

**Address of Welcome by Shri Arvind Jain, Chairman IRMA, at the  
50<sup>th</sup> Annual General Meeting on 30<sup>th</sup> August 2011**

Respected Shri Pankaj Gautam, Dr. Vijay Sharma, distinguished invitees, and my colleagues from the refractory industry,

1. It is my proud privilege as Chairman of IRMA, the national body for the refractories industry in India, to extend a warm welcome to Shri Pankaj Gautam, Chief Executive Officer of Bhilai Steel Plant to our 50<sup>th</sup> Annual General Meeting as the Chief Guest. We also feel honoured to have Dr. Vijay Sharma in our midst as Guest-of-Honour.

We all know that Shri Gautam has been appointed as the first CEO of Bhilai Steel Plant. He is a senior metallurgist and has nearly 37 years of experience in steel making and incidentally his career began in the very Bhilai Steel Plant. I take this opportunity to heartily congratulate him for donning the new mantle and we are confident that BSP will scale new heights under his able leadership.

Dr. Vijay Sharma, an alumnus of IIT, Kharagpur, Rensselaer Polytechnic Institute, New York and XLRI is also a celebrated name in the field of metallurgy. He is serving as Executive Director and Chief Executive Officer of Steel Business at Usha Martin Ltd. He is credited with implementation, turnaround and operation of steel plants with over total experience of 34 years

I thank both of you for kindly sparing your valuable time in spite of your numerous preoccupations to attend the IRMA AGM today. The refractory industry and the steel industry have symbiotic relationship and I'm confident that your visit today would further cement our relationship with your organizations. Today we are holding the 50<sup>th</sup> Annual General Meeting of the Association. The Golden Jubilee of IRMA was already celebrated in 2008. Nevertheless, it is an opportunity to reflect on the role played by our industry in keeping the wheels of the core sectors moving and look forward to the future.

2. I will take this occasion to make a quick review of the domestic refractory industry's performance during 2010-11. The net sales turnover which was Rs.3825 crores in 2009-10 rose to approximately Rs.4426 crores in 2010-11 which means approximately 16% growth in sales volume compared to last year's 19% growth. The import of refractories which stood at Rs.1277 crores in 2009-10 increased to around Rs.1493 crores in 2010-11, which means an increase of around 17%. The main import items were monolithics/castables, basic bricks and few value added items. The total exports for the year was approximately Rs.932 crores, an increase in 95% from Rs.479 crores in the previous year. The surge has been due to export of fireclay and high alumina bricks, monolithic, silica bricks etc. However these import-export figures are annualized and some corrections in these data are expected.

3. Crude steel production in India which was approximately 65.83 million tonnes in 2009-10 went up to 69.57 million tonnes in 2010-11. SAIL plants produced 13.76 million tonnes, RINL produced 3.23 million tonnes, Tata Steel produced 6.85 million tonnes, major producers like

JSW, Ispat, Essar & JSPL combined accounted for 14.884 million tonnes and the rest produced 30.84 million tonnes. The growth rate for main producers has been a mere 2.5%, while that of major and other producers have been 3.7% and 9.2% respectively. This shows that significant growth was achieved in smaller units including the induction furnace units. The slowing down of the growth of major steel units has posed a big challenge to the refractory makers especially in the large scale sector as the former is the key consumer of their value added products. Thus in spite of sales growth of 16% (vis-a-vis crude steel growth of 3.8%), the same has not been reflected in the profitability of the refractory makers. Rather, things have turned worse for many of us.

4. IRMA had been periodically raising the issue of difficult payment terms especially by PSU units which is blocking the vital working capital of the member companies. We met Shri C S Verma, Chairman, SAIL on 19<sup>th</sup> May 2011 who assured to look into the issues raised by us. Yet I feel that it is us who first need to set our house in order. If we accept difficult terms just to procure an order, we must be aware of the consequences. Many times, my Secretariat gets letters from user industries pointing that some XYZ had failed to honour its commitments. The reason is crisp and clear, the price at which it took the order is unsustainable to execute it. I understand and appreciate the difficulties faced by the members, i.e. under-utilized capacity, need to cut down the overheads and manage the fixed costs. Yet we need to take a different approach than continuously erode our margin and make our ventures unsustainable. We have amongst us two senior metallurgists who have been witnesses to many ups and downs of the industry in their illustrious careers and I believe that they can certainly provide us some guidance on ways to broad-base the steel-refractory industry interface based on respect and commitment. The importance of the refractory industry may not be gauged by its turnover but its critical role in the growth of core sector industries. Weakening of the domestic refractory industry is bound to impact the steel makers sooner or later. However this simple fact does not find much appreciation amongst our users. For example, in a recently concluded steel summit in Delhi, the speakers highlighted the key problems of the steel industry namely rising cost of iron ores, non-availability of coking coal, energy management, infrastructural constraints etc while not a single byte was devoted to the word 'refractory'. There might be valid reasons for this apparent lack of concern. It may be we refractory makers who have failed to highlight the criticality of our industry or in the era of 'Total Refractory Management', the steel makers are more comfortable in handing over the design, applications and maintenance jobs along with all its associated issues to us. On a lighter vein, we are the first to be remembered when the steel industry undertakes cost cutting measures notwithstanding the fact that refractory cost may not be more than 2-3% of the total steel making cost.

