



## RINL thrust has always been on improving the production value of steel

- Shri. P. Madhusudan, CMD  
Rashtriya Ispat Nigam Limited

In an Email interlocution with **Steelworld**, **Shri P Madhusudan**, shares his insights into the Indian steel industry and its contribution towards the massive infrastructural development plans the Centre has drawn. He also spoke at length about the company's diversified business activities and projects in hand and under execution.

Shri P Madhusudan, Chairman-cum-Managing Director, Rashtriya Ispat Nigam Limited, is a Chartered Accountant, Cost Accountant and Company Secretary. Shri Madhusudan is a rank holder of the Institute of Chartered Accountants of India. Shri Madhusudan, started his career at Bhilai Steel Plant and after serving in various capacities for over 24 years, moved to IISCO

Steel Plant, Burnpur, as General Manager (Finance). Shri Madhusudan joined Rashtriya Ispat Nigam Limited in 2009 as Director (Finance) and was instrumental in bringing about a number of structural changes in Finance functions and made significant contribution through prudent Financial Management. Under his dynamic leadership, RINL achieved an important milestone of doubling its capacity to 6.3 mtpa. His current focus is on modernization of the original 3 mtpa plant (which is in operation for more than two and half decades), to make them contemporary with regard to operational and energy efficiency. The modernization, slated for completion by 2018, would further increase the capacity to 7.3 mtpa. As a part of business

diversification strategy, Shri Madhusudan played a key role for setting up the largest Forged Wheel Plant at Rae Bareilly and JV for manufacture of Transmission Line Towers at Visakhapatnam with Power Grid Corporation. Shri Madhusudan is also endowed with varied experience on the Boards of various companies and is presently the Chairman of the Bird Group of Companies which includes the Orissa Minerals Development Company Ltd. (OMDC), The Bisra Stone Lime Company Ltd. (BSLC) & Eastern Investments Ltd. (EIL). He is also member on the Board of the International Coal Ventures Ltd. (ICVL), a consortium of leading state-run firms, viz. CIL, SAIL, RINL & NMDC, for acquiring coal assets overseas, apart from being the



Chairman of RINL Board. Shri Madhusudan, for his contribution to business, in terms of wealth creation, corporate governance, leadership abilities, social responsibility and innovation in business practices, has been bestowed with many awards, salient among them being.

- "Icon of the Year Award 2014" by the Institute of Cost Accountants of India.
- "Greatest Corporate Leaders of India Award" at 22nd World HRD Congress.
- "Udyog Rattan Award" by the Institute of Economic Studies (IES).
- "IIIE Performance Excellence Award 2015" by the Indian Institute of Industrial Engineering (IIIE).
- "CA Business Leader Award 2016" by the Institute of Chartered Accountants of India (ICAI).

### Excerpts

**With recent government directing domestic steel to be used for infra projects, how much impact you see on the steel demand picking up in the coming days?**

The Government is envisaging accelerated expenditure of more than \$ 1.5 trillion to meet the Infrastructure needs

over the next decade through massive modernization of railways and roads. Further, the mission of "Housing for all by 2022" and Smart Cities are expected to boost steel growth across various sectors. Under this scenario, the policy of the government for providing preference to domestically manufactured iron & steel products in government procurement would certainly give fillip to the demand for domestic steel.

### **How do you see rising iron ore and coke price affecting the steel prices in the coming days?**

The cost push of Iron Ore & Coking Coal prices, being major contributors of steel cost, would certainly affect the steel prices and vice versa. The imbalances in demand and supply drive each other. However, the surge in Coking Coal prices in the 3rd Qtr of 2016-17 and in the month of Apr'17 was so sharp and huge that the steel prices could not keep pace with the same. As a result, the companies such as RINL, which are dependent on external sources for both Iron Ore & Coking Coal, have been subjected to financial squeeze. However, these blips in Coking Coal prices have subsided and the prices appear to stabilize at around \$ 140 to 150. The Iron Ore Prices also appear to be stable in the range of \$ 50 to 60. The international steel

prices also reduced in tandem. Though the reduction in domestic steel prices has been higher, we expect the prices to recover in the next couple of months as the benefits of GST roll out and other demand creation initiatives of GoI start flowing into the economy.

