



GUJARAT NRE



Arun Kumar Jagatramka

chairman, Gujarat NRE Group

Welcomes



The Hon Dr Craig Emerson MP

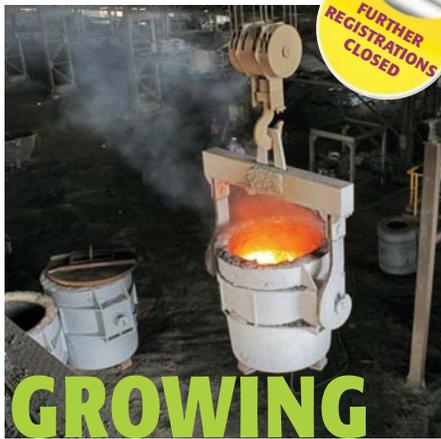
Australian Minister for Trade &amp; Competitiveness



Adam Gilchrist AM

Cricketing legend

To celebrate the contemporary connections between India and Australia through the launch of a special edition of *Australia Unlimited* iPad and iPhone apps



## GROWING ON STEEL

With the recent sluggishness of the global markets, in addition to the economic and political challenges facing the major economies of the world, we seem to be entering a more complex and difficult to forecast phase of the economic cycle. The slowing down of the Chinese economy and the not so impressive Indian growth story which seems to be losing its steam, is bound to have a strong impact on the steel and steel making raw materials industry. Coupled with the sovereign debt crisis in the euro-zone, and the potential for further closures of steel mills in Europe that are suffering from structural overcapacity due to a continuous decline in steel demand, steel and raw materials prices have witnessed a steady decline. Against this backdrop, Gujarat NRE and The Economic Times present Global Steel 2013, the 8th international conference on steel and steel making raw materials, on February 4 and 5, 2013 at Taj Palace Hotel in New Delhi.

Acknowledging the vital role that the emerging nations are bound to play in the years to come and steel being the catalyst of such growth, the theme of Global Steel 2013 has been chosen as 'Growing on Steel'. The conference would focus and analyse the role of the emerging markets and how they have come of age, to take on the mantle to become the engine of global growth, with steel acting as a panacea of the economy. Global Steel 2013, while discussing the complexities of the current situation, would also focus on the possible solutions of getting out

of the crisis, and further assess how the global steel industry could adjust and innovate itself in the current scenario to become a rallying point for economic recovery in India and the world.

### A BIRD'S EYE VIEW OF SESSIONS AT GLOBAL STEEL 2013

#### INAUGURATION - GROWING ON STEEL

This opening session offers a key high level view of the Global and Indian steel space. Key experts and policy makers deliberate on topics that are pertinent to the steel industry in India and Australia's role in supporting the future shape of the steel industry in India and the world.

#### SESSION 1 - PANEL DISCUSSION ON GLOBAL STEEL INDUSTRY - "STEEL AROUND THE GLOBE"

The global steel industry had a roller-coaster ride in the past 2 years. Demand has been sluggish especially in the developed world as the possibility of continued global financial crisis remains. China, after a period of slowing growth, appears to have turned the corner and has been able to return to its growth, which is expected to continue in 2013. This session tries to capture the inherent dynamics of the steel industry as a whole around the globe and to discuss the outlook for 2013 and the period to 2015-2020.

