



Bernard Serin
President
Chairman of the Board
Cockerill Maintenance
& Ingenierie (CMI)

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CMI Buoyant on India; Sees Next Wave of Investment Despite Global Turmoil

Belgium Group Cockerill Maintenance & Ingenierie (CMI) designs, modernises and maintains industrial equipment in the Energy, Defence and Industry sectors. CMI Group is committed to improve the economical and technical performance of their customers' equipment while reducing environmental footprint.

Today, CMI Group is well acknowledged for a combination of engineering and maintenance experience and a high degree of experience in managing international contracts.

CMI Energy, a subsidiary of CMI Group, is engaged in the design, supply and erection of heat recovery generators combined with gas turbines. CMI Energy supplies boilers with natural, forced or assisted circulation, with a vertical or horizontal configuration.

CMI Defence, a part of CMI Group, holds technological leadership in

multi-functional high power weapon systems for light armoured, transportable vehicles such as Cockerill CSE90, Cockerill LCT90 and Cockerill CT-CV Weapon System. And the third part of CMI Group is CMI Industry.

CMI Industry is specialised in processing equipments for the iron and steel industry. The company has developed a wide range of technologies in the field of processing lines, rolling mills, thermal and chemical processes.

CMI completed acquisition of Mumbai-based Flat Products Equipments Limited (FPE) in June 2008.

Bernard Serin, Chairman of the Board (CMI), was in India as a part of Belgian king's official delegation. He was present at a historical signing of a contract between Tata Steel and CMIFPE on November 6, 2008.

He shares the company's future plans with DA Chandekar.

Q : You have entered India and the meltdown has started, not only for India, but for the whole industry?

Ans : Yes, the whole industry is going to go downhill for sometime, probably longer in Europe and USA, and then China and India. But we will have to come out from the situation. Hopefully, it will not last long. Despite slowdown in the market, we have been taking orders from 2007 till today. So our order book is full. For 2009, we will not have any particular problem in our engineering activities.

We also make boilers for the power plant industry, but not in India. In India,

Larsen and Turbo is our licensee who uses our technology. All over the world, we build gas power plants; so far our orders are booked till 2009.

Q : Do you think you have taken a right decision by entering India now?

Ans : Yes, we do not have short-term targets. For India, we have a long term vision. China is growing its capacity to 500 million tons. And with about the same population in India, the capacity is only 50 million tons here. So we think, the next wave of investment of capacity creation will be in India and it is good to have presence in the Indian market through FPE. Here, we can engineer all

kind of equipments, which are essential for India's growth. We have a niche in hot-dip auto galvanizing for automobile industry, but for commercial grades, we need to have the Indian presence that was one of the reasons for the investments. Another reason is that our capacity to supply emerging markets from Europe was not enough. And being in India, through FPE, our capacity is enhanced, because FPE is already supplier to all these markets, which we could not service from Europe.

The last and very important reason for the acquisition of FPE is that FPE has access to rolling mill technology and CMI has all other technologies except rolling. So, together with FPE, we can supply our full range of products and we can access new emerging markets.

Q : What percentage of equipments you plan to produce and manufacture in India and why?

Ans: In the manufacturing segment, we can do a lot of things. Due to cost efficiency, we did not have any workshop in Europe. We are constructing our equipments in Eastern Europe, Ukraine, Korea and China. As of now being the owner of FPE, we have our own workshops in India. So our preference will be to produce more equipments in India. Currently we are manufacturing some equipments for CMI projects in Brazil and North America in our workshops in India.

It is difficult to find skilled mechanical engineers in Europe. Mechanical studies are not the first choice of preference for Europeans. But India is producing half a million engineers a year. Even a few percent of mechanical engineers is huge compared with Europe and Belgium. It is very important to access these skills and talents. FPE has a good name in the Indian market. They also have executed orders for Iran, Egypt, Peru, Morocco, Colombia and many other countries. So we would like to target our market through FPE in these emerging markets.

Q : How do you feel markets in India and Asia, barring this temporary meltdown, will behave?

Ans : I think in the short-term it will grow to 60 million tons and the next step will be 100 million tons. And for us it is very important because steel companies are currently building greenfield complexes and there are many other companies who are working on brownfield expansions. Many of them will achieve their targets.

Q : But over all, you feel that India is growing market for the long-term basis?

Ans: India has large population so it needs infrastructure such as roads, bridges, housing and construction activity will continue to grow. I think, expansion of Tata Company into the European market with the acquisition of Corus is very important. So now, Tata can access the best technology in steel and use it to help India grow.

Q : How do you see your competition with other companies?

