

**Address of Welcome by Shri Arvind Jain, Chairman IRMA, at the  
51<sup>st</sup> Annual General Meeting on 21<sup>st</sup> August 2012**

Respected Shri Hemant Nerurkar, distinguished invitees, and my colleagues and friends 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 Hemant Nerurkar, Managing Director of Tata Steel Ltd. to our 51<sup>st</sup> Annual General Meeting as the Chief Guest.

Mr. Hemant Nerurkar has been Managing Director of Tata Steel Limited since October 10, 2009. He has over 35 years of experience in steel industry in various functions. He has officiated in several positions and has been actively associated with various academic and professional bodies in different capacities like Indian Institute of Metals, ULSAC / ULSAS / ULSAB of IISI Brussels, INSDAG etc. During his illustrious career, Mr. Nerurkar has been conferred upon with several prestigious awards such as the 'Tata Gold Medal 2004', 'SMS Demag Excellence Award 2002', 'Steel 80s Award - 1990', 'SAIL Gold Medal - 1989' etc.

I thank you for kindly sparing your valuable time in spite of your numerous preoccupations to attend the IRMA AGM today. Tata Steel has been pioneers in many areas of refractories applications, human resource development and most importantly fostering a relationship with the refractory makers. Your presence will definitely send a note of encouragement to our member companies.

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. 4873.54 crores in 2010-11 rose to approximately Rs 5390.25 crores in 2011-12 which means approximately 10.56% growth in sales volume compared to last year's 26.47% growth. It clearly shows that there is a slump in growth. The import of refractories which stood at Rs.1493 crores in 2010-11 increased to around Rs 2156 crores in 2011-12, which means an astounding increase of around 44%. There has been big surge in the import of silica bricks, monolithic and some other products.

The total exports for the year was approximately Rs 1062 crores, a moderate increase from Rs.932 crores in the previous year. There has been export of High Alumina bricks & shapes, special products etc but significant decrease in the export of silica bricks. However these import-export figures are annualized and some corrections in these data are expected.

But the industry needs to take a cautionary note that silica market in India is gradually being taken over by China. Some strategies need to be put in place before silica follows the path of basic.

3. Crude steel production in India which was approximately 70.67 million tonnes in 2010-11 went up to 73.79 million tonnes in 2011-12, a mere 4.42% increase. The growth rate for main producers has been -1.03%, while that of major and other producers have been 16.12% and 4.42% respectively. The negative growth in the production of main steel plants may be due to shortage of coking coal as well as downturn in the market. The glut in production in the integrated steel plants has affected the big refractory units which supply high end refractories. Shortage of coal iron ore, coal etc has also hit the mini steel plants who are mostly integrated with the SME units. Thus we see that 2011-12 has not been any harbinger of sunny days for the domestic industry which in one hand saw surge in imports of finished items as well as shrinkage in domestic market and drop in sales growth.

One silver lining is that from September 2012 onwards, the BIS prescribed new norms for making long products will come into force. The steel makers need to follow prescribed levels of sulphur, phosphorus, manganese and carbon in steel to meet international steel-making standards. Cleaner steel demands usage of quality refractory products which will hopefully boost the industry.

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. In the last year we had series of meeting with SAIL Chairman and senior officials at SAIL Corporate Office. We also met the CEO of Bhilai Steel Plant regarding this issue. I'm happy to inform you that BSP has eased some terms for slide gate plates and purging plugs. We need to further continue our negotiations with other PSU units.

5. Moving over to the activities of IRMA, in the past one year, one key activity has been human resource development. In the current year, IRMA successfully organized a one week technical training programme titled, "Testing of Refractories & Interpretation of Results" at Dalmia Institute of Scientific & Industrial Research. The programme got such a splendid response that we had to close the registration. I congratulate Mr J N Tiwari, ED OCL India Ltd & Deputy Chairman IRMA, Dr. N. Sahoo, Director, DISIR and his team for impeccably organizing such a fine programme.

In the last year's AGM, I had informed that IRMA is exploring the possibility of supporting a 2 year ITI course on refractories manufacturing, application and maintenance practices in view of acute shortage of skilled manpower at the shop floor level. I'm happy to inform you that we have made significant progress in this direction. Already a feasibility study has been conducted by Mr G Giri, Deputy Director, Central Staff Training & Administrative Research Institute, Kolkata. The course will be of two and half years duration, 1<sup>st</sup> year will be dedicated to basic engineering and drawing, 2<sup>nd</sup> year will be on refractories production and applications followed by 6 months training at an industrial unit under the Apprenticeship Act. Dalmia Industrial Training Centre, Rajgangpur has been selected as the venue for this course because of its proximity to refractory, steel and cement industry. The course outline has already been

prepared and submitted to the Government and hopefully the programme will commence from next year after receiving the necessary approval. I thank Mr J N Tiwari, Dr. N. Sahoo and Mr S.K Jena, Principal, DITC for their keen interest in this regard.