— Continued on next page

### CONFIRMED SPEAKERS

- Dr J J Irani, former director, Tata Sons  
Naveen Jindal, member of Parliament & chairman, Jindal Steel & Power Ltd  
C S Verma, chairman, SAIL  
Ajay Mishra, executive director, Hard Commodities, Noble Resources International, Singapore  
Dilip Oommen, MD & CEO, Essar Steel India Ltd  
Dr Sanak Mishra, vice president of ArcelorMittal and CEO, Greenfield Projects, India  
V R Sharma, CEO and dy MD, Steel & Syn Fuel Business, JSPL  
P K Mukherjee, managing director, Sesa Goa  
S S Mohanty, director technical, SAIL  
Jayant Acharya, director commercial and marketing, JSW Steel Ltd  
R K Goyal, MD, Kalyani Steels Ltd  
Frank Bekeart, director, McKinsey & Company, Luxembourg  
Jim Lennon, chairman, Commodities Research, Macquarie Capital (Europe) Ltd, UK  
Ricardo Monte Alto, head of Metals and Mining Consulting Americas, Wood Mackenzie  
Prof. Dr Alexander Mallwitz, partner, A.T. Kearney's European Process Industries Practice, Dusseldorf  
Lip Ban Soh, lead iron ore analyst, Wood Mackenzie, Australia  
John Johnson, CRU China CEO, Beijing  
Kylie Bell, investment commissioner, Austrade  
Jai McDermott, chief manager, Public Affairs, Australia Coal Association, Australia  
Stephen Galilee, chief executive, NSW Minerals Council, Australia  
Steven Randall, MD, The Steel Index, UK  
Andrew Wells, editor, IHS McCloskey Coal Report, UK  
Jim Nicholson, vice president, Asia, Argus Media Ltd, Singapore  
Natalie Rose, manager, Market Intelligence, QR National, Australia  
John Kearsey, executive director, SSY Consultancy & Research Ltd, UK  
Julien Hall, editor - Steel Raw Materials Group, Platts, Singapore  
Peter Zonneveld, MD, Danieli Corus, The Netherlands  
Sidharth Rath, president, Large Corporates, Axis Bank  
Anjani Agrawal, partner and sector leader, Mining & Metals, Ernst & Young  
D R Dogra, managing director, CARE  
Dr Amit Chatterjee, former advisor to MD, Tata Steel  
J.N.Lha, chief commercial manager, South Eastern Railway  
R P Ritola, advisor to MD (Coal), Tata Steel Ltd  
Yatinder Suri, country head, Outokumpu India Pvt Ltd  
Dr Neil J Bristow, chief consultant, H & W Worldwide Consulting Ltd, Australia and conference co-chairman Global Steel 2013  
Arun Kumar Jagatramka, chairman, Gujarat NRE & conference co-chairman Global Steel 2013

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# Coking coal and coke: Heating up

**What is the outlook of the steel industry viz-a-viz met coke industry being a direct raw material of Steel?**

The future of met coke industry is heavily reliant on the future of steel industry as steel is the major consumer of the met coke globally with majority of steel being produced through blast furnace route.

While there has been a severe slowdown in the steel industry in India in last few years, last few months have seen some changes in the global space, the effect whereof are far reaching and would be felt only over time. Global steel production is expected to remain high, with increasing demand. As Indian steel industry comes out of hibernation and restarts its onward march, the one sector that is going to reap maximum benefits is coking coal and met coke.

**How have been the performance of Gujarat NRE in the current fiscal year and what are its future plans?**

Gujarat NRE Coke Ltd is the largest independent met coke producer in India and the only Indian company with operational coking coal mines in Australia. Gujarat NRE has used last few years of sluggishness to build in capacity and to get itself ready for the inevitable upturn. The company has been successfully tapping the met coke export market and is regularly exporting coke to various countries. On the domestic front, the recent huge demand of coke from steel major like SAIL has given opportunity to the company to liquidate a portion of its high inventories. The performance of the company was reflected in the Dec12 quarter results where net profit of the company has jumped 10.57 times year-on-year to ₹20.1 crore and net sales rose by 57 percent year-on-year to ₹527 crore.

The proposed growth in India's steel production capacity is going to create a huge demand of met

coke. Availability of premium quality hard coking coal to produce met coke used in blast furnaces, is one of the key challenges that Indian steel industry faces today. To meet this challenge, Gujarat NRE is steadily increasing coking coal production from 1.1 million tonnes in the fiscal year 2012 to 5 million tonnes by 2016.

**How do you plan to leverage your key strength of secured supply of coking coal from Australian mines?**

Coking coal is in short supply globally. With the availability being scarce, the cyclones and floods in Queensland further disturbs and put the entire metallurgical industry in the thaws of great uncertainty. Last week, major coking coal export ports in Queensland had to be shut down because of cyclone storm warning and this is only start of the current wet season this year. We at Gujarat NRE take assured comfort from the secured supply of coking coal from our own mines which insulates us from the extreme volatility. Further, both mines being near Port Kembla in New South Wales outside the cyclone zone of Queensland also provide continued certainty of supply.

