INSTITUTE OF MANAGEMENT NIRMA UNIVERSITY

PROJECT REPORT

ON

SUMMER INTERNSHIP PROGRAM

JINDAL STAINLESS LIMITED

SUBMITTED TO – PROF. CHITRA KHARE

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SECTION –A

MBA FT

ROLL NO - 191105

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Acknowledgement

The internship opportunity with Jindal Stainless Limited was a great chance for learning and professional development.

I would sincerely like to express my gratitude and special thanks to my mentor for the project Mr. Narinder Dhankar who helped and guided me throughout this project.

Also, I would like to express my gratitude to Prof. Chitra Khare, the guide for my summer internship foe her insightful suggestions, encouragement and constant evaluation during my project.

Executive Summary

This report is the study of stainless steel industry of India and abroad. I have conducted the secondary research to understand the stainless steel industry and their strategies. The report highlights the task performed during the internship period. It also includes the learning and conclusion attained during this internship period. It also helped me with the insights of the stainless steel industry worldwide.

Table of Content

Part 1

Organizational Profile

COMPANY NAME: JINDAL STAINLESS LIMITED

INTRODUCTION

Jindal Stainless Limited was founded by Mr. Om Prakash Jindal in 1970. It is one of the largest stainless steel conglomerates in India and one of the top 10 stainless steel conglomerates in the world. Jindal's stainless steel group has an annual crude steel capacity of 1.9 MTPA and the group has annual sales of $ 3.2 billion (as of March 19). Jindal Stainless Limited has a capacity of 1.1 MTPA. Jindal Stainless's state-of-the-art unit is located in eastern India, in the state of Odisha. The plant comprises 250,000 tons annually from Ferro Alloy factories with world-class technology and equipment from SMS Siemag and Andritz Sundwig. The complex, equipped with a captive electricity production plant, can be expanded to 3.2 million tons per year of stainless steel fabrication.

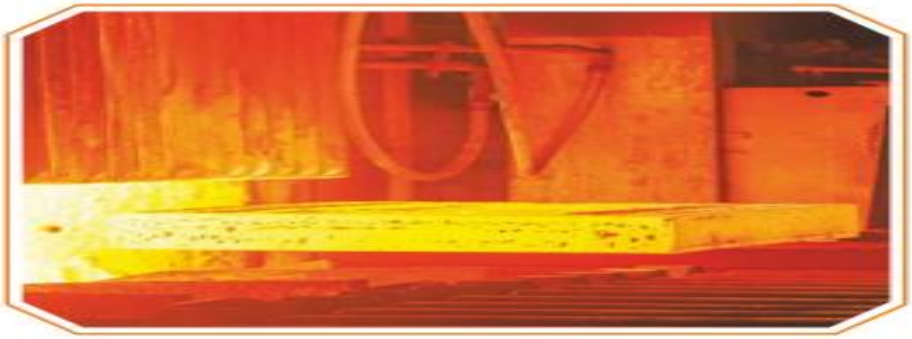
PRODUCT LINE

Slabs

Single-wire cast iron casting. Liquid steel is produced through the refining furnace of the AOD / VOD converter electric arc furnace-ladle.

Manufacturing Range

Odisha



Slab

Manufacturing Range / Odisha

Product	Max Width (mm)	Thickness (mm)	
		Minimum	Maximum
Slab	1650	160	250

HR Coil

HR Black : When the cast / crushed sheets are first heated and quenched in a reheating furnace, they are rolled in a coarse rolling mill to the intermediate thickness and then to the final thickness in the Steckel rolling mill.

HRAP : The hot rolled coils are annealed and pickled in continuous annealing-pickling lines equipped with limescale breaker, shot blasting unit, electrolytic sulfuric acid and mixed acid bath.HRAP coils have a cleaner surface and improved mechanical properties for further processing.

Manufacturing Range

ODISHA

HR Coil

Manufacturing Range / Odisha

Product	Max Width (mm)	Thickness (mm)	
		Minimum	Maximum
Hot Rolled Coil	1650	2.0	12.7
HRAP Coil / 2E	1650	1.4	1.0

CR Coil

The cold rolling plant is equipped with all state-of-the-art facilities such as the 20-Hi-Sendzimier cold rolling mill with IMR change, rolling mill tilt and shape gauge benefits for a higher degree of shape and profile correction. The CR annealing and pickling line uses environmentally friendly LPG fuel with better and faster temperature control combined with electrolytic and acid pickling with very high control of the pickling process. Inline Skin Pass and Tension Leveling have made this line capable of producing 2B / 2D finished products at par with international quality. The automatic inline surface inspection system also provides very high resolution surface quality. There is an offline offering of Skin Pass Mills which also helps to meet the high gloss requirements. Other installations include bright annealing units (in commissioning phase) in a cracked ammonia atmosphere and the strip grinding line to produce the desired surface finishes.

Manufacturing Range

ODISHA

CR Coil

Manufacturing Range / Odisha

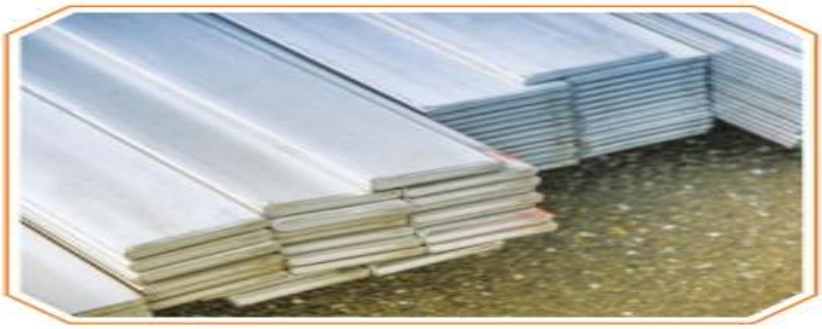
Product	Max Width (mm)	Thickness (mm)	
		Minimum	Maximum
CRAP Coil	1600	0.3	5.0

Plates

Number 1 cover plates are produced after annealing and pickling or cutting of hot rolled annealed pickled coils to desired lengths.

