

Jindal Stainless eyes global top-5 club via merger and capex boost



JOINING HANDS

FY22 key financials (₹ cr)

Jindal Stainless

Revenue	Net profit
20,311.94	1,674.45

Jindal Stainless (Hisar)

Revenue	Net profit
13,549.29	1,275.23

Abhyuday Jindal, managing director, Jindal Stainless, said after the merger, the firm may look at backward integration

ISHITA AYAN DUTT

Kolkata, 11 December

Jindal Stainless may look at backward integration with a mega capacity expansion underway that would place it among the top five stainless steel makers globally.

The firm has units at Jajpur, Odisha, under Jindal Stainless Ltd and in Hisar, Haryana, under Jindal Stainless (Hisar).

Merger of the two companies is under way and is likely to be completed by the end of the financial year. Also, capacity expansion will go up to 2.9 million tonnes (mt).

The twin move would help Jindal Stainless scale up to the top-5 spot globally. The combined entity, before the capacity expansion, would be among the top 10.

Speaking to Business Standard, Abhyuday Jindal, managing director (MD), Jindal Stainless, said the next milestone after expansion would be to achieve 100 per cent capacity utilisation. After this, it may look at backward integration.

“Two raw materials that we would be interested in would be nickel and chrome ore. But nickel comes from outside the country; in India, we would look at chrome ore,” Jindal said.

“We have a chrome mine in Odisha, but looking at our expansion, we would need to create more capacity.

There aren't many opportunities in chrome, but if they do come up for auction, we'll definitely participate,” Jindal said.

The company is eyeing Indonesia for nickel. “That is where 30-40 per cent of the world's nickel deposits are located.

It could be a partnership with a local miner or with somebody, who already has some presence in Indonesia,” Jindal said, adding that “it's too early.”

Nickel and chrome ore are two important raw materials in stainless steel making.

Jindal said nickel prices have been constant or going up with the demand for electric vehicles (EV). The metal is a key ingredient for lithium-ion batteries used in EVs.

Asked whether there has been any discussion with the government, which is looking to facilitate the supply of critical minerals, Jindal said the focus right now was lithium for the government.

He said, “There has not been a detailed discussion on nickel. If they do, we would definitely be in line to take it up with the government.”

But he added that it was important for a country like India to secure its nickel requirements along with lithium.

The expansion in Odisha will take the capacity from 1 mt to 2.1 mt; in Hisar, it is 0.8 mt at present, and value-added products are being expanded. Simultaneously, the company is looking to reduce its carbon footprint.

On December 5, Jindal Stainless signed a contract with ReNew Power to develop a utility-scale captive renewable energy project. It will supply power to its facility in Jajpur.

The project will generate 700 million units per year through a mix of solar and wind technologies. The Jindal Stainless chief said the investment from the company would be limited.

The firm has signed up EY as a partner to plan out its carbon footprint reduction journey. This is in line with the country's goal of becoming net zero by 2070.

“As a company, we will plan by 2050. We are also trying to time it with the European Union's (EU's) targets.” The company's major export market is the EU where a carbon border adjustment tax is looming.

About 25-30 per cent of Jindal Stainless' output is exported and even after capacity expansion, it is expected to be at that level.