### **RINL has set an ambitious target to reach 16 MT of saleable steel to be produced by 2025. How is the company expansion plan progressing at the moment?**

The capacity addition to 6.3 mtpa was completed in 2015. The modernization

programme of 3 mtpa facilities along with simultaneous up gradation of downstream facilities is nearing completion. This would increase the capacity by 1 mtpa to 7.3 mtpa. Presently, the focus is on stabilization and ramping up of production from the units commissioned, which will take about two years. Thereafter, our next phase of expansion to 11 to 12 million tons, which is part of our Directional Plan to expand to 16 million tons, would be considered. However, all further expansions will be dependent on market conditions, linkages to raw materials and generation of internal resources to partly fund further investments.

### **What new products has RINL lined up to hike its market share?**

RINL's thrust has always been on improving the production value added steels to meet the requirement of the domestic market and reduce the country's dependence on imports. Accordingly, during the last ten years, the production of special steels has gone up from 33% to around 80% and some of the salient products developed in-house include CO2 Wire Rods for the Engineering sector; Special Rounds for elastic rail clips; High Carbon Wire Rods for Automotive sector, Boron Steel for specialized applications, etc.

To further improve its value added portfolio, RINL has introduced new secondary refining facilities such as Electromagnetic Stirrer and RH Degasser in its expansion, which would enhance its capability to produce steel of any chemistry to meet the customers' changing preferences. Capability to produce API rounds of various sizes for manufacture of pipes has been included in the expansion, which will cater to the seamless pipes sector for oil & gas transportation. Production of cast rounds up to 500 mm dia has also been planned, which would be the first of its kind in the country, to meet the requirement of the tube manufacturers and the forging sector. These products have good potential for exports, particularly in the Middle East.

RINL has strengthened its R&D mechanisms to further enhance its capability for production of special grades with the objective of making the country largely self-sufficient for its varied requirement across the Manufacturing and Automotive sectors.

RINL is also participating in a collaborative R&D program on "Development of the technology and production of CRGO steel" with CSIR National Metallurgical Laboratory & Tata Steel. This project is of national importance to develop indigenously electrical steels which are mostly imported till date.

As you may be aware, as part of both product and geographical diversification, we are setting up a Forged Wheel Plant at Rae Bareilly to produce 1,00,000 forged wheels for Railways. The project has already commenced and would be completed by 2018. Further, we are also setting up a Transmission Line Tower manufacturing unit with a capacity of 1,20,000 tons at Visakhapatnam through JV with M/s. Power Grid Corporation of India, which will further enhance our product mix.

**What is the total current production of Vizag Steel and what target you have set up for 2017?**

As mentioned earlier, we completed the expansion to 6.3 mtpa with addition of one Blast Furnace. We are in the final stages of completing the modernization and upgradation of facilities to 7.3 mtpa. As part of this modernization programme, we completed the capital repairs of one of the two old Blast Furnaces (Blast Furnace-1) in 2014; and the capital repairs of the other Blast Furnace (Blast Furnace-2) is on the



verge of completion. With the available two Blast Furnaces, we achieved a production of about 4.4 million tons of Hot Metal in 2016-17. With the help of Blast Furnace-2 returning from modernization, we are targeting a growth of about 25% in 2017-18.

**RINL has taken lots of CSR activities. Can you name a few of them and CSR initiatives planned for the future?**

• Long before the concept of CSR came into being, RINL has been in the forefront in Socio economic transformation. Since 1993 emphasis was on peripheral development and various projects were implemented. With the experience of

Peripheral development, RINL embarked on the path of CSR by allotting requisite budget in accordance with DPE Guidelines and with a clear cut CSR Policy. To boost up the CSR activities, a separate Department was formed in 2007 and RINL CSR Foundation Trust was registered under the Companies Act, 1956.

- RINL has formulated its CSR & Sustainability Policy in line with Companies Act 2013 and DPE Guidelines, giving due emphasis on Inclusive Growth and Sustainability.
- The focus areas for CSR include Health care, Education, Skill development, Environment Care, Rural Development, Sports, Sanitation & Swach Bharat, Help during Natural calamities, etc.; and is



concentrated on the peripheral areas around the plant and mines (Limestone & Dolomite). About Rs.140 crores have been spent on various CSR activities till date. Some of RINL's flagship programmes under CSR are:

- **Green Visakha** - Project for plantation of 4,50,000 trees in a period of 5 years with a view to reduce pollution in the area of Greater Visakha Municipal Corporation (GVMC) Visakhapatnam has been taken up. Plantation of 2.75 lakh trees has been completed and balance plantation is under progress.

