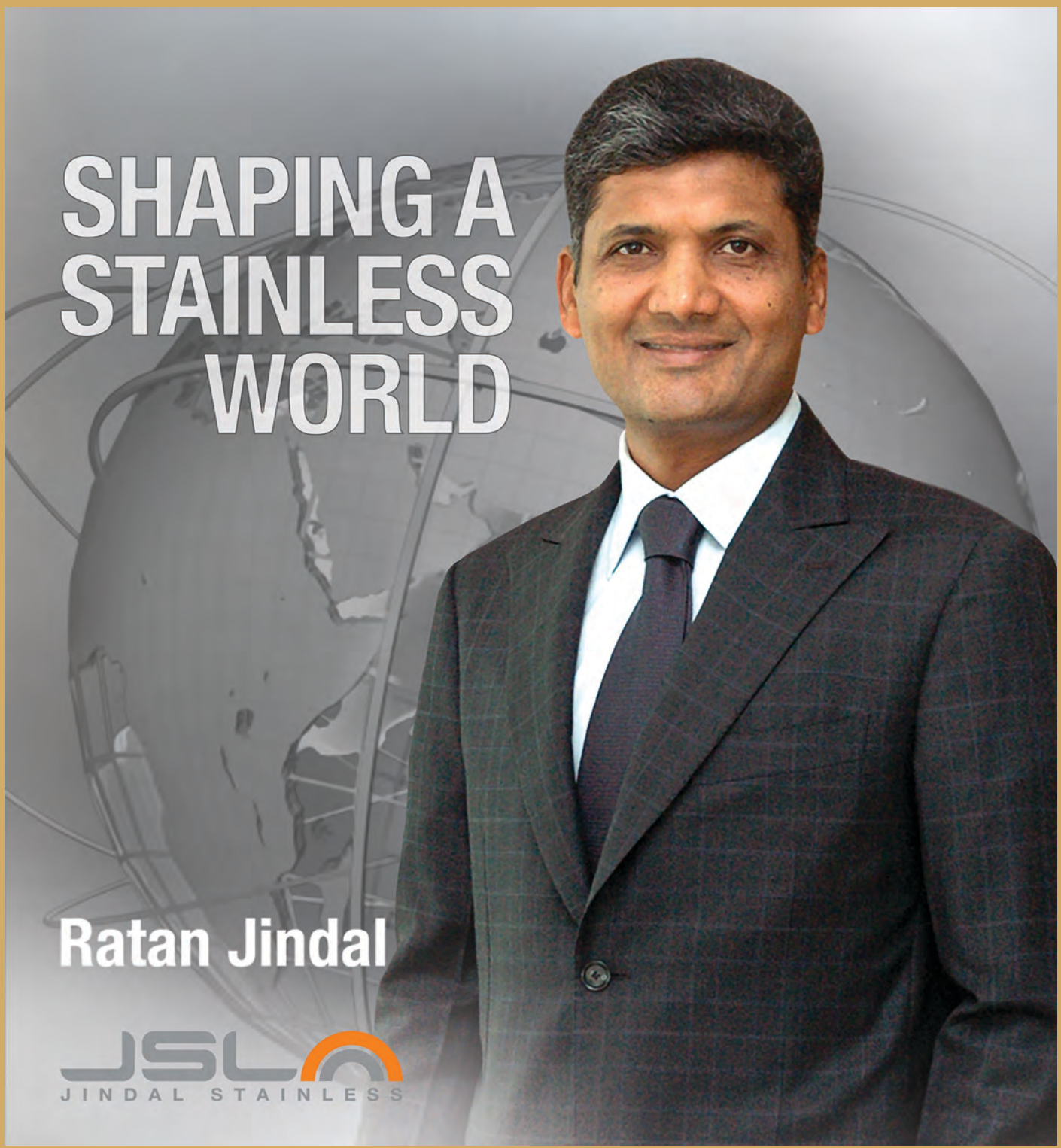
mmR ESTD. 1948
BRAJ BINANI GROUP

Minerals & Metals Review

VOLUME XXXIX NO. 06, June 2013
Pages 84 Price Rs. 300



Jindal Stainless augmenting capacity with a futuristic view

Jindal Stainless Ltd (JSL) is a part of the $15 billion OP Jindal Group Company established in 1970. It is India's largest integrated stainless steel manufacturer having overall installed capacity of 1.8 million tonne per annum at Jajpur (1 mtpa) and Hisar (0.8 mtpa) in Odisha. To meet the rising demand from rapid urbanisation and industrialisation, JSL's management believes, augmenting capacity is the best path to success. Despite global slowdown and volatile raw material prices, the company has continued to work with excellent operational initiatives and made substantial progress in several areas.

