

Global Recession Would Not Have Major Effect on Us : Vijoy Kumar

The steel industry had been riding high earlier this year, as surging demand from China and other countries, coupled with soaring prices for materials used in steel making, produced the most lucrative market for the metal in more than 60 years. But the current global recession has led steel producers to slash output and prices, delay expansion plans and layoff workers.

Even a series of bad news from global steel market, Jindal Steel and Power Limited (JSPL) — the single largest private sector company, recorded a whopping 62 per cent jump in its net profits for the second quarter of the financial year 2008-09. And Vijoy Kumar, Executive Director, Jindal Steel & Power Limited, looks more optimistic about Indian steel industry future. He Shared his views on current Indian steel market and future plans of JSPL.



Vijoy Kumar,
Executive Director,
Jindal Steel & Power Limited

Q) How do you see the Indian steel industry's performance in the next five years?

V. Kumar : The fundamentals of Indian economy will continue to be strong and in spite of the recent set back in the global financial crisis. Indian economy is expected to grow at 7 - 7.5 % even in the worst times. Secondly, the infrastructure development & urbanization of rural India is still a far cry from international standards. I, therefore, see a strong demand for steel in the country in the times to come, notwithstanding the current pessimism in the industry.

Q) Steel prices and demand are falling in the international markets, what would be your sales and marketing strategies to achieve your growth target?

V. Kumar : JSPL is currently producing 3 million TPA of steel, most of which are not commodity steels. Although there has been some deferment in the large power, steel & other core sector projects, none of them have been shelved so far. We also have cost advantage vis-a-vis most of the other steel mills in India as well as globally due to our captive source of raw materials. Moreover, we have embarked on cost-cutting measures to enable us to bring down the manufacturing cost. I, therefore, do not see



Aerial view of the JSPL Plant at Raigarh

any major threat due to which we need to realign our marketing strategies.

Q) JSPL has bagged the mining rights for 20 bn tons of iron ore reserves from EL Mutun Iron Ore Mines, Bolivia. How is the project shaping up?

V. Kumar : The project is still at its nascent stage and, therefore, it is premature to comment on it right now.

Q) NMDC has hiked iron ore price up to 40 per cent. How will it impact the company's steel production?

V. Kumar : We are not buying any iron ore from NMDC, and hence it is not likely to have any impact on our cost of production.

Q) In general, with the existing turmoil in the global financial market, what precautions have to be taken by Indian steel producers?

V. Kumar : Indian steel producers need to tighten their belts to control the cost of production; the expansions have to be planned in such a way that they do not lead to over-capacity in a particular segment, and the capex commitments must be properly phased out to ensure availability of funds for completion of the projects in time.

Q) How do you see the prospects for structural steel in near future?

V. Kumar : Structural steel provides ease of construction, green buildings, less hazards at the construction site, shorter construction time and definite cost-benefit over the life cycle of any construction vis-a-vis concrete structures. Since India aims to be a developed country by 2020, to sustain the growth of construction & infrastructure sector, we see structural steel finding wider usage in these segments in the coming times. I, therefore, see a bright future for structural steel in the times to come.

Q) What are the future plans of the company?

V. Kumar : As per our future expansion plan, we are setting up a 6 million TPA Integrated Steel Plant in Orissa, a 3 million TPA Integrated Steel Plant in Jharkhand and are also enhancing the capacity of our existing steel plant in Chhattisgarh by another 3 million TPA. Besides, JSPL is putting in place its ambitious overseas expansion plan through oil & gas exploration activities, in Bolivia, South Africa, Mozambique, Georgia and some other locations.



Steelworld

Monthly Journal devoted to Steel & Allied Industry

Yes *I would like to subscribe to the journal.*

Name : _____

Designation : _____ Edu.Qual. _____

Company : _____

Address : _____

City : _____ Pin : _____ State : _____

Tel : _____ Fax : _____

Email : _____

Website : _____

Please find enclosed Draft No _____ Dated _____

Payable at Mumbai in favour of 'Chandekar Business Media Pvt. Ltd.'

: RATES :

Period	Indian	Non-Indian
1 Year (12 Issues)	3000/-	US\$ 225
2 Years (24 Issues)	5750/-	US\$ 400
3 Years (36 Issues)	8500/-	US\$ 575

SUBSCRIPTION FORM

2 - FREE Colour Classified ADS (5.5 cm X 4 cm.) per year for subscribers only (Please send the matter along with the Subscription form)

Chandekar Business Media Pvt. Ltd.

(An ISO 9001 : 2000 Certified Company)

1, Alpha, M. G. Road, Vile Parle (E), Mumbai - 400 057. INDIA Tel. : 91-22-26192376 / 26171575 / 2617 1866 Fax : 91-22-26162817
E-mail : circulation@steelworld.com Web : www.steelworld.com