



BSP to spend Rs 17,200 crore for expansion: VK Arora

Arora joined Bhilai Steel Plant in April 1973 after doing his BE (Mechanical) from MITS, Gwalior and has worked in all areas of the plant including mines. Starting his career from Sintering Plant, Arora has worked in various capacities in the Blooming and Billet Mill and Merchant Mill of BSP. In December 2003, he was elevated as GM (CO&CCD). He was GM I/c (Mines) from 20.11.06 to 4.5.2007. Arora was elevated as ED (Projects) from 5th May 2007. From November 2009 till April 2010, he was posted in corporate office as ED (Steel Processing Units). Shri Arora rejoined BSP as ED (Projects) with effect from 1.5.2010.

Bhilai Steel Plant (BSP) is embarking on an expansion-cum-modernisation plan whereby, it will spend Rs 17,200 crore. V K Arora, who recently took over the additional charge of Managing Director in June, is quite optimistic to carry all its projects forward and bring them online in time to meet the growing demand of steel in the country. His biggest aim is to make SAIL become a global player in the steel industry. He in an interview to Sanjay Singh outlines his priorities for the company. **Excerpts**

Q As Managing Director of BSP, what are the priorities you have set for yourself?

Ans Fast and efficient execution of all our projects on ground and sustaining higher production volumes with special emphasis on rolling out more special value added steel products are on top of my list of priorities. I am also heading the Projects Organisation of the Plant and since I took charge, I have tried to ensure proper monitoring of project activities. We are installing new units and facilities right from ore handling to coke ovens to steel making to power installations

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and oxygen plant and also adding new facilities in existing units and rebuilding some facilities. To carry all our projects forward and bring them online in time to meet the growing demand of steel in the country is thus on top of my priority. This is extremely important for SAIL to become a global player.

Equally important is synchronising our production to meet the market demand for special steel for better NSR realisation. While we have recorded the best first quarter production, it would be my endeavour to involve all employees to produce at still higher levels while also sustaining higher volume of special steel.

Making available the required volume and quality of iron ore from our captive mines to support production plans is also on my priority. Some facilities need to be revamped at our mines to meet present requirements. Also small and big projects needs to be taken up at our mines to meet enhanced requirement for ore and fluxes in the near future. Further, projects related to improvement in quality of iron ore lumps as well as fines, such as ore beneficiation plant and pelletisation plant are also being pursued on priority. As the Managing Director, I also have to ensure that our employees get the best facilities. Upkeep of our township and upgrading our medical and health facilities is also therefore, on my priority. I have always believed that communication and HR exercises are vital for the success of any plan or strategy. Hence, strategic HR interventions are being planned to involve employees in all our plans and strategies.

Q BSP clocked best ever performance for 2009-10. What target has the plant set for the current financial year?

Ans BSP did make records in some areas of performance including production and dispatches of rails etc in 2009-10, but broadly our volumes were less owing to a crisis we had in our captive power plant that crippled plant operations for over a week in February 2010. Displaying remarkable

ingenuity, Bhilaians swiftly restored plant operations but it is because of this crisis that we fell just short of once again recording our best in all areas. Our physical targets for current fiscal are to produce 5.8 MT of hot metal, 5.58 MT of crude steel, 4.82 MT of saleable steel and 3.65 MT of finished steel including 13.5 lakh tons of plates, 9.6 lakh tons of rails, 6.7 lakh tons of wire rods and 6.6 lakh tons of merchant products.

Q BSP is the flagship unit of SAIL. What competitive advantages does it have compared to other units?

Ans BSP is the only plant of SAIL to have its own captive Iron Ore mines. Price fluctuation in Iron ore has therefore, no impact on our cost. We also have our own captive limestone and dolomite mines though we do source limestone from other sources.

Our product-mix catering to both long and flat product segments of the market is a big advantage. It is not just the manufacture of world class rails for the Indian Railways that we specialise in. Whether it is rolling out special steel plates or TMT products to meet infrastructure needs or critical requirements of defence and space sector of the country, we have successfully positioned our products as superior in quality. We have also steadily increased the share of high-value special grade steel in BSP's production of finished goods. Moreover, we have successfully developed and rolled as many as 36 new product grades in the last three fiscal years. The trend is similar this year also.

The unique and collaborative work culture that has enabled quick and adequate response to changing market dynamics or to any other challenge remains our biggest advantage over other units. Besides, the plant is also ahead in resource and cost management, knowledge and skill development of human resources. It has been able to put knowledge tools like the Six Sigma, Knowledge Management etc as also the Internal Customer Satisfaction (ICS) model to

improve operational processes and internal efficiencies, take Quality Circles movement to new heights and deploy modern business tools like ERP. Today with ERP functional in nearly all areas of operation and the plant getting ready to deploy MES, Bhilai has entered a new era with its men operating the most advanced business and knowledge tools in manufacturing sector.

The eminent panel of judges that evaluates the performances of integrated steel plants (ISPs) in the country over a wide range of parameters for awarding this prestigious Prime Minister's Trophy for best ISP in the country has chosen Bhilai to win the Trophy nine times in the 16 times it has been awarded so far. We won the trophy for the 9th time for the year 2007-08.

Q What are the expansion plans of BSP for the coming years and what would be the cost incurred by the company to carry out these plans?

