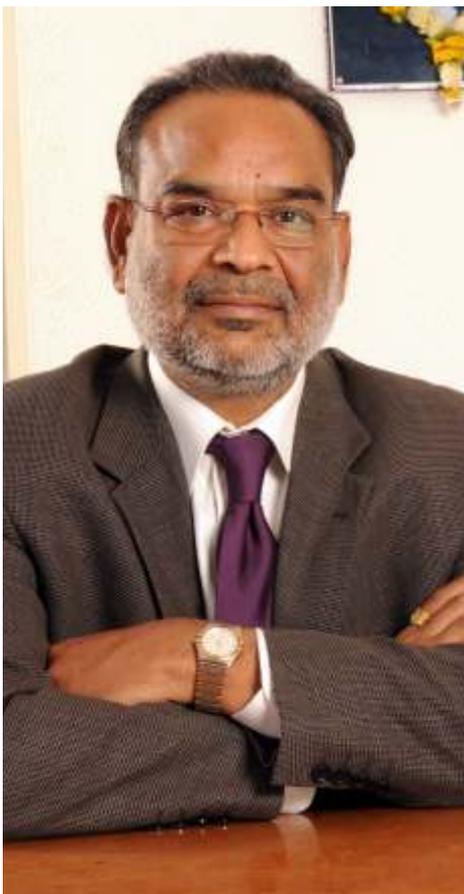


Steel Companies are in Bad Phase

- Kamal Sarada



Kamal Sarada, Chairman & Managing Director in Sarda Energy & Minerals Ltd. joined as a trainee in family business at Sharda Ispat Ltd., Nagpur and took experience in Labour Management, Production, Marketing and Accounts. In 1978-79 he took over Sarda Energy & Minerals Ltd. A mini steel plant as a sick unit, Modernized, Upgraded and expanded the same to achieve complete integration. Presently, the company has integrated steel manufacturing facility starting from Iron Ore to the finished steel with captive power plant. The company is a leading manufacturer & Exporter of Ferro Manganese alloys in the country. It has been ranked among top 500 companies of the country. It also has overseas office in Singapore.

“Steel companies are in bad shape more or less limping towards closure. The scenario is gloomy due to sluggish demand and cheaper import of steel from China, Russia and Ukraine. CG and eastern region industries are worst affected due to Supreme Court recent order loosing coal mine. Iron ore logistic cost is very high for bringing iron ore from Orissa or NMDC, Bailadila. So far many iron ore mines are not opened or operational due to naxal problem in the state”, says **Kamal Sarada, Chairman & Managing Director in Sarda Energy & Minerals Ltd** in an exclusive interview with **Steelworld**.

Excerpts



What is the status of Iron and Steel industry in eastern India specifically in the state of Chhattisgarh ?

- Steel industries are in bad shape more or less limping towards closure. The scenario is gloomy due to sluggish demand and cheaper import of steel from China, Russia and Ukraine.

CG and eastern region industries are worst affected due to Supreme Court recent order loosing coal mine. Iron ore logistic cost is very high for bringing iron ore from Orissa or NMDC, Bailadila. So far many iron ore mines are not opened or operational due to naxal problem in the state.

CG has vast reserves of Iron ore and Coal. Why is the steel industry struggling inspite of this?

Reasons for adversity in CG industries are as under :

- All good iron ore mines are deep in forest area affected by Naxal and hence Iron ore mine are so far not started. There is no direct railway line from Bailadila to Bhilai/Durg. It is a circuited rail network through Andhra Pradesh and Orissa and therefore the logistic cost is very high.
- All coal mines allotted to the private sectors are now cancelled by Supreme Court/Ministry of coal, central government.

- The allotted coal mines in auction have so far not started and there is unrest among all employees working in coal mines who are now jobless.

- There is no developmental work in Chhattisgarh. All the power plants and Infrastructures are stand still & no new projects have started in recent past.

- Real estate demand is also sluggish.
- Inadequate connectivity linking mines to producers.

What support do industries need from the state & the central Govt. so as to grow seamlessly?

- Following points are the necessities for the growth of Industries:

- Eradicating militant activities in the mining area/Giving armed force security.
- Opening of new infrastructure work by state and central govt.
- Increasing the import barrier.
- Simplifying the statutory rules and regulations for the industry which delays the development of new industry/projects.
- Friendly and respectable attitude towards industry and business community.

How has the growth of Sarda Energy and Minerals Ltd. in last few years been ?

- Performance wise, SEML in last few years was good. We moderately expanded in steel. We emphasized on cost cutting during last 3-4 years which is paying dividend in down cycle. Moreover our debt to equity ratio is low hence outflow of interest is bearable in this market.

- Some uncertainty was there since we lost our coal mine due to Supreme Court order.

Tell us something about your future expansion plan.

- We have ready land bank, Infrastructure, water and railway siding for one million MT per annum capacity steel plant. We would like to install one million MT long product steel plants in Joint Venture with foreign participation.

In our subsidiaries, we have diversified in Sarda Metals and Alloys Limited. This is located at Vishakhapatnam having 80MW captive power plant and 2X33MVA state of the art Ferro Alloy furnaces.

One 5MW hydel power plant is in operation since last 4years in Uttarakhand. Our other hydel projects are under implementation. One 25MW will be commissioned next year & another 100MW hydel project in Sikkim is expected to come in operation in the year 2018. We have 3 licenses for hydro power which is also in very initial stage.