I believe business is all about relationship. In a complex globalized economy that works in rapidly changing environments where no individual company can be aware of, let alone control, all the risks, relationship with the stakeholders is of key importance. In more than 50 years of its existence, IRMA has always worked to build relationship based on trust and honour and our quest for the same will remain ever strong in the coming years.

5. Moving over to the activities of IRMA in the past one year, one key activity has been human resource development. Apart from the 10 week long course for freshers in June 2010 which incidentally was the first of its kind in the industry, we organized a short term course on Ladle Management in February 2011 at Jamshedpur. In the current year too, we have successfully completed the 10 day Technical Training Programme at Belpahar and Rajgangpur and I must thank the authorities and employees of Tata Krosaki Refractories Ltd, OCL India Ltd. and Dalmia Institute of Scientific and Industrial Research for their praiseworthy support. We are now exploring the possibility of supporting a 2 year ITI course on refractories manufacturing, application and maintenance practices which we believe has good job prospects considering the growth potentials of this sector. We have tentatively selected Dalmia Industrial Training Centre (in association with Dalmia Institute of Scientific & Industrial Research) as the venue for this programme considering its superior infrastructure, availability of qualified faculties and options of undertaking practical classes at the adjacent refractory plant, steel and sponge iron plants, cement units etc. The Deputy Chairman, Shri J.N. Tiwari is coordinating the above activities and we expect to launch the course next year if things move in the right direction.

6. The small scale sector has emerged as a dynamic and vibrant sector of the industry. It has contributed significantly to the realisation of the socio-economic objectives of growth in employment, fostering entrepreneurship and ensuring industrial dispersal. In the past few years, IRMA had taken a special initiative for the development of SME sector and I am happy to inform you that years of efforts have finally given some positive outcome. The Chirkunda refractory cluster under the aegis of Ministry of MSME, Govt. of India is now a reality and the soft intervention programme has been completed in record time with the Association's guidance. The Government of Jharkhand has in principle agreed to allot land for setting up the Common Facilities Centre for which I sincerely express my thanks to the Secretary Industry and Director, Industry for their sincere support. The most challenging part of the programme is now setting up of a Common Facilities Centre and I request all my colleagues in Chirkunda to come together and ensure the success of the project which will certainly become a landmark in refractory industry. You are on the verge of being a part of history not just because this is going to be the first domestic refractory cluster but because you become role model for other MSME units. We also announced our unqualified support for the formation of refractory clusters in other parts of India but unfortunately no concrete proposal ever came. Many a times, we cringe about lack of Governmental support but grossly fail to make good of what Government has already offered.

Another positive happening is IRMA has just published a book on 'Refractory Business Management' which will provide a comprehensive guideline to MSME entrepreneurs and those interested in the nuances of our trade. This book will be shortly inaugurated by our Honourable Chief Guest and Guest-of-Honour.

7. You are aware that IREFCON 12 would be organized from 1<sup>st</sup> – 4<sup>th</sup> February 2012 at Kolkata. IREFCON has now become a phenomenon by its own rights and much credit goes to Dr. A.K. Chattopadhyay, Chairman, Organizing Committee and Dr. G. Banerjee, Chairman, Technical Committee. We are all too happy to put the responsibility of organizing IREFCON12 on their shoulders as now one knows the chemistry of this grand event better than them. I am also confident that with your sustained cooperation and support, IREFCON12 would serve as a global platform for knowledge dissemination and showcasing our industry as it did in the past IREFCONs.

Before concluding, I need to express my sincere thanks to my illustrious predecessor Dr. Chattopadhyay whose immense contributions need no further elaboration. He has a maverick approach to solve the issues of the industry and in his four year stint; he has taken the profile of IRMA from where it was to where it had not been. Let us give him a big hand.

In the end, I would like to thank my friends and colleagues in the refractory industry and particularly the members who have spared their valuable times to share their knowledge and experience in the IRMA General Committee. I would like to thank Mr. B.N. Ghosh, Chairman of the IRMA Technical Sub-Committee, Dr. G. Banerjee, Chairman of IREFCON 12 Technical Committee and members of IREFCON12 Organizing and Technical Committees for giving their valuable time for the development of the industry. I take this opportunity to thank to the Secretariat and Technical Officers of the Ministry of Steel, Govt. of India for their persistent interest in the overall growth and development of the industry. Many thanks are due to the Ministry of Small –Scale Industry, official of the Directorate of MSME, Ranchi for their persistent support. I would also like to thank all the major consuming industries like steel, cement, aluminium, copper, glass etc for their patronage and support.

I began by saying that moments like 50<sup>th</sup> AGM give us an opportunity to gauge the 'shape of things to come'. In today's context, the traditional factors of production - land, labour and capital - have become less relevant when compared to technology. The source of technology is science that is rooted in knowledge. It is easy to visualize that tomorrow's industries will be knowledge industries where perhaps more emphasis will be given on intangible knowledge assets than physical or tangible assets. The increasing complexity of technical developments and advanced practices requires a wide range of competencies for effective adoption and assimilation. Such competencies are rarely held in most of the refractory units barring a few large ones. This is where IRMA can play a crucial role. With our limited means, we are planning to create a knowledge centre where the members may access the technological and scientific repertoire of knowledge and information available in the industry to develop their core competence. Knowledge leads to enlightenment and enlightenment ushers change. The world is changing fast and we cannot change the difficult circumstances, but we can certainly change ourselves. Otherwise, if we do what we've always done, we'll get what we've always gotten.

Thank you very much.