



Growth Seen in Steel Industry

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The challenges in the Indian Steel Industry are numerous. The few top ones are “Very High Debt with a large moving towards NPA”, “Low Capacity utilisation”, “Serious Skill Shortage at all levels”, “Low Innovation” etc.. On top of it, the fortunes of global economy, global metals and mining industry leads one to believe that there is no respite soon.

But, interestingly, as per a recent survey carried by KPMG and Forbes of 62 global senior executives, 71% say growth will be a high priority going forward.

All belonging to the steel industry are at a crossroad where the big question is “How do we make the best and keep our heads above water in this challenging environment?”. And after the current slowdown, when growth finally returns – Are our strategies going to work ?

Few areas that need to be strongly focused upon:

- Against global demand of 1.6 Billion Ton, the installed capacity is 2.4 Billion Ton. Cost and Performance Management – both in the short-term and in the long-term are going to be the highest priority.

- **Increased investment need to be done in R&D and innovation** – in order to capture new areas of growth and also to move up the value chain. So far, the efforts and results are low, and other industries like aluminium, plastic etc have already encroached in few segments. Steel companies need to introspect as to how many new grades (with cost advantages) they have developed and commercialised in recent past.

- Complaining about skills shortage will not help. **Each industry – be it private or government need to lead the way in skilling.** From strategy formulation and innovation to Substantial productivity increases and cost reductions one requires skill; and this will be one major differentiator both at domestic as well as global level.

- **Manufacturing discipline and consistency** is a must and **time has come to move towards ZERO defects.** This will require change in mindset from a “Chalta Hai” and manipulated MIS culture. There has to be strong focus on capital and capital deployment to prioritise cash flow returns over increased production volumes.

- **Sales and Marketing team need to focus on products where they enjoy clear**

market or cost advantages in order to reduce the impact of competition from lower cost producers. Exports are definitely an opportunity area and organisations need to rethink about their global footprint to growth markets.

- **Embrace the digital –move towards a 100% transparent company.** It's an age of Amazon, Uber, Oyo and Big Basket. Look closely – they are all nothing but amazing software/digital companies.

Further, 1 trillion objects likely to be connected on the internet by 2025 (142 devices/person). Needless to say that one cannot escape embracing digital. It will not only bring 100% transparency, but also improve productivity and customer servicing manifold.

- Last but not the least, we all, irrespective of the industry to which we belong need to remember one truth – **Customer is not just the only entity that gives money to any organisation but also one that is final decision maker about the acceptability of the product.** Organisations that understand the pulse of the customer and treat them like a king will always be successful.