

## SAIL appoints CEOs in its three integrated steel plants

**S**AIL has appointed new Chief Executive Officers (CEO) to head its steel plants at Burnpur, Rourkela and Durgapur. R.K. Rathi has taken charge as CEO, ISP, Burnpur while Ashwini Kumar and A.K. Rath has taken charge as CEO of Rourkela and Durgapur Steel Plant respectively. M. Ravi has been declared as the CEO designated for Bhilai Steel Plant and would take charge of the plant with the superannuation of the present incumbent.

In the present challenging times for the steel industry, these appointments at the helm would further strengthen SAIL's thrust on ramping up production from new units, aggressive cost reduction and improvement in product mix in these three plants which have recently completed modernisation and expansion program.



**ASHWINI KUMAR**  
CEO  
Rourkela Steel Plant



**A. K. RATH**  
CEO  
Durgapur Steel Plant



**M. RAVI**  
CEO  
Bhilai Steel Plant

## Posco returns to profit as steel price rallies



**S**outh Korean group beats forecast while European mills struggle  
Posco, the world's fifth-largest steelmaker by production, has reported stronger than expected profits for the first quarter, after a recovery in Chinese prices adding to signs of an upturn in the Asian steel sector.

While European steelmakers have been hit hard by global oversupply, the South Korean group posted a Won352.5bn (\$310m) net profit for the January-March period. It marks a return to the black for the company, which last year reported its first ever loss as a flood of cheap Chinese exports drove steel prices to their lowest level in more than a decade.

Posco's operating profit of Won659.8bn was better than an average forecast of Won611bn by analysts. It was still 10 per cent lower than in the same period a year ago, but nearly double the Won340.5bn achieved in

the previous quarter.

Its strong performance has fuelled hopes of a recovery in the steel industry following moves by China, the world's biggest steel consumer and producer, to cut steelmaking capacity by 100m-150m tonnes in the next five years.

Steel prices in China have risen 42 per cent so far this year thanks to inventory restocking and stronger demand, on the back of improving economic data. This has prompted Posco to raise its steel product prices several times this year.

But Posco officials were unsure that the recent rally in Chinese steel prices could last because rising prices have encouraged Chinese mills to increase production.

"Steel prices in China surged recently for various reasons but the problem of overcapacity still persists," said Son Chang-hwan, vice-president in charge of business

strategy. "If they keep increasing supply, market conditions would inevitably worsen, but prices are unlikely to slump to the levels below production costs."

Although Posco has been faring better achieving an operating margin of 10 per cent most of its global rivals remain in the red.

Tata Steel recently decided to pull out of its British operations, while Australian steelmaker Arrium has fallen into voluntary administration. ArcelorMittal, the industry leader, has posted a net loss for four straight years and China's major steel mills reported combined losses of Rmb11.4bn (\$1.76bn) for the first two months of this year.

Analysts now expect Chinese steel prices to continue rising until May or June but have warned that the problem of overcapacity in the industry will not be resolved any time soon. Despite growing international pressure to cut overcapacity, China's output hit a record high with its steel exports surging 30 per cent in March from a year ago.

"Although Beijing is talking about restructuring, its action has not been so strong," said Byun Jong-man, an analyst at NH Investment & Securities.

"A sustainable recovery in steel prices is not just about the steel industry cycle but about demand from steel-intensive industries such as shipbuilding, automobiles and chemicals. So it is hard to expect an earnest turnaround without a recovery in the Chinese and global economy."