Manufacturing Range

ODISHA



Plates

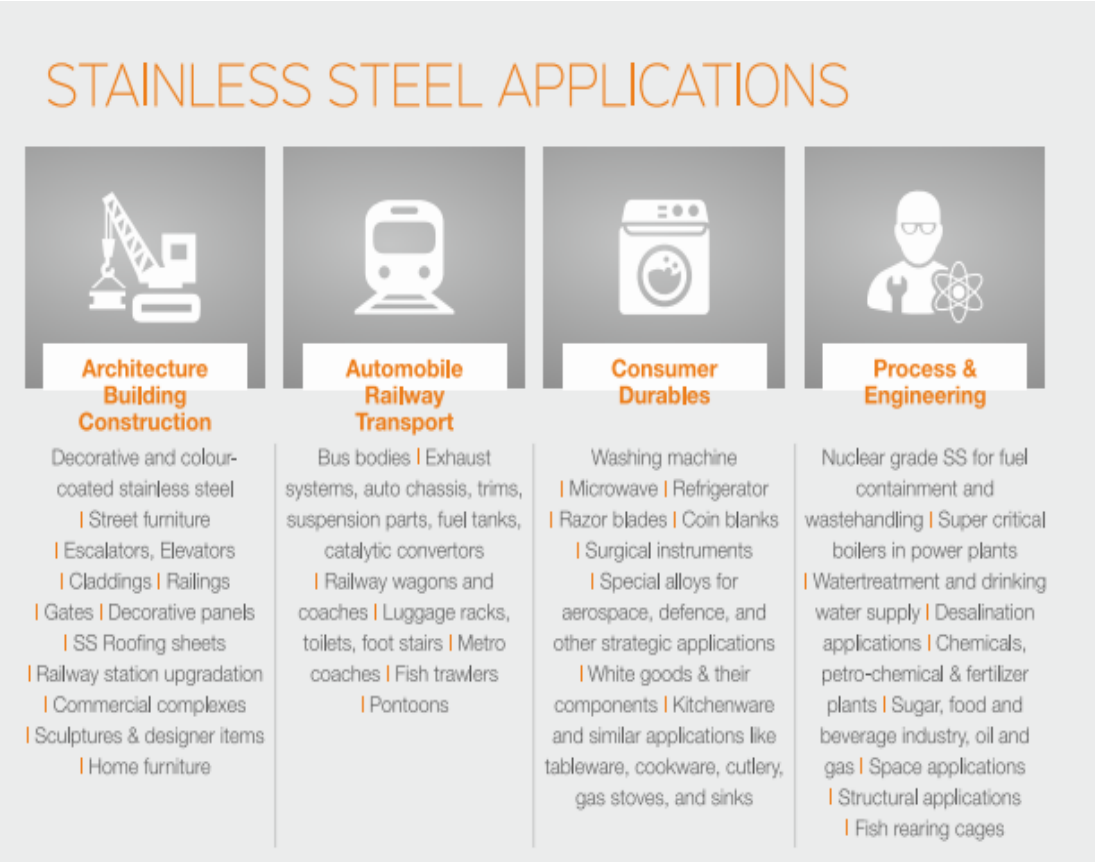
Manufacturing Range / Odisha

Product	Max Width (mm)	Thickness (mm)	
		Minimum	Maximum
Plates/ Sheets	1620	11	80

STAINLESS STEEL APPLICATIONS

Stainless Steel is used as a raw material in various industries. It is also used in the plant and machinery of various industries. Few of these are illustrated below:

- Chemical industry
- Plumbing
- Application in Automotive and transport sectors
- Beverage, Dairy and Food preparation and processing
- Architecture Building and Construction
- Consumer Durables
- Process and Engeneering



COMPETITORS IN INDIA

- Vizag steel

Rashtriya Ispat Nigam Limited, the corporate entity of Visakhapatnam Steel Plant is a Navaratna PSE under the Ministry of Steel. Visakhapatnam Steel Plant fondly called Vizag steel. It is the first shore based Integrated Steel Plant in the country and is known

for its quality products delighting the customers. It is a market leader in long products and it caters to the needs of diverse Industrial sectors. It is the first Steel plant to be certified ISO 9001:2008 (presently2015), ISO 14001:2004 (presently2015), OHSAS 18001:2007 and ISO/IEC 27001:2013 Standards. It is also the first PSE to be certified ISO 50001:2011 - Energy Management Systems and has acquired CMMI Level 3 Certification for s/w development.

- SAIL

Steel Authority of India Limited (SAIL) is an Indian state-owned steel making company based in New Delhi, India. It is a public sector undertaking, owned and operated by the Government of India with an annual turnover of INR 66,267 Crore (US$9.32 Billion) for fiscal year 2018-19. Incorporated on 24 January 1974, SAIL has 69,808 employees (as of 01-Feb-2020). With an annual production of 16.30 million metric tons, SAIL is the 20th largest steel producer in the world and the 3rd largest in India.[3] The Hot Metal production capacity of the company will further increase and is expected to reach a level of 50 million tonnes per annum by 2025.[4] Sri Anil Kumar Chaudhary is the current Chairman of SAIL.

SAIL operates and owns 5 integrated steel mills in Bhilai, Rourkela, Durgapur, Bokaro and Burnpur (Asansol) and 3 special steel mills in Salem, Durgapur and Bhadravathi. It also owns an Ferro alloy factory in Chandrapur. As part of its global ambition, the company is going through an extensive expansion and modernization program that includes upgrading and building new facilities with an emphasis on cutting-edge green technologies. According to a recent survey, SAIL is one of the fastest growing public sector units in India. In addition, it has an Iron and Steel Research and Development Center (RDCIS), engineering center in Ranchi, Jharkhand.

- Tata Steel

Tata Steel was founded in India in 1907 as Asia's first integrated private steel company. It also developed India's first industrial city in Jamshedpur. They are among the leading steel companies in the world. The annual crude steel capacity of the Indian operations is nearly 13 MnTPA and Tata Steel achieved sales of $ 7.889 million in fiscal 2017. It also established a second brand new steel plant in the eastern state of Odisha; commissioning of the first phase (3 MnTPA) with a capacity of 8 million tons of steel in 2016. Own and

operate captive mines that help them to maintain cost competitiveness and production efficiency through an uninterrupted supply of raw material

FINANCIAL PERFORMANCE

Performance Highlights – FY2019 vs. FY2018

	Standalone			Consolidated		
Particulars (Rs. in crore)	**FY 2019**	**FY 2018**	***YoY (%)***	**FY 2019**	**FY 2018**	***YoY (%)***
Net Revenue from operations	12,585.01	10,784.55	17%	13,557.33	11,637.74	16%
Total Expenditure	11,449.07	9,503.62	20%	12,392.76	10,297.40	20%
EBITDA	1,135.94	1,280.93	-11%	1,164.57	1,340.34	-13%
Other Income	27.58	45.41	-39%	32.61	45.08	-28%
Finance Cost	614.09	540.63	14%	636.87	566.06	13%
Depreciation	335.08	303.84	10%	351.50	320.03	10%
PBT	220.66	483.24	-54%	221.71	519.54	-57%
Tax	81.62	164.97	-51%	76.60	174.04	-56%
PAT	139.04	318.27	-56%	145.11	345.50	-58%
EPS (Diluted)	2.90	5.80	-50%	2.97	6.20	-52%