Its mission is to be a leading global player in stainless steel space with a strong competitive advantage. It has acquired stainless steel plant in Indonesia establishing its group entity in the name of PT Jindal Stainless to gain a strong foothold in the South East Asian market. Besides, it also aims to establish commercial presence in Europe and has already opened a service centre in Spain as a stepping stone. Over the years, the company opened sales offices, distribution offices and stock points in more than 14 countries.

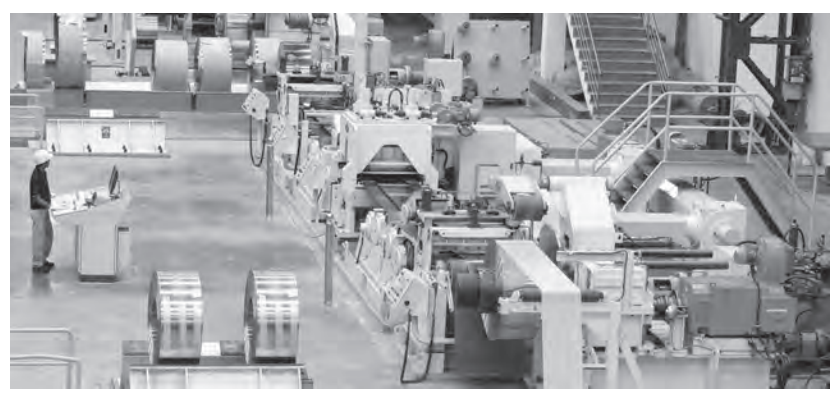
Recently, JSL signed a Memorandum of Understanding (MoU) with the South Korean steel major POSCO to create synergies based on mutual strengths as partners rather than competitors. The MoU also entails a long term supply of 200 series stainless steel product of Jindal Stainless to POSCO and its subsidiaries in South East Asia.

"Stainless steel has been the fastest growing metal for over two decades. With $1 trillion being budgeted by the government in 12th Five Year Plan for the infrastructure space, one is hopeful that stainless steel should be able to grow at around 7-8% pa in the short term"

Ratan Jindal
Vice Chairman & Managing Director
Jindal Stainless Ltd

The domestic stainless steel market is expected to grow at around 7-8% per annum in the next decade. With such potential market opportunity, the management of JSL adopted an innovative and dynamic approach both in thought and operation. In the second phase, the company's management expects to augment its existing capacity up to 2.6 million tonne from the present 1.8 million tonne.

Based on its four decades of experience and innovative management team, JSL has crafted its success story by fully integrating its operations based on a strategy of backward and forward integration starting from mining, melting, casting, hot rolling to cold rolling and further



value additions. It is largest producer of stainless steel in 200, 300, 400 and duplex grades in India.

Its Odisha plant has high level of both backward and forward integration with its own ferro alloys and captive power plants. In the coming years, though JSL sees tougher time for the market, the company will persist along its chosen path of strategic goals and initiatives.

Genesis of Jindal Stainless…

Late Om Prakash Jindal, Founder Chairman of the O.P. Jindal Group envisioned a self-reliant India and to fructify his vision, he invested in research & development at an early stage. He foresaw a bright future for stainless steel in India and thought of setting up an indigenous stainless steel plant to boost the development of urban India. As an outcome of this vision Jindal Stainless was born, which soon started to replace the imported stainless steel with high quality stainless steel manufactured at JSL's Hisar plant.

JSL changes gear…

It was under the tutelage of Mr. O. P. Jindal, that young Ratan Jindal was groomed when he joined the business after graduating from Wharton School of Management. During his leadership, JSL has grown by leaps and bounds from mere 12,000 MT per annum in 1980s to 1.8 million tonne per annum today and just to quantify, today, Jindal Stainless controls over 50% of the domestic stainless steel flat market.

