

Successful Sale of Blast Furnace

Industry	Iron & Steel
Geography	India
Client	SAIL,ISP Burnpur
Problem	Realize the best value for used Blast Furnaces within stipulated time
Solution	eSales of Blast Furnaces through a package event
Results	Realization 31.5% above expectation. Site cleared within scheduled time.

The Client

Steel Authority of India (SAIL), is a leading steel producer in India. It is also among the seven Maharatnas of India's Central Public Sector Enterprises. SAIL manufactures and sells a broad range of steel products across the domestic & international markets. It has manufacturing units across India. Rourkela Steel Plant (RSP) in Orissa, Bokaro Steel Plant (BSL) in Jharkhand, IISCO Steel Plant (ISP) in West Bengal, Bhilai Steel Plant (BSP) in Chhattisgarh, Durgapur Steel Plant (DSP) in West Bengal are to name a few.

The idle asset offered for sale

SAIL ISP had shut down two blast furnaces i.e. Blast Furnace 1 & Blast Furnace 4. These Blast Furnaces were one of the first few installed in India. The age of these furnaces were more than 100 years.

The Business Challenges

- The site occupied by these furnaces were needed for new projects
- The Furnace contained multiple categories of materials. This was to be dismantled by the buyer and all categories of materials were to be bought at best price
- The Client had desired to engage with a single vendor to avoid dismantling, dispatch and scheduling complications
- The Client wanted to retain some materials for internal complications

The Solution & Strategy

Market making strategy:

It was understood that regular Idle Asset dealers/traders won't have capacity to purchase in such high value deals. The requirement was of an investor who would invest money in this project, engage in dismantling activity and would network to sell the generated scrap. Accordingly, ship breakers and plant dismantlers were targeted. Initially these, customers did not show much of an interest in this sale. On investigation it was found that these customers had apprehensions about reselling the huge amount of refractory to be generated. valuejunction tapped the customer base of refractory suppliers with mjunction and arranged to have them understanding between potential customers for resale of refractory bricks.

Auction Strategy:

Mjunction asset-sales team designed two stage auction strategies, item wise sealed bid followed by forward e-auction. The primary objective of this strategy was to ensure that best price was extracted from the customers and the delivery is made conveniently in Rs /Mt basis.

Results & Achievemnts:

SAIL ISP received significant benefits due to valuejunction's assistance. Some marked ones were:

- Good Price Realization: The blast furnace #1 was sold at INR664 lakhs against the expected price of INR 505 lakhs thus giving a **31.5% better price realization** than the expected price.
- Good Price Realization: The blast furnace #4 was sold at INR439 lakhs against the expected price of INR 350 lakhs thus giving a **25.43% better price realization** than the expected price.