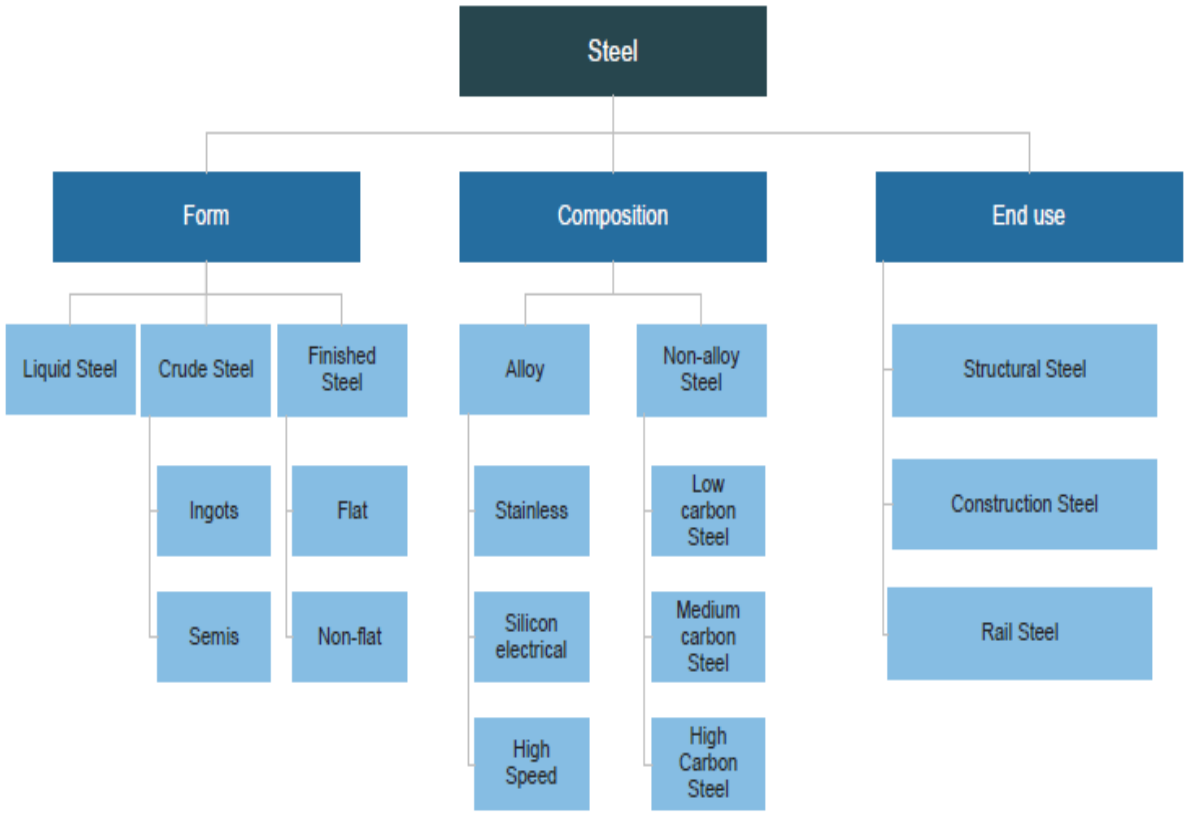
Key Financial Ratios

Key Financial Ratios (Standalone)	FY19	FY18	FY17
EBITDA margin (%)	9.0%	11.9%	13.3%
PAT Margin (%)	1.1%	3.0%	0.7%
Net Debt to Equity	1.7	2.0	3.2
Net Debt to EBITDA	3.6	3.7	5.0
Return on Equity (%)	5.8%	15.5%	3.5%
Return on Capital employed (%)	12.0%	15.6%	10.3%
Debtors Turnover	15.1	13.2	9.6
Inventory Turnover	5.7	5.1	4.3
Interest Coverage Ratio	1.3	1.8	1.0
Current Ratio	0.8	0.9	0.6

INDUSTRY CLASSIFICATION

Jindal Stainless Limited belongs to the steel industry. Steel being used as a raw material in many industries and also as an intermediate product, tells a lot about the economic progress of our country. Industrial development is very much dependent on the steel industry of the country. There are two types of steel Carbon steel and Stainless Steel. Jindal Stainless is a major player of Stainless steel production.

INDUSTRY STRUCTURE



EXTERNAL FACTORS LIKE ECONOMIC POLICY:

Government has laid down various policies in order to support the steel sector. Some of them being as follows:

- Government has provided with 100% FDI in the steel sector.
- National steel Policy 2017 released by the government encourages long term growth of the steel industry. It aims at achieving 300MT of steel making capacity by 2030-31
- Government while giving tenders will favour locally manufactured iron and steel products.

ORGANIZATIONAL CULTURE

Vision

'Improving lives through trustworthy and innovative stain-less solution.'

Mission

'To be a leading stainless steel company in the world

Forging reliable relationships with customers, suppliers, employees and all other stakeholders

Building strong capabilities driving innovative practices, high quality and competitive solutions'

ACHIEVEMENT AND RECOGNITION

In the pursuit of business excellence, JSL has undertaken several initiatives driven by operational excellence. These initiatives include the Quality Circle, Workplace Management (5S) and participation in various awards and recognition programs focused on people development through training, awareness and specific participation of grassroots, low management and average.

- JSL received the prestigious 17th Annual Greentech Safety Platinum-2018 Award in the Metals and Mining Industry for the 2018-2019 fiscal year for its outstanding achievements in safety management.

- • Received the Apex India Environment Excellence Award 2018 in the Gold category in the metals and mining sector for the 2018-19 fiscal year for outstanding achievements in environmental management, hosted by Apex India Foundation, New Delhi on 18/02 2019.
- • Received the EKDKN Exceed 2018 award for the 2018-19 financial year in the category of environmental protection in the steel sector, organized by “Ek Kaam Desh Ke Naam”, New Delhi.
- • JSL won the 7th edition of the 2018 Manufacturing Today Awards for the category “Excellence in Training and Skills Development 2018 (large)” at a ceremony held in Mumbai.
- • Received the “Exceed Award-2018” in the Platinum category for “excellence in human resource training” in the steel sector.
- • JSL received the prestigious "18th Annual Green Technology Environmental Gold Award - 2018" in the mining and metals industry.
- • JSL participated in the Quality Concepts Chapter Convention (CCQC) with a total of 13 quality control teams at Rungta College of Engineering and Technology, Raipur (organized by QCFI, Bhilai Chapter) and Rourkela Institute of Management Studies (organized by QCFI, Rourkela Chapter) and won 12 gold awards for submitting their case study.
- • JSL attended the 2018 National Convention on Quality Concepts (NCQC) with 12 teams from the Quality Circle held in Gwalior (hosted by QCFI) and won the "12 Par Excellence" award.
- • JSL won two gold awards (highest category) at the 2018 International Convention on Quality Control Circles (ICQCC) in Singapore.
- • The company participated in the "31st IIC Nationwide Circle Quality Competition" held in Bhubaneswar, where it ranked first in the state level competition.

