upto 2 MTPA HR Coils. Hence, we are able to control quality of the product at every stage thus ensuring supply of defect free steel to our customers. We have focused on developing niche import-substitute products. Our asset is our people. We have inculcated in them a passion to excel in what they do.

Q) In India, the steel industry is seeing a slight revival of demand following improved consumption from the end user sectors. Do you think the crisis has bottomed out or worst is yet to come?

D. Oommen : We have witnessed some improvement in demand in January-March quarter over the previous quarter. But it is too premature to term it as a revival. We expect the demand to stabilize in the near term. However, India has to guard against any dumping of steel by other countries.

Q) Recently, the US government has denied the bailout packages for the US auto industry. Do you think this move will affect the global steel industry?

D. Oommen : We do not see this as an issue that would affect the global steel industry. We still feel that if the US government takes appropriate measures to boost the demand, it will have beneficial impact on the auto sector thereby on steel sector rather than bailing out only the auto companies.

Q) In current hard time, all Indian steel majors are seeking for short term coking coal contracts due to uncertainty about the steel price and demand.

What steps are being taken to overcome this?

D. Oommen : We do not use coking coal as yet in our steelmaking process since we use gas based route for making steel in the existing plant.

Q) What should be the role of the government in such extra ordinary time?...your comment.

D. Oommen : The Government of India has taken effective measures both fiscal and monetary measures to improve the liquidity in the financial system. It has also planned major investments in infrastructure sector to kick start economic growth. This will create demand for steel sector. However, Indian steel industry is under threat of dumping of steel by Russian and Chinese mills. We should guard ourselves against any such moves. As responsible corporate citizens, the steel makers have always catered to the domestic requirement at competitive prices even at the cost of losing revenue. Even now we continue to supply steel at competitive prices. Hence there is a case for the government to support steel industry.