- **Surya** - A project towards utilizing alternate energy sources, Solar Street lighting & Home lighting system was provided to entire SOS Children village, Bheemunipatnam, Visakhapatnam District, benefiting about 200 people. Also Solar Power was provided to St Joseph Old age Home, Visakhapatnam.

- **Arunodaya Special School** - The school functions with the objective of helping children with special needs to develop their potentials to the fullest extent. The school building was constructed under CSR initiative at Ukkunagaram with all facilities for providing education, vocational training, therapy and rehabilitation. Further financial assistance is extended every year to ensure smooth functioning of the school and thereby helping in the development differently abled children from surround villages of the Plant.

Also, free education is being provided to the children of BPL families from the peripheral villages through the six schools located in RINL Township & Mines areas.

- **Vidya Vikas** - is an endeavor to bridge the infrastructure gap in the Government Schools. Five fully furnished class rooms along with other infrastructure were provided to ZP High School, Gajuwaka,

Visakhapatnam District. These facilities are benefiting 1500 children.

- **Support to Akshaypatra:** Help to **Akshaypatra Foundation** - by donating a mid-day meal distribution vehicle and vessels for the School Meal Programme with a motto to join hands in feeding the poor children across Government schools in Visakhapatnam district thereby reducing number of school dropouts.

- **Sanjeevan** - A state of art mobile cancer detection bus 'Sanjeevan' was provided to 'Lions Cancer Hospital', Visakhapatnam, for organizing mobile cancer detection camps in rural areas, especially for detection of cancer at early stages. The state of art mobile unit is equipped with latest cancer detection facilities which enable early detection of cancer for permanent recovery.

- **Nethra Jyothi** - A well-equipped mobile eye care van, which bridges the gap of access to Eye care facilities in rural areas was provided to Visakha Eye Hospital Trust, Visakhapatnam. The aim of the project is screening the cases for cataract and carrying out free surgeries where ever required. This is serving the rural people in and around Visakhapatnam Steel plant area and other villages in Visakhapatnam, Vizianagaram and Srikakulam districts.

- **Mother Blood Bank for Indian Red Cross Society** - RINL, with a noble intent, took up the project for construction of Mother Blood Bank building & 6 blood storage centers in the Visakhapatnam District. The blood bank provides services such as collection & issue to the beneficiaries.

- **Aalambana** - A rehabilitation centre for accommodating 100 HIV/ AIDS affected children at St. Joseph Hospital, Prathipadu,

East Godavari.

- **Health Infrastructure** - RINL joined other PSUs in the endeavor of construction of multi-storied hospital complex at King George Hospital premises to strengthen the infrastructure facilities at KGH, which was built during the British regime. Support in the form of supply of steel worth Rs.2 crs free of cost has been extended to KGH.

● **Chetana** - Adult literacy programmes are being organized in many surrounding villages since 2006. The primary objective of the program is "Spreading the essential basic educational knowledge among women who are residing in unprivileged areas in the peripheral villages of RINL Vishakhapatnam plant."

- **Kaushal** - A Placement linked Skill Development Programme for women belonging to Scheduled Castes of Visakhapatnam District. Training is imparted in Garment Construction Technique & Industrial Sewing Machine Operator (Basic & Advanced) .Stipend was extended to the beneficiaries during the training and jobs provided to the beneficiaries after completion of the training.

- **Jaladhara - Permanent solution to drinking water scarcity in tribal area** - A unique project named "Jaladhara" was taken up to address the acute problem of drinking water in tribal areas of Visakhapatnam district. The flow of water from natural spring to the distribution tank in the villages was made through gravity, thereby providing 24/7 uninterrupted water supply. About 5320 people in 19 villages have been benefitted by this project. Apart from the ongoing approach of understanding the emerging needs and expectations of local communities and meeting them, from the long term sustenance view point, focus will be on re-aligning our CSR strategy with various Govt. of India initiatives like Kaushal Vikas, Swachh Bharat, Skill India, etc. Further, partnerships with corporates under CSR will go beyond monetary help, wherein the technical as well as functional expertise of the corporate will be utilized to bring the desired change in the communities