6. You're aware that IRMA has been nurturing the SME sector, recognizing its resilient potential and overall contribution to the economy especially in the backward pockets of the country. I am happy to inform you that the Detailed Project Report of Chirkunda refractory cluster has been submitted by the Association to Jharkhand Govt. This is being presently studied by SIDBI and hopefully, we will see the spadework for Common Facilities Centre being started next year after the go-ahead from Govt. of India is received. In the meantime, the members of Chirkunda refractory cluster have already started the common testing facility in a rented accommodation. I congratulate them on their noble initiative and assure full support and cooperation on behalf of IRMA. We have got requests from other parts of our country to develop the SME units and we will try our best with our limited resource to help them.

IRMA organized a successful business delegation to China for its SME members from 14<sup>th</sup> – 22<sup>nd</sup> October 2011. The purpose of the visit was to establish an interface between the IRMA members and the raw material suppliers as well as equipment manufacturers. The trip was highly successful and the members got a first hand impression of raw material processing facilities, large scale manufacturing process, various equipment factories etc. I sincerely thank IRMA Deputy Chairman Mr J N Tiwari and his team in OCL China Ltd. for meticulously planning and organizing the entire programme.

7. The activities of the Association have increased in the past few years which called for more office space. I am happy to inform you that we have bought a 510sq ft unit from Orient Refractories Ltd almost adjacent to our own office space. The surplus generated from IREFCON10 was utilized to buy the office space and I thank Mr S G Rajgarhia for selling the office space at a discounted rate. The new office, apart from holding regular meetings of IRMA will also be utilized for organizing small workshops and training programmes for the member companies.

8. Moving over to the recently concluded IREFCON12, it had been a phenomenal success in bringing together the best minds of the refractory industry for three consecutive days and wading through the sea of knowledge and information. The participation of the sponsors, exhibitors and delegates both from India as well as overseas has been truly overwhelming. I must appreciate the efforts of Dr. A.K. Chattopadhyay, Chairman, IREFCON12 Organizing Committee who did an exemplary work of organizing the show. IREFCON12 Technical Committee under the Chairmanship of Dr. G. Banerjee also did an excellent job of meticulously selecting the Theme Lecturers and the technical papers to serve the purpose of an international event. IREFCON has been recognized as the second largest event in refractories after UNITECR and we all look forward to IREFCON14, the date and venue of which would be announced shortly.

I am happy to inform you that the IRMA General Committee has taken a decision to utilize the surplus generated in IREFCON12 to create a Refractory Design & Engineering Workshop at DISIR, Rajgangpur. This will be utilized not only by the students of the proposed ITI course but also for training the workforce of the member companies. This is IRMA's way of ploughing back the sum it has raised from the industry by developing skill pool to serve the industry in a more effective way.

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 thank Mr. J. N. Tiwari, Deputy Chairman, IRMA and Dr. A.K. Chattopadhyay, Chairman, IREFCON12 Organizing Committee for their firm support. I would like to thank Mr. B.N. Ghosh, Technical Advisor, IRMA, Dr. G. Banerjee, Chairman of IREFCON12 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.

Before concluding, I would like to point out the need for image makeover of our industry. No matter what technological advancements we have achieved or helped the users in energy management, we have always been dubbed as '*itawallahs*' or brick-makers. But refractory is not just brick manufacturing, it goes much beyond that, ranging from understanding the customers' requirements, making detailed design, understand the raw material characteristics, develop a suitable solution and apply and maintain the linings. While reading an article on maintenance management in a steel plant, I noted that the following industrial average savings result from predictive maintenance programmes:

- Elimination of breakdowns, 70-75%
- Reduction in downtime 35-45%
- Increase in production 20-25%

Needless to say, refractories play a major role in all these areas. The world needs to be made aware of this fact that refractories are essentially vehicles of energy management and seamless production process for any high temperature process. It may appear to be messy, dusty and fume spewing, but in effect helps keeping the earth clean and green by conserving energy. Today's world is essentially of product positioning and brand equity and the onus is on us refractory makers to do this image makeover. And we must exude confidence in what we do because self-confidence is the basic essence of success.

Thank you very much.