PORTER’S FRAMEWORK

Porter's Five Forces is a model that identifies and analyzes five competitive strengths that shape each industry and helps determine the strengths and weaknesses of an industry. Five Force analysis is often used to identify the structure of an industry to determine business strategy. Porter's model can be applied to any segment of the

economy to understand the level of competition within the industry and improve a company's long-term profitability.

1. Threat of new entrants: There are various barrier to entry in this industry like:
    a. Huge capital requirement
    b. Economies of scale and experience
    c. Established relationships with suppliers as well as customers.

    With the above barriers to entry in place threat of new entrants will be relatively high.
2. Power of buyers: There is high power of supplier in this industry which is due to the following reasons:
    a. There is a concentration of buyers
    b. Many small suppliers supply a standardized product
    c. Switching costs are low
    d. Buyers are well informed about the product, prices, quality and needs.
3. Power of supplier: power of supplier is also high in this industry. The reason for the same are given below:
    a. Switching costs are high
    b. Presence of many small buyers
    c. Concentration of suppliers supplying differentiated product
    d. Suppliers are also well informed about the buyers their needand operations
4. Threat of substitute products: Stainless steel has low substitution risk in the market. In fact, there are many other products which can be substituted by stainless steel.
5. Competition in the industry: the competition in the industry is rather high because there are high entry barriers, buyer and supplier power being high but low threat of substitute product.

INTERNAL OR EXTERNAL PROBLEM AREAS

1. Diversification to the new products: Identifying the new products as well as market for stainless steel would be a challenge. Further, implementation of those ideas or innovation is an ongoing challenge.
2. Sluggish demand: With the Covid19 pandemic in place, there is an overall reduction in the end user demand. This would directly affect the demand of stainless steel. They

will have to adjust their production level. Further, with an intervention from the government the construction and real estate may increase but that too s not going to happen soon. This will have to be adjusted with cost cuttings and some relief measures provided by the government.

3. Import of raw material from abroad: Cost of importing the raw material is high in the industry which affects the overall profitability of the company. National steel policy and various other government relaxations are addressing this issue to the rescue of the industry.

Part 2: Project work

Introduction

Nature of Problem: The research problem which underlies here is external benchmarking of Jindal Stainless Limited to that of all other competitors in India as well as abroad.

The objective of the study: The objective of the study is to gain deeper knowledge about the Stainless steel industry which would help in formulating and presenting the strategies to the board in order to cope up with the present and future scenarios.

The utility of the study: The research is going to be centric in formulating all present and future strategies of the company. These strategies will help the company to act in accordance with the ongoing needs of the industry. This will also help the company in understanding what its peers are doing in order to stay benefitted in the current scenario.

Methodology

Approach: The primary research approach is quantitative as it involves studying of various reports of the industry and major competitors. The approach majorly involves study of stainless steel industry, difference between carbon steel and stainless steel, business models of the stainless steel industry, evaluating the competitor's performance and strategies.

Sources of data: Various data sources have been used in order to collect the data. Some of these include reports from IBEF, PWC, annual reports of the company in concern and its competitors, market research and analysis of industry experts.

Method of data collection: Data has been collected with the help of various reports of institutions or companies. Therefore, most of the data has been collected from secondary sources only.

Method of data analysis: The data collected from various reports was further analysed using analytical as well as financial tools in order to help in comparing the current strategy of the company with its competitors worldwide.

The History of steel

The process of making steel can be traced back to 4000 years. The beginning of the Iron Age was the first step towards the development of steel. Iron which is a harder metal than bronze started replacing the use of bronze. Bronze was a widely used metal to make weaponry but iron being stronger then bronze replaced the same to give birth to a new era. In the centuries followed by the quality of iron depended majorly on the iron ore and the production methods applied thereon.

By 17th century, the various properties of iron were well understood but the users were in the need of a more structural metal for development. And by the 19th century the metallurgist were in search of finding a solution to the brittleness of iron and the inefficient production process.

In 1856, when Henry Bessemer found an innovative yet effective way to reduce the carbon content in iron: The steel industry was born. Bessemer introduced that in order to reduce the carbon content in iron; oxygen needs to be added to the melting iron. The process was faster and cheap but still faced a lot of problems. The presence of phosphorous which gave iron its brittle nature was a major problem. This resulted in the usage of only phosphorous free ores of Sweden and Wales.

In 1876, the problem of phosphorous was solved by Welshman Sidney Gilchrist Thomas by adding Limestone to the Bessemer process. This resulted in prices of steel making going down, as now any iron ore could be used to make steel.