With the successful commissioning of longwall equipment at NRE No. 1 colliery, the production of ROM coal has shown significant improvement which is evident from the H1FY13 results where the company has shown a 60% increase in production as compared to H1FY12. We are steadily increasing our production of coking coal from our mines in Australia and is scheduled to achieve the 5 MTPA production of coking coal by 2016.

**What is the rationale behind the recently announced merger of Bharat NRE Coke Ltd with Gujarat NRE Coke Ltd? How will it benefit the shareholders?**

The amalgamation between the two companies would strengthen the position of the combined entity in the met coke industry in terms of the asset base, revenues, product range, production volumes, integrated supply chain and market share.

The amalgamation will result in the benefit of operational synergies to the combined entity in areas such as raw material sourcing, product placement, marketing and sales promotion initiatives, which can be put to the best advantage of the shareholders of both the companies. The combined entity will have the ability to leverage and optimise on its large asset base and pooling human capital including managerial expertise, which would facilitate enhancement of shareholder value.

**How do you feel that the merger of Bharat NRE Coke Ltd with Gujarat NRE Coke Ltd is in the interest of minority shareholders in Gujarat NRE Coke Ltd?**

BNCL was a joint venture company with GNCL holding 60%. The joint venture deal was entered into in the year 2004, at the time when the coke market was highly volatile. Further, since GNCL had plans to invest into coal mines in Australia, it thought it prudent to get into JV both to secure funding as well as coke sales. Coke market being volatile and cyclical in nature, profits of the company varies depending upon the movement of coke prices in the market. There was a steep fall in the coke prices from USD 380/mt in June'04 to USD 120/mt in Dec'05 when BNCL suffered losses and was finding it difficult to survive and manage its operations thereby putting GNCL's investment in the company at stake.

In 2009, world economic outlook was teetering on the brink of a severe global economic downturn. The deepening credit crisis in major developed market economies, triggered by the continuing housing slump, the declining value of the United States dollar vis-à-vis other major currencies, persisting global imbalances, and soaring oil and non-oil commodity prices all pose considerable risks to economic growth in both developed and developing economies. The prospects remained surrounded by much uncertainty at that point in time.

This was reflected by further dents in performance of BNCL which led to huge losses in the year 2007 onwards due to BNCL selling coke at very low prices under the JV. Since then, because of the sluggish-

ness in the steel industry, BNCL could mutually terminate the JV and is presently free from any such commitment, thereby adding large value in itself from GNCL's perspective.

In the current scenario when the coking coal demand is expected to rise multifold in line with the crude steel production, India's demand for met coke is also expected to be very high as steel production increases.

Further, the iron ore price has jumped 74%, to reach \$155 /tonnes and now sits at a 15-month high. After iron ore, coking coal is the main ingredient in the production of steel, thus the prices of iron ore and coking coal tend to rise and fall together. However, while iron ore has soared 74% in just four months, coking coal has done nothing. Coking coal is often twice the price of iron ore. Thus, it is apparently a clear signal to start running the roller over coking coal prices.

Met Coke demand too is expected to rise by 150 to 200 MTPA in next 10 years going by growth projections in BRIC countries.

These bullish forecasts and uptrend in the coal and coke sector have opened new doors for companies looking at acquiring coking coal and coke manufacturing companies and accordingly have put India into the forefront of cross border acquisitions of coke manufacturing units / companies. The trend is such that cross border acquisitions in the coal and coke sector is being done at a multifold value being justified by the strong uptrend in the demand viz-a-viz price of the commodity in the times to come.

As such, it is evident that it is now the right time for the merger of BNCL with GNCL, when the market conditions are turning out to be favourable and strong and when GNCL has expansion plans lined up in the years to come, such that GNCL may capitalise on its assets when the market reaches its peak to generate substantial profits and mobilise its resources with its expansion plans.

Thus, putting all factors together, i.e. positive global economic outlook, robust forecast of steel industry and simultaneously of coking coal and coke industry, cross border acquisitions of coke companies at strong values, expansions plans of the company and asset base of BNCL, it makes sense for GNCL to enlarge its production base permanently by merging BNCL.

