



Mr. Sachit Jain - CEO

VARDHMAN STEEL

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WHAT WERE THE OPPORTUNITIES YOU SAW FOR YOURSELF AND THE COMPANY WHEN YOU DECIDED TO TAKE ON THE ROLE?

So when I got to charge this team business in 2010 that is 11 years ago, I saw clearly that I would like to work on making this into a world-class steel company. So that was the dream that I had and to be No. 1 in India in the alloys team area. Now we're No. 1 in India and also going to be a world-class company.

WHAT ARE THE PLANS FOR THE COMPANY'S GROWTH IN THE MEDIUM TO LONG TERM, SAY 3 TO 5 YEARS TIME?

At that time we were very small. We were only 50,000 tons of steel machine and we said to reach where we wanted to be. We would like to be somewhere between 800,000 to a million-ton company. So basically you're talking a growth of about 20 times from what was the size at that point in time. So from there, we have now reached a capacity of about 180,000 tons but in half times and the idea is to go from here to about 5 times this size in the next 10 years. So that is the dream and there are no concrete plans.

WHAT ARE ALL THE KEY AREAS OF FOCUS FOR YOU TO IMPROVE OVER THE NEXT 12-18 MONTHS?

As you'd be aware that we have a joint venture with Aichi Steel Corporation of Japan. They have an 11.4 % stake in our company and



Aichi is part of the Toyota group. So the number one task is to stabilize the quality to get the approval of Toyota. That is the number one task. The second task is to increase the capacity of this plant from the current 180,000 tons to about 230,000-240,000 tons and that is the second task. The third task is to start the planning for the next phase of growth, improving the quality, expanding the current capacity, and putting down plans for future growth.

WHAT DO YOU BELIEVE SETS VARDHMAN SPECIAL STEELS APART FROM ITS COMPETITORS?

One, our belief in long-term sustainability. So that leads to very strong work culture. Second, we have a very collaborative participative work culture where even workers have a very strong sense of belonging to the company. So the culture sets us apart. The third which sets us apart is very strong customer orientation. I've designed my career before joining Vardhman in sales and marketing. And I have been at the grassroots level. So my customer orientation came from there. That is what I've brought into the textile company early on and in the steel company. The fourth which sets us apart is our joint venture partner. IGC

Corporation in my opinion is the best steel company for automotive steel in the world and they are our joint venture partner. So having a partner like that gives us a huge competitive advantage. Our own internal factors are culture and marketing, long-term sustainability, and then, of course, our partners which are the best in the world so their technology, quality orientation as well as being part of Toyota group's market for Southeast Asia, etc.

HOW HAVE YOU ACTUALLY WORKED WITH YOUR SUPPLIERS OVER THE YEARS TO FORM STABLE PARTNERSHIPS?

One thing that we do is, work on a long-term basis. We don't shift supplier to supplier on a little bit of price. We like to deal with suppliers over a long term so people are assured of the business. They see themselves as partners in our company and they know if the company grows, they will also grow. Second, we make sure that the payments are made on time because what happens is very often, people like to stretch the payment terms and get people, a lot of people have to supply us the follow up for payments and so on. So we make sure that those kinds of things don't happen. And third, wherever required we work with the suppliers to improve the quality because, for certain products, the quality improvement can have a very huge impact. Often the suppliers may themselves not be fully aware of the quality requirements. When you share those things, people like to work with you to improve the quality.

WHAT BENEFITS HAS YOUR COMPANY SEEN AS A DIRECT RESULT OF HAVING STRATEGIC SUPPLIER RELATIONSHIPS?

The big benefit we see is that we are able to get material. When there's a shortage of material especially raw material, we are able

to get that on a preferential basis because people know that the payment is secured.

HOW MANY SUPPLIERS DO YOU HAVE FOR YOUR BUSINESS THAT ARE KEY?

We don't look at it that way and our purchase department deals with the suppliers. We like to deal with suppliers on a continuous basis. You see there's a big difference between an automotive company and a steel company. In an automotive company, the suppliers are manufacturers. In our case, because we are a quite large commodity, the suppliers are very often traders. So it's a different kind of relationship.

WHAT TYPE OF PRODUCTS DO YOUR KEY SUPPLIERS PROVIDE YOU WITH?

Scrap is the most important material that we buy. Sponge iron, then certain other waste products from the blast furnace, big iron, big iron chips, and sometimes beach irons. Big iron is a product of the blast furnace, the other products are waste products of the blast

furnace but they also have iron content. Then there's the ferroalloy, the graphite electrodes, refractories, fluxes which are supposed to be consumables. Then there's, of course, the electrical equipment and that kind of thing so there's a very large number of suppliers. The ones who provide us with scrap metals are local traders.

WHAT DO YOU THINK WOULD BE THE KEY BUSINESS MESSAGES THAT YOU WOULD WANT TO PROMOTE WITHIN THIS FEATURE?

The most important thing is the work culture that we've built up in this organization. The workers participate in suggestions looking at productivity enhancements, looking at cost phasing, and quality. Workers and the employees take pride in the company's success. Those are the things that I would like to highlight.