Carbon to Stainless Steel

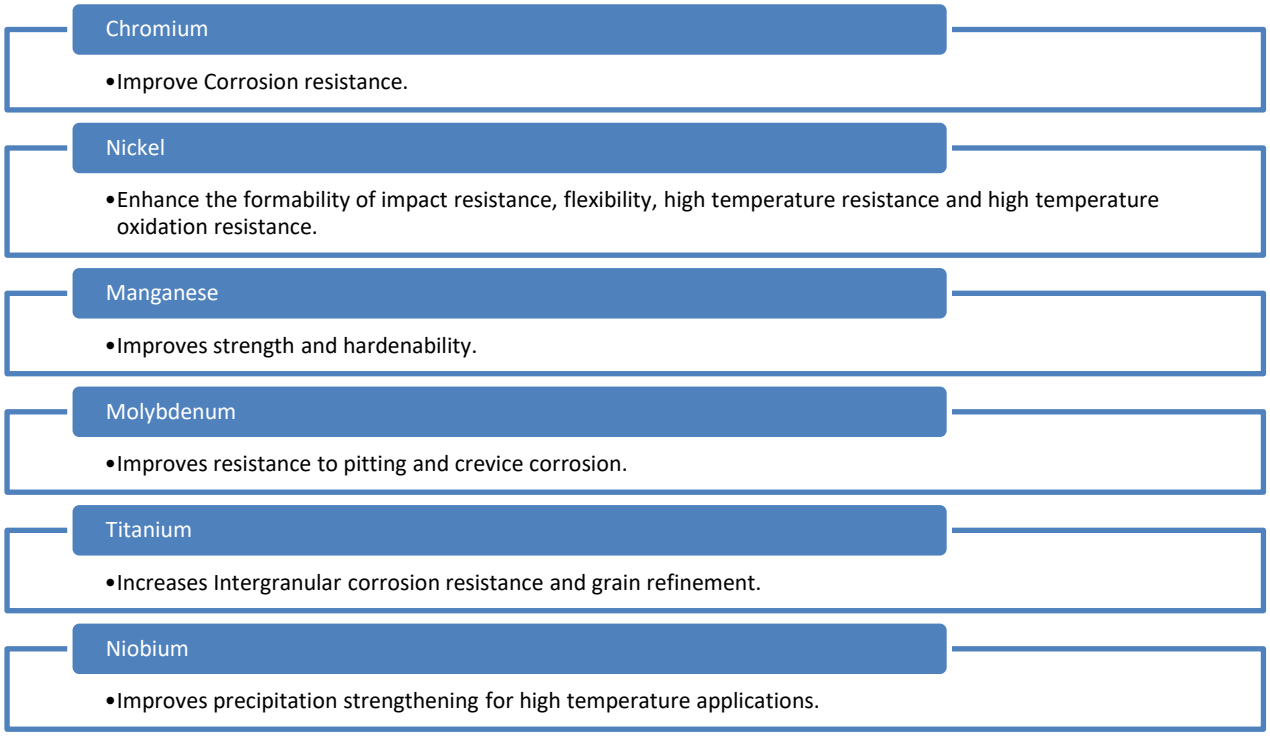
Steel is being used in all kinds of products, from spaceships to the knife in your kitchen. This is the diversity of products that steel fall into. The steel according to its composition can be classified into two types: alloy and non-alloy steel. Amongst these we are going to focus on carbon and stainless steel. Both of these are made up of iron and carbon. The main difference between both of them is their alloy content – carbon steel has around 10.5 percent of alloy content where as stainless steel has around 10.5 percent of chromium content or more. The

usage of both carbon steel and stainless steel is completely different due to its physical characteristics.

Initially, when steel came into existence it was still brittle and less flexible. In the urge to overcome the short coming of carbon steel, stainless steel came to existence. Stainless steel is superior to carbon steel in almost all aspects. Some of them are discussed below:

- Stainless steel does not require any maintenance whereas Carbon steel requires high and frequent maintenance.
- The product life of stainless steel is more than carbon steel.
- The hygiene level of stainless steel is high in comparison to carbon steel. This could be solely attributed to the problem of corrosion in carbon steel
- Stainless steel is a more sustainable product than carbon steel. Stainless steel can be recycled and used which is not the case for carbon steel.
- Stainless steel has a better scrap value when compared to carbon steel.
- Stainless steel is good combination of pliability and strength whereas carbon steel is very strong but at the same time low pliability.

Stainless Steel includes various proportions of elements as raw material to give itself unique characteristics. The various elements are:



Depending on the percentage of elements used Stainless steel is classified into these brad categories: Series 200, Series 300, Series 400, duplex and Ph Grades.

Critical drivers and opportunities for Steel Industry

Growing demand: Steel is used as input to many industries like construction, automobiles, consumer durables and capital goods. There has been a growing demand in these sectors. Moreover, the government has also made some policy changes and through budget 2019-20 trying to push the infrastructure sector. This would definitely lead to a rise in construction which in turn would increase the demand for steel.

Policy Support: Government has laid down various policies in order to support the steel sector. Some of them being as follows:

- Government has provided with 100% FDI in the steel sector.
- National steel Policy 2017 released by the government encourages long term growth of the steel industry. It aims at achieving 300MT of steel making capacity by 2030-31
- Government while giving tenders will favour locally manufactured iron and steel products.
- Reduction in custom duty on plants and equipments.

Opportunities: To see a growing trend in the steel industry we have to take a look at various other industries where steel becomes a raw material. Some of the growth in these industries will help boost the revenue of steel industry. Some of these opportunities are listed below:

- Airports: More and more airports are going to be set up in India. Further, there would be an increase in air traffic which would again raise the need for more airports. Setting up airports in Tier II cities is a plan underway which will help in increasing the demand for steel in India.
- Infrastructure: The infrastructure accounts for 9% of steel consumption and expected to increase to 11 percent in future. There would be an increase in the investment in infrastructure sector which would therein increase the demand of steel in India.
- Railways: Setting up of metros and bullet trains would increase the steel demand in the country. Moreover, setting up new lines and electrification would also lead to increase in steel demand.

Major Steel companies of India are as follows:

1. Tata Steel Limited
2. JSW Steel Limited
3. Steel Authority of India Limited
4. Essar steel India Limited
5. Jindal Steel and Power Limited
6. Rashtriya Ispat Nigam Limited
7. Electrosteel Limited
8. Jindal Stainless Limited
9. Jindal Stainless (Hisar) Limited

Jindal Stainless Limited

About JSL

JSL is one of the largest stainless steel producers in India with an annual capacity of 1.1 million tons. The Odisha-based plant comprises 250,000 tons annually from Ferro Alloy facilities with world-class technology and equipment from SMS Siemag and Andritz Sundwig. The complex is equipped with a captive electricity production facility, possibly scalable up to 3.2 million tons per year of stainless steel production.

JSL works with a simple Vision in its mind ‘Improving lives with trustworthy and innovative stain-less solutions.’ They thrive to improve like of all of its stakeholders vis a vis customers, employees, suppliers, shareholders, environment and community. They want to achieve this by making innovative products and constantly delivering value.

JSL’s mission statement states ‘To be a leading stainless steel company in the world. Forging reliable relationships with customers, suppliers, employees and all other stakeholders. Building strong capabilities, driving innovative practices, high quality and competitive solutions.

JSL has a diverse product basket and well established distribution network with strong service centers in domestic and overseas markets. Several innovative solutions provided by the company have required to be used in new applications such as the development of electric rickshaws in stainless steel, food grade stainless steel, bread molds, stainless steel fuel tanks and exhaust systems in commercial vehicles, stainless steel , railway wagons and railway wagons and special finishes. The quality of JSL products is considered equal or superior to that of any international steel mill.