# National Conference on Police Reforms

February 6, 2013, New Delhi



**D R KAARTHIKEYAN** (PFS)  
president  
Foundation for Peace  
Harmony and Good  
Governance

If ever there was a need as well as an opportune moment to push through police reform and improve policing, it is now, when both the public and, hopefully, the government, are seized of the need to improve law and order.

—THE ECONOMIC TIMES

UN chief Ban Ki-moon has voiced "deep sorrow" at the death of the 23-year-old Delhi brave heart who succumbed to grievous injuries sustained while fighting off her rapists, asking the Indian government to implement reforms to deter such crimes and bring the perpetrators to justice.

—THE TIMES OF INDIA

More than a century has passed, and yet the same shortcomings persist to this day. Indian police are governed by archaic and colonial police laws of 1861. This law was specifically designed to raise a police which would be politically useful and to suit the needs of our then British masters to tame the Indians. However, with over 65 years of Independence, we have not mustered the courage to free the police force and give the citizens a more cordial police whom they can trust and the police a more humane work condition. The British could be forgiven for having maintained a colonial police structure, but what could be the justification for continuing the same for more than six decades after independence?

In 1977, government of India set up a National Police Commission which had submitted eight detailed reports between 1979 and 1981 containing comprehensive recommendations covering the entire gamut of police working.



Since then there have been recommendations by many more commissions and committees. But these were given no more than a cosmetic treatment by the central and state governments. A strong vested interest had developed in the maintenance of the status quo, to misuse the police machinery for narrow political and personal benefit. The establishment is not willing to give up their stranglehold over the police. And so, the colonial structure continues and the people

continue to suffer from an insensitive police force.

The police also very often make politicisation as an alibi for their non-performance and even mis-performance.

The Supreme Court, in a landmark judgment on Sept 22, 2006, ordered the setting up of three institutions at the state level with a view to insulating the police from extraneous influences, giving it functional autonomy and ensuring its accountability. These institutions are:

- State security commission which would lay down the broad policies and give directions for the performance of the preventive tasks and service oriented functions of the police;
- Police establishment board comprising the director-general of police and four other senior officers of the Department which shall decide all transfers, postings, promotions and other service related matters of officers of and below the rank of deputy superintendent of police and make appropriate recommendations regarding the postings and transfers of officers of the rank of superintendent of police and above to the state government; and

- Police complaints authority at the district and state levels with a view to inquiring into allegations of serious misconduct by the police personnel.

The Supreme Court orders, if sincerely implemented, would have far reaching implications for better governance and administration of criminal justice. It would change the working philosophy of the police. The ruler's police would be transformed into people's police.

The reforms are not for the glory of the police. The police will be made more accountable to the law and the people. They will ensure better security and protection to the people of the country, uphold their human rights and generally improve the governance as a whole.

We cannot afford to lose any more time. The police force must be reorganised, revitalised and given the necessary morale, manpower and equipment. It must also undergo behavioural orientation and project itself and function as a people-friendly force.

For further details on the conference please write to igdelhi@gmail.com

## GROWING ON STEEL

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### SESSION 2 — PANEL DISCUSSION ON INDIA'S RAW MATERIAL REQUIREMENT AND AUSTRALIA'S RESPONSE: "STEEL DREAMS FIRED DOWN UNDER"

Australia with its abundant supply of coking coal has been in the fore front of any raw material discussions and a major supplier of coking coal to Indian steel mills. Recent developments have seen the coal industry facing major challenges on costs, policies, taxes and government actions. How Australia can respond to these problems and the incessant increasing demand for coking coal needs to be seen. This panel comprising key experts from across the Australian Coal industry and Government will seek to answer these complex and difficult issues.

### SESSION 3 — PANEL DISCUSSION ON INDIAN STEEL INDUSTRY: "CROUCHING TIGER OR BURNING BRIGHT"

The role of the steel industry in shaping the future economic progress of India can hardly be questioned. The steel sector in India has been hit by the weak economy and lack of infrastructure for the past 18 months. What is the way forward? This session offers a holistic view of the current state of the Indian steel industry and proposes ways to define plans for its future prosperity, encompassing all the aspects including demand, raw material and environmental issues, land acquisition, and skills and manpower developments etc.

