



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

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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.



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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 improvement 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.