Strategy for value creation

Over the years, JSL's growth has been supported by key growth and value drivers. They have focused deeply in building not only in its business and operation but also invested deeply in its people, technology and many other things. These things have made JSL an important and big contributor to the Stainless steel industry. Some of the key growth and value drivers have been discussed below:

- Healthy demand outlook: Due to the increasing demand of stainless steel in various sectors, the company envisions a healthy growth in the Stainless steel industry.
- Diversified range of product applications: JSL has a well-diversified product portfolio that includes a broad range of stainless steel products in the 200, 300, 400 and duplex stainless steel series. The company supplies a broad range of stainless steel products in all product applications (ABC, ART, process and engineering, oil and gas and consumer products). JSL has a well-equipped infrastructure to produce different grades of stainless steel with different specifications of width, thickness, finish and weight, according to the precise specifications required by the customer. This has

enabled the company to be well positioned to take advantage of changing market dynamics and demand.

- Capacity expansion: JSL facilities are located in Jajpur, Odisha and are well equipped with high quality infrastructure and services. During the year, the company embarked on plans to increase its capacity from 0.8 million tons to 1.1 million tons. This brownfield expansion is done by removing bottlenecks and balancing the process at a nominal investment of around Rs. 40 crore alone.
- Professional management team with rich industry experience: JSL has a well-trained management team of experienced professionals who have extensive industry experience and proven track record. The strategies they formulated have played a key role in the company's performance over the years and have solidified its position as one of the largest and most diversified stainless steel suppliers in the country.
- Extensive reach and scale: JSL has 14 sales offices across the country and, as a major national player in India, has multiple points of contact providing its customers with first-rate service. Worldwide, the company has a comprehensive global network with a manufacturing facility in Indonesia and 11 international sales offices located in Spain, the UK, Brazil, Italy, the UAE, Russia and Vietnam. JSL's distribution network of sales offices and service centers allows you to better manage your inventory, serve domestic and international customers, and get the customer feedback you need to deliver more personalized products.
- Strong marketing and branding initiatives: At present, the guideline of the marketing department is to adopt a targeted industrial approach to generate "active" awareness, "positive" consideration and "genuine" purchase of materials made at From JSL coils and sheets in ferritic stainless steel tubes and sectors food approved by the FDA. Therefore, a profitable yet strong marketing plan is activated to generate brand affinity, loyalty and purchase of our stainless steel products by current and potential consumers, through multiple outlets and field activations.

Financial highlights

Performance Highlights – FY2019 vs. FY2018

	Standalone			Consolidated		
Particulars (Rs. in crore)	**FY 2019**	**FY 2018**	***YoY (%)***	**FY 2019**	**FY 2018**	***YoY (%)***
Net Revenue from operations	12,585.01	10,784.55	17%	13,557.33	11,637.74	16%
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Tax	81.62	164.97	-51%	76.60	174.04	-56%
PAT	139.04	318.27	-56%	145.11	345.50	-58%
EPS (Diluted)	2.90	5.80	-50%	2.97	6.20	-52%

Key Financial Ratios

Key Financial Ratios (Standalone)	**FY19**	**FY18**	**FY17**
EBITDA margin (%)	9.0%	11.9%	13.3%
PAT Margin (%)	1.1%	3.0%	0.7%
Net Debt to Equity	1.7	2.0	3.2
Net Debt to EBITDA	3.6	3.7	5.0
Return on Equity (%)	5.8%	15.5%	3.5%
Return on Capital employed (%)	12.0%	15.6%	10.3%
Debtors Turnover	15.1	13.2	9.6
Inventory Turnover	5.7	5.1	4.3
Interest Coverage Ratio	1.3	1.8	1.0
Current Ratio	0.8	0.9	0.6

Steel Authority of India Limtied

Steel Authority of India Limited (SAIL), one of the seven maharatna status PSU is largest steel making company of India. The organisation has 5 integrated plants and 3 special steel plants, located in central and eastern region of the country. All these plants are in close proximity to the source of the raw material. The ownership of the government in SAIL is limited to 75% and thus retains the voting control of the organisation. The maharatna status to the organisation helps in attaining other benefits to the organisation.

Strategy for value creation

- Market centric
- Consumer oriented approach
- Creating new products
- Increasing exports
- Retail sales

Financial highlights

FINANCIAL HIGHLIGHTS

	2018-19	2017-18	2016-17
Gross sales	66267	58297	49180
Net sales	66267	56893	43866
Earnings before depreciation, interest and tax (EBIDTA)	10283	5184	672
Depreciation	3385	3065	2680
Interest & Finance charges	3155	2823	2528
Profit / (Loss) before exceptional items	3743	(703)	(4536)
Exceptional items : Gain / (Loss)	(405)	(56)	(315)
Profit / (Loss) before tax (PBT)	3338	(759)	(4851)
Provision for tax / Income Tax refund and deferred tax asset (-)	1159	(277)	(2018)
Profit / (Loss) after tax (PAT)	2179	(482)	(2833)
Dividends	-	-	-
Equity Capital	4131	4131	4131
Reserves & Surplus (net of DRE)	34021	31583	31879
Net Worth (Equity Capital and Reserves & Surplus)	38152	35714	36009
Total Loans	45170	45409	41396
Net Fixed Assets	61359	58612	50285
Capital work-in-progress	16014	18395	23275
Current Assets (including short term deposits)	32249	29638	25545
Current Liabilities & Provisions	23632	24068	21486
Working Capital (Current Assets less Current Liabilities)	8617	5570	4060
Capital Employed (Net Fixed Assets + Working Capital	69976	64182	54345
Mkt price per share (in ₹) (As at the end of the period)	53.75	70.20	61.20
Key Financial Ratios			
EBIDTA to average capital employed (%)	15.3	8.7	1.3
PBT to Net Sales (%)	5.0	(1.3)	(11.1)
PBT to average capital employed (%)	5.0	(1.3)	(9.2)
Return on average net worth (%)	5.9	(1.3)	(7.5)
Net worth per share of ₹ 10	92.4	86.5	87.2
Earnings per share of ₹ 10	5.3	(1.2)	(6.9)
Price-earning ratio (times)	10.2	(60.2)	(8.9)

Major players of stainless steel in India

1. JSL
2. SAIL
3. Viraj group

Major players of stainless steel worldwide:

1. Acerinox SA
2. Aperam
3. Bristol Metals LLC
4. Jindal Stainless Limited
5. Mirach Mettalurgy Co.
6. Nippon Steel and Sumitomo Metal
7. Outokumpu
8. POSCO Steel
9. RTI Industries
10. Sandmeyer Steel