Owing to the scarcity and erratic price escalation of ferro chrome, JSL set up a ferro alloys division at Kothavalasa, Visakhapatnam for the smooth functioning of Hisar plant which was followed by setting up of in-house R&D centre at Hisar in 1991. During the same year JSL developed and started manufacturing martensitic stainless steel for razor blades at Hisar and commercialized chrome-manganese stainless steel, a cost effective alternative to 18/8 type (304) grade for certain applications.

Moreover, the company is in process of tying up with NITs and IITs to introduce a special course in stainless steel to promote the awareness about this magical metal.

Apart from signing MoU with POSCO, JSL is also in the process of tying up with leading automobile companies for supplying high quality stainless steel for varied applications in the auto sector. Furthermore, prestigious organizations like BARC after conducting an in depth analysis of the quality of stainless steel produced at JSL Jajpur plant, has selected Jindal Stainless as one of the vendors for supplying high quality stainless steel for critical nuclear applications.

In these challenging business environment, JSL remains committed to continue towards path of complete transformation and is gearing up to meet future challenges.

Mr. Ratan Jindal, Vice Chairman and Managing Director shared his key insights with ***Pramod Shinde*** on promoting the use of stainless steel to encourage sustainable growth and also shared his thoughts on JSL's marketing strategy to expand the horizon and the key drivers of stainless steel products.

Excerpts :

How do you analyse stainless steel's role in recycling, environment and minimising carbon emission?

In the backdrop of climate change and increased focus on CO_2 emissions, the hunt for environment friendly products has reached a crescendo.

In a short span of 100 years since its discovery, stainless steel has emerged as one of the most environment friendly metals. It is highly resistant to corrosion, lasts longer than most of the other metals and is not only hygienic but aesthetically appealing too.

Recycling 1 tonne of steel scrap saves 1.2 tonne of iron ore, 0.7 tonne of coal, 0.5 tonne of limestone, 287 litres of oil and 2.3 cubic meters of landfill. Recycling further saves about 74% energy

by using recycled material versus virgin ore for iron and steel making and reduces CO_2 emissions by about 58% for iron and steel scrap.

What are the key challenges and opportunity for stainless steel companies in India?

One of the main impediments faced by the domestic stainless steel industry is non-availability of key raw materials like nickel and ferro nickel, as also the limited availability of stainless steel scrap and mild steel scrap within the country. Volatility in raw material prices coupled with fluctuating exchange rates increases the raw material cost for domestic manufacturers besides causing uncertainty in business; e.g. the devaluation of the rupee against the foreign currencies led to a huge increase in the import bill of all domestic stainless steel manufacturers. Further, import duty of 2.5% on pure nickel, ferro nickel, MS and SS scrap is also adding to the woes of the domestic industry.

On account of the slowdown since 2008 in all major consumption sectors like ART, ABC etc, the stainless steel manufacturers around the world are facing a major challenge to keep themselves afloat. Despite these conditions, there is huge potential for growth in stainless steel consumption in India, as the per capita consumption of stainless steel in the country is only 1.8 kg, as against the global average of 4.4 kg. However, there is hope; since the per capita consumption of stainless steel in the country is much lower than the global average. Therefore, the onus is completely on stainless steel manufacturers to push and promote the use of stainless steel in the country.

Why do you see Life Cycle Cost analysis is necessary for a sustainable processing of stainless steel?

Life Cycle Cost (LCC) analysis is a means of quantifying the choice of materials for a product or construction, with the aim of selection of the most economic alternative. Stainless steel normally comes with an initial higher investment cost on material, but its longer life due to excellent wear & corrosion resistance features, low requirement of maintenance and recyclability compensate for the higher initial costs and makes it an environment friendly option.

Which are the key demand drivers for application of stainless steel?

Traditionally, stainless steel has found acceptance and usage in the sectors like:

- Kitchenware, tableware, household articles
- Power
- Chemical industry, Petrochemical and all other process industries
- Automotive, railways and transportation
- Architecture, building and construction

Having realized the great value stainless steel brings to the table, more and more sectors are now openly experimenting with stainless steel such as, plumbing, overhead water tanks, modular kitchens, milk cans, solar power, gas cylinder, etc.

How do you expect India's infrastructural boom to spur the demand for JSL?

