

# Indian steel industry will recover earlier than world markets : Arya Group



**Mr. Nakul Arya**  
Director, Arya Iron and Steel Co. Pvt. Ltd



**Mr. Puneet Arya**  
Director, Arya Iron and Steel Co. Pvt. Ltd



Arya Group, which has been a very strong base in ship-recycling over three decades, has incorporated Arya Iron and Steel Co. Pvt. Ltd in 2004 with a view to diversifying into the iron ore pellet business.

With the confidence and expertise gained over the years the Group has taken a quantum leap and setting up fully integrated iron ore pellet plant in Orissa. Now the Group has focused on the manufacture and trading of iron ore and steel products in domestic as well as international market. With the expertise and experience of the promoters in financial, marketing and general administrative management, Arya Iron and Steel Co. Pvt. Ltd is confident to take the business at the new height of success.

Mr. Puneet Arya, Director and Mr. Nakul Arya, Director, Arya Iron and Steel Co. Pvt. Ltd shared the company's future plans and current scenario of the industry.

**Q) What was the initial plan that brought Arya Group to decide to enter in steel business?**

**Directors :** Arya Group has a long and successful history in the steel industry. Arya Group is one of the pioneering groups in Ship Recycling activities and has been operating plots at Alang, Gujarat and Bombay for over 40 years. We have also been very active in the steel trading business and are among the top importers of steel in the last few years. Taking into account the expertise and knowledge we have about the steel industry, the group decided to diversify into manufacturing in 2004. Looking at the number of sponge iron units in India and the need for good quality feed for these DRI manufacturing plants, we decided to set up an iron ore pellets manufacturing unit in Orissa.

**Q) How do you see current global steel industry, particularly for mid-size steel companies in India?**

**Directors :** As is very evident, we are in the midst of a

global crisis which has put tremendous pressure on the mid-size companies in India. Due to great fluctuation in prices and demand, many companies are facing a serious financial crunch. Midsize industries have to fight this downturn by minimizing their costs and maximizing efficiency. Although the global steel industry is facing a grave problem with the current downturn, Indian markets are in a much better position. With the proper government spending and revival of the economy, the industry will recover earlier than world markets.

**Q) Could you tell us about the Group's 1.2 MTPA merchant Pelletization plant in Orissa?**

**Directors :** The 1.2 MTPA iron ore pelletization plant has been setup in Barbil, Orissa. It is based on the Chinese Grate-Kiln technology. The plant was commissioned in August 2008. Iron ore pellets are agglomerated iron ore fines which is the best and highly beneficial substitute of natural iron ore. The product is gaining wide acceptance and is reaping many technical and commercial benefits to DRI and blast furnace plants. Use of pellets help achieve higher production, better quality and much lower manufacturing costs.

**Q) Is the project being executed according to the plan and expectations?**

**Directors :** The pelletization project was completed last year and is now in production. We are now in the process of setting up a 1.5 MTPA beneficiation plant in the same region as part of our backward integration. This project is in motion and has a planned completion date of August 2010.

**Q) You are setting up the project in amid of global slowdown. Are you getting any benefit of the slowdown?**

**Directors :** Arrangement of debt has been a challenge but our project has been sanctioned by the bank. We might have some reduction in project cost as the estimates of the same were derived prior to the economy slowdown. We also expect faster deliveries from suppliers and that would help us achieve our target completion date.

**Q) Once the project is completed, what would be the next target of your company?**

**Directors :** Once the beneficiation project is completed, we will concentrate on expansion of current pellet capacities and forward integrate into steel making. We are also looking at power projects.

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

**Directors :** The Government plays a key role in ensuring growth in the steel industry. The Government can help the industry by speeding up the approval processes and helping with land acquisition, as this is the primary requirement of any project. It is important that all clearance must go through the single window and sanctions must be given in a timely manner for us to be able to set up the units in a specified schedule. Increased spending on infrastructure and helping the revival of the economy is key to sustaining growth in the steel industry.