11. Sandvik Materials
12. Schmolz-Bickenbach AG
13. Thyssenkrupp Stainless
14. Viraj

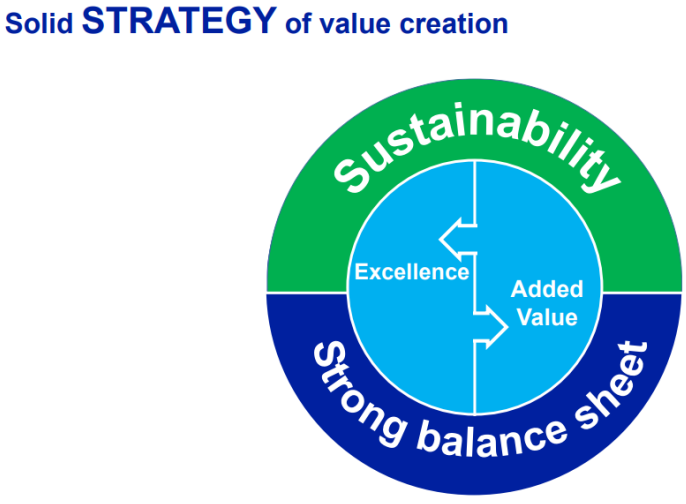
Acerinox S.A.

Acerinox is one of the biggest stainless steel producers globally. It has the maximum global presence with factories in four continents and supplying to customers in 81 countries. Acerinox since its incorporation has focused on developing its technology by making amazing investments throughout.

In March 2020, Acerinox completed the purchase of VDM Metals, thus becoming the Group's newest company. VDM Metals is a global leader in the development and manufacture of special nickel alloys and high performance stainless steels, and is recognised as a benchmark for R&D&I in the sector.

The Acerinox Group markets these stainless steel products worldwide through a sales network present in 57 countries on five continents. This network consists of 35 sales offices in 31 countries, 15 sales agents serving 26 states, 18 service centers and 25 warehouses.

Strategy for value creation

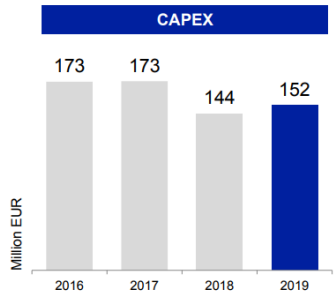


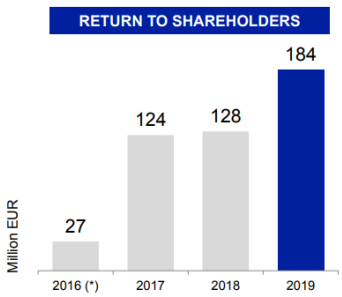
- Strong Balance Sheet: They focus on making their balance sheet strong. They do this by giving good returns to shareholder, efficient capital allocation, low debt and financial expenses and working capital control.

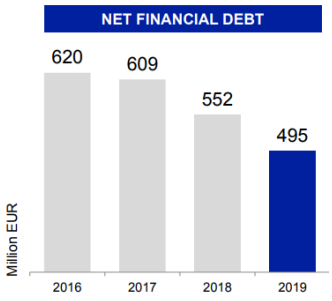
- Excellence: The Company focuses on continuous improvement. They achieved the same by digitalisation and 360 degree planning, cost reduction programs, prioritize quick return investments and optimize the commercial network. They practice the same by giving full optimization of the business to make the production and supply chain efficient.
- Added value: in order keep adding value to the business, they did backward integration in the past year. They acquired VDM metals as it was the market leader in the alloys market and also has excellent products and most product patents in the industry. With the help of this acquisition, they not only ensured that they could expand their product line and also experiment with various new products. They also have an advantage over the market as they have a continuous supply of various allow required in stainless steel production. They constantly review all the assets of the company so that each asset could add value in the success of the company.
- Sustainability: This is one of the most important values of their business. They focus on being socially, economically and environmentally sustainable at each juncture. In order to achieve sustainability they focus on the following:
    a. Corporate governance: They focus on shaving strong corporate governance culture and ethics code transversal to all their activities.
    b. Healthy and safe place to work: they focus on having zero fatalities and reducing the accident rates each year.
    c. Employment and local jobs: They focus on providing stable and quality jobs to their employees.
    d. Recycling and waste reduction: They focus on being a circular economy. They achieve this objective by constantly reducing emissions and using maximum of recycled materials. They constantly invest in improving production efficiency and energy consumption so that they could reduce the carbon emissions. They are focussing on being carbon neutral by 2050.

Financial highlights

BALANCE SHEET … allow us an efficient capital allocation …



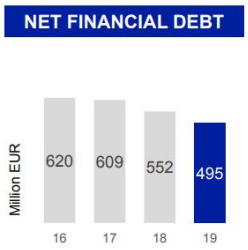


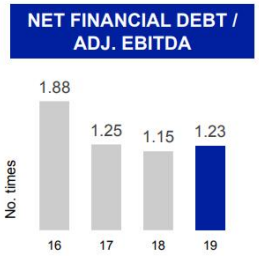


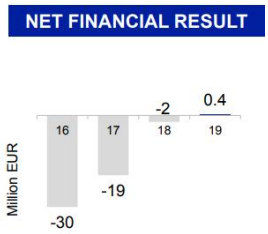
(*) Scrip dividend: 23% cash and 77% new shares

… and VDM Metals acquisition

Comfortable debt level and positive net financial result







Aperam group

Aperam along with its subsidiaries is a leading stainless steel producer. It is also the one with the lowers CO2 emission. They have a huge distribution network and customer in over 40 countries.

Strategy for value creation:

- Healthy and safe workplace: Health and safety of its employees is of vital importance to the company. To ensure the same, they have implemented various measures like 'Lost time injury frequency rate' and 'Total injury rate'. They conduct regular training and workshops to help the employees innovate and develop at Aperam.
- Sustainability as business model: Aperam is the world's lowest CO2 footprint stainless steel producer. This is due to the Norms of European Union and using fully recyclable stainless steel and also due to the use of charcoal from its own sustainable forests in Brazil. They are also planning to develop low emission steel making technologies which would result as a huge change in the industry.
- Geographically well positioned: Well it is the second largest producer of stainless steel and has presence in developed as well as emerging market. Its presence in the European market has helped it maintain high performance. It also has a technologically advanced service centres and a lot distribution centres. In fact, its healthy relations with its customers have only helped the company grow.
- Robust profitability, efficient cash flow management
- Dynamic leadership team and motivated workforce: With a set of most bright minds at its table Aperam has benefitted the most by its management team. They are well equipped to work in a dynamic environment and also according to economic changes happening around. They have initiated so many development programmes to keep its workforce motivated. They invest in periodical trainings, employee appraisal meeting and career committee meetings to help the workforce grow with the group.
- Strengthening our product and service differentiation