### SESSION 4 — PANEL DISCUSSION ON STEEL-MAKING RAW MATERIALS: "COKING COAL AND COKE"

With the ambitious plan of attaining large increases in steel production by 2020, India needs to have an accurate raw material security plan chalked out well in advance. Coking coal is one of the most critical of raw materials needed to make steel, but is scarce in India. Securing this resource is one of the prime strategic thinking that all steelmakers are having presently not only in India but also globally. Metallurgical Coke has also always demanded a special attention in the steel saga around the globe. Its criticality has influenced pricing of steel to a great extent. In this panel global experts in the coal and coke field analyse the future trends in coking coal and metallurgical coke market, with a focus on the Indian environment.

### SESSION 5 — PANEL DISCUSSION ON STEELMAKING RAW MATERIALS: "IRON ORE"

The iron ore mining scenario of India has seen major issues raised regarding domestic mining and pertinent questions have arisen about 'raw material security' in India, as 2012 saw increased imports of iron ore by major steelmakers who were unable to source domestic supply. Does India have enough accessible iron ore to sustain the steel firepower burning? Could iron ore join met coal as a growing import? This session analyses the

operational criticality of iron ore supply and questions its role in shaping the steel future of India.

### SESSION 6 — PANEL DISCUSSION ON "THE STEEL PARTY SPOILERS AND ENABLERS"

The question stands, does India have the right support systems, infrastructure backup to achieve its future goals? Are the manpower development policies, Research and Development activities, technological advances etc adequate or are there problems waiting in the wings that might derail the future steel mission.

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## Do we really want to remove or reduce corruption?

Ensuring certainty of punishment rather than severity is the need of the hour, says Arun Kumar Jagatramka



The middle class - a broad canvas, that encompasses a huge section of our society, and is still, largely neglected by the development authorities. Neglected because they do not form a definite vote bank; a criterion which, unfortunately in our democracy determines the extent of political attention that one may command.

But in these recent years, the middle class has exhibited 'strength' and 'unity', and commanded attention, not only from the national government, but also from the world. Be it the demonstrations at Jantar Mantar or protests at India Gate against a barbaric act, the middle class's anger and intolerance to injustice has been evident. It would be naive to consider this anger as a one off event. Rather it is an outburst of a deeper anger, a manifestation against the deprived neglect and extortion of the vast middle class. This seething resentment is bound to explode again, at any instance of injustice which shakes the basic credo of being human and strikes a chord among the millions.

Extortion has been the bedrock of the present governance system in our country. It is universal, and all pervasive. Independent India has made huge progress. We have had an excellent economic growth. We have made remarkable advancement in science & technology, have been able to improve the living conditions of our people. But amidst all these achievements, we have also continued with the colonial legacy of extortion. As extortion thrived, corruption the direct by-product has also multiplied.

We take a myopic view of the system, introduce laws which encourage corruption and in the process hand out more tools for extortion. As an immediate example, recently a circular was issued by CBEC putting a deadline of 30 days for the taxpayers to obtain a stay against a disputed tax demand and allows the department officers to go for coercive recovery measures after 30 days irrespective of the merits of the case. The irony of the circular which abates extortion is that, even if the stay application is not heard for reasons attributable to the authorities themselves, the taxpayer is at their mercy. Such draconian rules which are extortionary, certainly encourage corruption. Today all services except the 17 exempt heads under negative lists are covered under service tax net. This puts a vast array of people who would be subjected to extortion and thus increasing corruption in the country many fold. It is beyond the imagination of any right thinking individual that when there is a smouldering anger against extortion, when there is a raging debate on how to minimise corruption, how such regressive circulars & guidelines could be issued.

We need to follow the old maxim of "think before you act" and as such it also applies to the authorities in power before they promulgate any law. We have enough of laws. What we require is their correct implementation. Enacting harsh laws would not increase revenue collection. They only give a license to increase the payout. Instead we need to ensure "certainty of punishment" to the criminal.

We talk of demographic dividend. But need to be careful of a Malthusian nightmare. It is time that we sit back and take serious note of things...