

We are eyeing a larger share of export pie, says SAIL Chairman

DEBABRATA DAS

New Delhi, September 13

Given the steel overcapacity in the country due to slow demand, Steel Authority of India Ltd (SAIL) is planning to focus more on exports.

PK Singh, Chairman

of SAIL, told

BusinessLine in an

interview that for

success in the export

market, a new culture is

required in the company,

something that he is trying to

inculcate.

If SAIL meets the target set by

Singh, in the coming years it

could be exporting as much as

2.1 million tonne. This would be

a significant jump over India's

total steel exports which in

2015-16 stood at only 559,000

tonne.

"With India becoming the

second largest producer of steel

in the world, the export market

has become important for the

country. SAIL itself is aiming for

almost 10 per cent of our

production to be sold in the

export market. In the last few

months, we have already

doubled what we were

previously exporting so the

focus on this segment will

continue," Singh said. *Excerpts:*

What is the progress of SAIL's modernisation and expansion programme?

We had undertaken modernisation and expansion plan on

a big scale at an investment of

₹72,000 crore over the years.

Except Bhilai, which will be

completed shortly, most of the

work is complete. All major

facilities under modernisation

and expansion plan of

Rourkela Steel Plant, IISCO

Steel Plant, Durgapur Steel

Plant, Bokaro Steel Plant &

Salem Steel Plant have been

completed. Right now our

capacity is 16.4 million tonne

which will rise to 21 million

tonne after after modernisation.

What will be the impact of the modernisation and expansion programme on SAIL's operating margins?

First of all, the modernisation and expansion plan will improve our topline because of

increased value addition.

Secondly, the

cost of production

will come down by improvement

in the

techno-economics. However,

since the volume will increase

some costs will go up. But, we

do expect the programme to

significantly help the overall

economics of SAIL.

What percentage of production will be value added steel?

Right now the percentage of

value added steel in our overall

production is 41 per cent. This

will reach almost 50 per cent.

This we intend to keep increasing,

some through modernisation

and some through research

and development. This

is our continued focus.

What are some of the new market segments that SAIL is looking at?

There are several new grades of

steel which SAIL is coming out

for the construction sector.



First of all, the modernisation and expansion plan will improve our topline because of increased value addition. Secondly, the cost of production will come down.

PK SINGH
Chairman, SAIL

However, customers need to be educated for such products as they are high value added steel.

For this, several of our officers

are engaging with customers.

We are trying to cater to the

changing needs of special sectors

like defence. We have already

secured orders to supply

high tensile alloy steel plates in

defence sector for submarine

hulls, naval warships and bullet

proof vehicles.

What is the status of the joint venture with ArcelorMittal?

The memorandum of understanding

is already in place. A

lot of fruitful discussions have

taken place recently. It has

been on SAIL's agenda that we

must enter the automotive

grade steel segment. We are doing

everything from our side

and I do not envisage any problems

in this joint venture taking

off. A joint working group

for the project was established

following the signing of the

MOU, which has completed the

major part of the project's

Feasibility Report.

What is SAIL's outlook on steel demand and when does it expect demand to take off?

Steel demand indeed has been

a cause of concern. The

domestic consumption up to

July 2016 has virtually been flat.

Our belief is that the improve-

ment in demand will take

place gradually. The improved

monsoon should improve the

agricultural output and income

and give a push to the

rural demand. The aggregate

demand both rural and urban

should see a pick-up with

passage of time.

The government's plans to

invest heavily in infrastructure

and boost infra projects are

expected to drive steel demand.

Favourable interest rate and

buoyancy in demand should

result in rise of investment.

However, we will have to be

patient.