Stainless steel has been the fastest growing metal for almost two decades now. It has not only found its applications in railways, automobiles, engineering, and construction industry, but is also gaining popularity in infrastructure sector. The infrastructure and construction boom in Asia has

contributed enormously towards the growth of stainless steel industry.

In line with the 10th and 11th Plans, infrastructure continues to be a focus area for the government, and experts envisage a total investment of approximately $ 1 trillion in India's infrastructure sector during the 12th Five Year Plan. Therefore, with the urbanisation picking pace and increased number of multiplexes, urban transport system like metro trains, etc being developed, there are ample opportunities for this metal to continue to grow at a fast pace.

Notwithstanding the above, I am proud that we at Jindal Stainless, are not only the largest producer of stainless steel in India, but, are also making relentless efforts to promote the usage of stainless steel through our various initiatives like JSL Architecture, JSL Lifestyle, Jindal Stainless Steelways and Stainless Gallery.

Please tell us more about JSL product range?

JSL is a globally recognized producer of stainless steel flat products in austenitic, ferritic, martensitic and duplex grades. Its product range includes ferro alloys, stainless steel slabs & blooms, hot rolled coils, plates and cold rolled coils. The company is also the largest provider of Coin Blanks to the government of India and various international mints. With an installed capacity of 10,000 tonne per annum, the Coin Blanks unit produces both ferrous and non ferrous Coin Blanks of both mono -metallic and bi-metallic varieties. JSL is also among the world's largest producer of high quality stainless steel for razor blades and precision strips.

Could you please share JSL's innovative strategy to expand its market horizon - domestic and globally?

In order to expand our market reach, we are exploring opportunities in various new emerging sectors where stainless steel application is possible and can be fruitful. We are in the process of tying up with leading automotive companies for supplying high quality stainless steel for varied applications in auto segment. Moreover, our R&D division is working closely with numerous other sectors which are open to experimenting with this magical metal.

Furthermore, we have recently tied up with a South Korean steel major POSCO to mutually cooperate with each other for long-term joint business opportunities. This MoU also entails a long term supply of 200 series stainless steel product of Jindal Stainless to POSCO and its subsidiaries in South East Asia.

With commitment towards health & environment of the society, please share your company's green initiatives for a sustainable future?

We are strong proponents of sustainable development. In line with this philosophy, we promote the concept of Green Productivity and take preventive measures in and around our various facilities. JSL is unrelentingly working for waste reduction by adopting the principles of '4-R' (reduce, reuse, recycle and reclaim), pollution prevention, and using tools like TPM, 5 S, 6 Sigma, etc. Various initiatives are taken, resulting in reduction in waste generation and tangible benefits to the organization.

JSL units are certified by M/s TuV Nord – a reputed certification agency for implementing Environmental Management System as per international standard ISO 14001 and Occupational Health & Safety Systems as per OHSAS 18001. A full-fledged EHS Cell comprising qualified environmental, safety, fire & medical professionals has been set up to devise world class EHS systems & procedures. These initiatives are continuous and more and more opportunities are being identified on regular basis.

In order to meet the rising demand for stainless steel, what initiatives have JSL taken to train manpower?

JSL believes that in order to achieve sustained success, it is essential that the organization enhances its intellectual wealth through companywide learning interventions. With this perspective, learning & development is addressed towards creating a learning culture and building organizational capabilities (people knowledge and competencies) to meet its current and future business needs. At JSL, learning is imparted through institutionalizing and aligning training needs to the business needs. Once the training needs are aligned, the employees are provided training in technical, behavioural and operational excellence aspects for enhancing their own knowledge and skills aligned to the business strategy. These training could be in the form of classroom modules, MDP, on the job training or public programme based on the business needs. Some of the key initiatives taken by JSL include development of skill training institutes at Hisar & Jajpur for the workmen; Exceed & Leap; Leadership development programme to build pool of future leaders, robust induction & orientation programme for GET & DET. In addition, JSL has also partnered with various external training institutions & agencies who work in collaboration with JSL in providing key technical and behavioural expertise to employees as part of knowledge transfer and sharing. To ensure the effectiveness of the training, the employees exercise the key learning's at their workplace for their own and the company's success. At JSL, we believe that these learning interventions to enhance skills of employees will benefit the organization to develop a robust pipeline of future leaders at all levels to ensure JSL's continued growth & development.