Financial highlights

EBITDA

EBITDA is defined as operating income before depreciation, amortisation and impairment expenses. The following table presents a reconciliation of EBITDA to operating income:

(in millions of Euros)

Year ending December 31, 2019	Stainless & Electrical Steel	Services & Solutions	Alloys & Specialties	Others / Eliminations[1]	Total
Operating income (loss)	152	33	42	(20)	**207**
Depreciation, amortisation and Impairment	(123)	(13)	(8)	(6)	**(150)**
EBITDA	**275**	**46**	**50**	**(14)**	**357**

(in millions of Euros)

Year ending December 31, 2018	Stainless & Electrical Steel	Services & Solutions	Alloys & Specialties	Others / Eliminations[1]	Total
Operating income (loss)	296	34	40	(9)	**361**
Depreciation, amortisation and Impairment	(126)	(9)	(6)	(2)	**(143)**
EBITDA	**422**	**43**	**46**	**(7)**	**504**

Note:
(1) Others/Eliminations includes all operations other than those mentioned above, together with inter-segment elimination, and/or non-operational items that are not segmented.

Net Financial Debt and Gearing

Net Financial Debt refers to long-term debt, plus short-term debt, less cash and cash equivalents (including short-term investments).

Gearing is defined as Net Financial Debt divided by equity.

The following table presents a reconciliation of Net Financial Debt and Gearing with amounts disclosed in the consolidated statement of financial position:

	December 31,	
(in millions of Euros)	**2019**	**2018**
Long-term debt	365	181
Short-term debt	85	66
Cash and cash equivalents	(375)	(199)
Net Financial Debt	**75**	**48**
Equity	2,418	2,519
Gearing	**3%**	**2%**

Conclusion

Jindal stainless is performing well in the Indian market as well as abroad. The quality of its product speaks for the performance as a whole. Every company has its own strategies and work in that direction so has JSL. The competition abroad is fierce as their production capacity is huge. Moreover, the laws of the state also expect the company to perform in a certain manner which is different for each company working in different parts of the world. JSL can dwell upon the below mentioned points to improve on its strategy to compete in the global market

- Backward and forward integration: JSL should also consider having more mergers in the coming times. If only they could have acquired a company that could supply them with the raw materials or any other backward integration that could have helped JSL achieves its goals faster. Further, they should also identify more potential customers and work towards integrating with them as well. All this would lead to a constant demand and supply scenario which would help JSL work on their prices a lot and also add value to the company. Having backward integration would not only control the prices and supply of raw materials but also help with increasing our product basket and bringing new products in the market
- Sustainability: As we all know, Europe has made the companies working in thei continent aware of the carbon footprint they are leaving behind. The Kyoto protocol may be limited to Europe but sooner or later this would become more of a necessity. Therefore, in order to be aligned to the future JSL should start monitoring and reducing its carbon footprint. In the coming times, when sustainability of the business would be of tremendous importance, I think JSL should act quickly and work on developing low emission technologies. Moreover, in these changing times when organisations and authorities are becoming aware about the damage we are causing the environment, we should foresee and regulate our actions now than to wait for regulations to come.

- Use of scrap: As stainless steel is considered to be a circular economy, the company should focus on using the scrap and controlling the emissions from the industry. It should also follow the approach of
- Cash rich: All the companies abroad are focussing on having a healthy balance sheet and having low debts. This means they focus on being cash rich in long term. This is an important aspect to be looked upon by the company in order to compete with other companies abroad.
- Impact of COVID 19: The spread of Covid-19 is now impacting ore and alloy consumption. The closure of boundaries and logistical restriction has resulted in an headache for ore and alloy producers. Since, most of its raw material is imported from abroad, this has impacted the stainless industry badly. Moreover the consumption of stainless steel is also seeing a decline. Major industries like automobile, construction are on a decline and this has direct impact on the stainless steel industry. Liquidity and cash crunch has already muted the demand from major stainless steel consumer industries. The world has seen an extraordinary situation in recent months. Due to the coronavirus outbreak, the government suspended production facilities for all non-essential products from March 25, 2020 to May 4, 2020. This was not limited to India. It was a scenario in many countries around the world. Furthermore, the consumption of end users has also been reduced in many sectors. The company, after following the necessary regulations / guidelines, resumed activity starting from May 5, 2020. The company has progressively increased its activities, ensuring the health and safety of all stakeholders. The state of the economy is upset and so is the stainless steel industry due to disruptions in the supply chain, production process, etc. but at the same time, the company believes this pandemic would not have a long-term impact on the company's operations.

Part 3: Learning

The world around us is changing rapidly and with it, the skills, knowledge and experience required to be in a job market are changing too. We as students learn a lot during our classes but that is definitely not enough. An exposure to the corporate world is of utmost importance and summer internship programme becomes the first step towards it. Applied learning and internship opportunities go hand in hand in college life.

During my internship, I had to research on the whole stainless steel market. Therefore, to search the appropriate data and make use of the tremendous data available on the free sources online was a good learning experience. The skills required to be able to find the useful information to me out of the huge data available made me learn how data becomes information.

Further, interacting with the mentor in the company, understanding their needs and requirements and working accordingly, made me a better listener. The internship programme certainly helps us improve our interpersonal skills, communication skills, telephone and emails etiquettes. Since this time our internship was a work from home internship, it made us more aware about how to maintain a work life balance. Working from home remotely was not an easy task; it required more dedication and patience. Along with that it also required us to manage the household chores with our work. This I think was an important learning because at times after starting our career many people find it difficult to strike a balance between their professional and personal life.

Analysing a company and an industry as a whole during the internship made me learn how to evaluate the company I would join in future. This will help me choose better paths in future. It also helped me know my likes and dislikes of the job which will help me take better decisions for my future.

The overall experience of my summer internship programme was satisfactory. It helped me have a closer look of the steel market of India and abroad. It was a fulfilling and rewarding experience.

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Internship certificate

JINDAL STAINLESS

June 15th , 2020

Certificate

This is to certify that **Ms Akshita Jain**, a bonafide student of Institute of Management, Nirma University, Ahmedabad has been undergoing her summer internship training from April 15th, 2020 to June 15th, 2020 with Jindal Stainless, Delhi.

She had been assigned a project on "External benchmarking of JSL with major stainless steel competitors worldwide" with Internal Audit department under the guidance of Mr. Narinder Dhankar, Associate General Manager.

She showed keen interest in learning through observation and practice. During her stay with us, we found her conduct good.

We wish her all success in her future career.

For **Jindal Stainless Corporate Management Services Pvt. Ltd.,**

Rajeev Ranjan,
Associate Vice President.