Ans: Our major competitors are Danieli, SMS and VAI. We have recorded very good growth for some of our product lines. China



Cold rolling mill under manufacture at CMI FPE Plant at Taloja

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Jean Marc Kohlgruber in the centre with signed contract flanked by members of the Sales team Anil Kumar and Ajay Upadhyay and Rob Johnson Managing Director and Jean Gourp COO of CMI FPE Limited

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has purchased 25 auto galvanising lines in the last 5 to 6 years and out of these 25 lines, 13 lines have been supplied by CMI. So we are not frightened by the competition. Even in North America CMI is the leader in supply of auto grade galvanising lines.

Q : What balance do you see between European and Indian business?

Ans : Europe was not the major market for CMI. The major market was China for the last six years and then USA, Russia and Brazil. I think, in Europe, we will see no further investment in the next couple of years. In USA, we will not invest more. So the markets will be China, Brazil, and more importantly India. The Indian capacity is far away from necessary for the market.

Q : What about Russia?

Ans : Russia has major steel mill complexes. Some of them have already been switching to value added steel making. We have supplied technology for these complexes.

The mills in the Eastern part of Russia have turned to China. They were not supplying to home market, but to China. Now China's capacity has increased, perhaps the market is a little bit down. This means, these mills are having some problems to find the market, then we have options to turn production to other markets or also to produce more value added products. There are opportunities for CMI in that.

In China, out of 500 million tons production capacity of steel, only 100 million tons capacity is generated from old players. In the last ten years, they have shut down a lot of capacity and set many new projects as well.

So I think, China will maintain growth with additional capacity, but very limited. We expect India to see the next wave for investments in steel industry.

Q : What would be your strategy to attract Indian customers?

Ans : FPE is a well-known name in Indian market and we have a solid base in Belgium. So we will share our advanced technologies to attract domestic customers in India and emerging markets.

Q : What is the next step for CMI after the acquisition of FPE?

Ans : The next step for CMI is to develop tandem cold rolling mills together with FPE. FPE has only reversing mill technology today. New technology is needed in order to be in competition with other suppliers.

Q : In India, we are gradually shifting to processing of raw materials. What about technology for raw material processing from CMI?

Ans : We are not in these technologies. And we do not have any intention so far to enter into raw material processes. As I told, we are not here to transform iron ore into flat but what we need here is finished goods that are needed for automobile and infrastructure.

CMI is very clear in not to go and try to compete with people who are already doing a good job.

Q : Are there some research and development programmes that are going on in Belgium for new technologies and processes?

Ans : We are participating jointly with ArcelorMittal in research programmes for developing new technologies. Research and development are the essence of engineering. In engineering, you produce equipments, but if the equipments are obsolete, we have to invent advanced equipments.

Q : Do you see any possibility of research and development programme in India?

Ans: Yes. The development of new products from rolling mill will be in India. We have the automation manufacturing activity in India. Even though its small, we think we can grow it.

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CMI to supply Tata Steel with a Rolling Mill and an Electrolytic Cleaning Line



B Muthuraman, Managing Director of Tata Steel and Jean-Marc Kohlgruber, President of CMI Industry and Chairman of CMI FPE Ltd signing a landmark agreement in presence of Bernard Serin, President, Chairman of the Board (CMI)

Cockerill Maintenance & Ingenierie (CMI), through its recently acquired Indian company CMI FPE Ltd, has signed a contract with Tata Steel for the supply of a 6-high reversing cold mill and an electrolytic cleaning line.

The 6-high mill and the electrolytic cleaning line will be installed on the site of Jamshedpur and will have an annual production capacity of 220,000 tons. The electrolytic cleaning line and the mill will be commissioned within thirteen and twenty months respectively.

Jean-Marc Kohlgruber, President of CMI Industry and Chairman of CMI FPE Ltd, said, "For us, this contract confirms the faith of the Tata Group in the CMI-FPE alliance. We have enjoyed special relationship with Tata Steel since CMI supplied them with a galvanizing line in the early part of this decade. On the other hand, Tata Steel bought several equipments over the years from FPE (I) Ltd. both for cold rolling and galvanizing solutions".

"We are very proud to supply a second Cold Rolling Mill to Tata Steel in a span of 12 months against a stiff competition from international suppliers and would like to remain a preferred supplier of equipments to a prestigious company like Tata Steel," Rob Johnson, Managing Director CMI FPE Ltd said.

"The combination of technologies of FPE and CMI is a natural alliance. We are developing a consistent range of solutions for complete cold rolling mill complexes. We are sure that Tata Steel and other steel manufacturers will benefit from technological innovations and world-class service to which CMI Group is committed over all the markets," added Jean-Marc Kohlgruber.