Ans As an integral part of SAIL's growth plan that envisages capacity augmentation to around 23 MT of crude steel by the year 2013, projects worth Rs 17,200 crore are envisaged for Bhilai's expansion and modernisation, after which Bhilai's capacity would be to enhanced to 7.5 MT of hot metal and 7 MT of crude steel.

BSP's modernisation and expansion plan includes :

Installation of a new blast furnace that will be among the biggest in the country

- A new 7-metre tall coke oven battery and a new sinter machine.
- Under modernisation, the ingot route will be phased out and BSP will become a 100 percent continuous casting plant with addition of a brand new steel melting shop of 4 MT capacity.
- A new bar and rod mill of 0.9 MT capacity will also be added.

Moreover, to meet the growing demand of the Indian Railways, a new universal rail mill of 1.2 MT capacity with state-of-art technology will be installed.

- BSP also has unique strength in production of wider plates, and its dominance in this product category will be maintained by capacity expansion of its Plate Mill to 1.65 MT under the plan.

Besides, several other small and big projects are being undertaken to support higher production such as a new compressed air station, oxygen plant, expansion of ore handling capacities and new installations for import of power.

Q BSP is the biggest supplier of rails to Indian Railways. Who are the other major customers of the company in this segment?

Ans. It has been a constant endeavour of rail and structural mill, Bhilai Steel Plant to develop new value added products for its esteemed customer Indian Railways. Our success in installing world class facilities to roll out and supply long rails has earned us the confidence of Indian Railways. The hydrogen content in Bhilai's rails is less than 1.5 parts per million (ppm). BSP has so far produced 20.34 million tons of rails since inception, enough to circumvent the globe nine times. The plant's rail and structural mill rolls out rails in lengths of 13, 26, 130 and 260 metre respectively. State-of-the-art testing and inspection facilities are installed and the world's best technology deployed at our Long Rail Complex. M/s RITES carries out the third party inspection.

We are the sole supplier of world class rails to the Indian Railways, meeting their requirements of volume as well as length, quality and product grade specification. We have recently developed Asymmetric rails for the railways as import substitution and continue to work in tandem with RDSO, SAIL's research wing and other organisations to further develop our rail-making capability.

The development and commercialisation story of Nickel Copper Chromium rails is one such effort which underlines Bhilai Steel Plant's commitment to meet quality and volume requirements of IR. A unique joint venture was formed between IIT Kanpur, Indian Railways

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and SAIL to develop cost effective corrosion resistant rails. Five different chemistries were made and trial rolled at pilot plant at R&D centre of SAIL. The chemistry found most suitable was produced at steel melting shop at Bhilai and trial rolled at its rail rolling mill. The products were tested by R&D wing of Indian Railways and these rails outperformed all parameters in the specifications.

These rails have been laid in south central railways and the results are encouraging. Exhibiting faith in its five decade old partnership with SAIL, Indian Railways have ordered for ten thousand tons of these rails. This achievement is especially important in terms of rail usage in the vast coastline of India. Bhilai has once again successfully exhibited its eagerness to be a one stop shop of rail requirements of Indian Railways.

Recently, Bhilai Steel Plant has bagged an order to supply 6,500 tons of rail in Sri Lanka. The profile of rail for Sri Lanka is 45 E 1 and will be rolled as per Euro norms. BSP had bagged the contract of supplying the rails from M/s IRCON International Limited (a government company incorporated by the Ministry of Railways), which is laying the tracks in Sri Lanka.

Besides the IR, Bhilai also supplies rails to Rail Vikas Nigam Ltd (RVNL) that buys rails from BSP directly on behalf of IR for railway projects, RITES that takes up jobs of making sidings for industries and NTPC for its power plants.

Q India is stepping up its steel production in a big way. How do you foresee the future of steel demand in the coming few years?

Ans Almost all the big players are expanding capacities and setting up new facilities in India on the assumption that domestic demand for steel will rise in the future. With the growth projections of Indian economy in years ahead as indicated by financial experts, there is going to be substantial investment in infrastructure development in the country in the years

ahead. Demand for steel will rise as a consequence.

India has grand plans for its steel industry. While much of the Brownfield expansions undertaken by big players such as SAIL, Tata Steel, JSW etc seem to be on track, as regards greenfield expansion plans of big players in India, the current scenario is quite uncertain. This is primarily because of the land acquisition and mining approval problems.

When the Indian steel industry posted a growth in total output of 2.7 percent in calendar year 2009, it was the only country with the exception of China to have registered growth. The scenario in the first half of current calendar year is quite different as per World Steel Dynamics. In contrast to 2009, India is the only major steel producing nation to have clocked single digit growth in output of 7.1 percent compared to China's 21, Japan's 48.7, the USA's 69, Russia's 22, South Korea's 29 and Germany's 64 percent respectively.

Q Most of the steel companies posted good financial results in 2010-11. Do you feel this trend will continue for the next two years?

Ans The nature of supply-demand dynamics of our industry has been traditionally been thought to be cyclical in nature. This time however, with the exception of the last global recession, the graph has continued to rise. Our company SAIL and its most consistent performer, Bhilai Steel Plant too posted good profits in the last fiscal year. The coming two years will see intense competition in all segments of the market even as big players including SAIL race to commission their new expansion projects. Long-term arrangements for raw material security are being explored through formation of joint ventures. How soon these materialise will also reflect on profitability of many industry players. The deciding factor will of course be whether growth in customer demand for steel is sustained.