



● JSW Steel : 703 Points

TCM Model Assessment

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Agenda



1 / Overview – JSW Steel

2 / Footprints of JSW Steel

3 / Products | Customers | Markets | Competitors of JSW Steel

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5 / Key Strategic Pillars of Business

6 / Business Challenges

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9 / Roadmap In-line with Assessment Report



1. Overview - JSW Steel

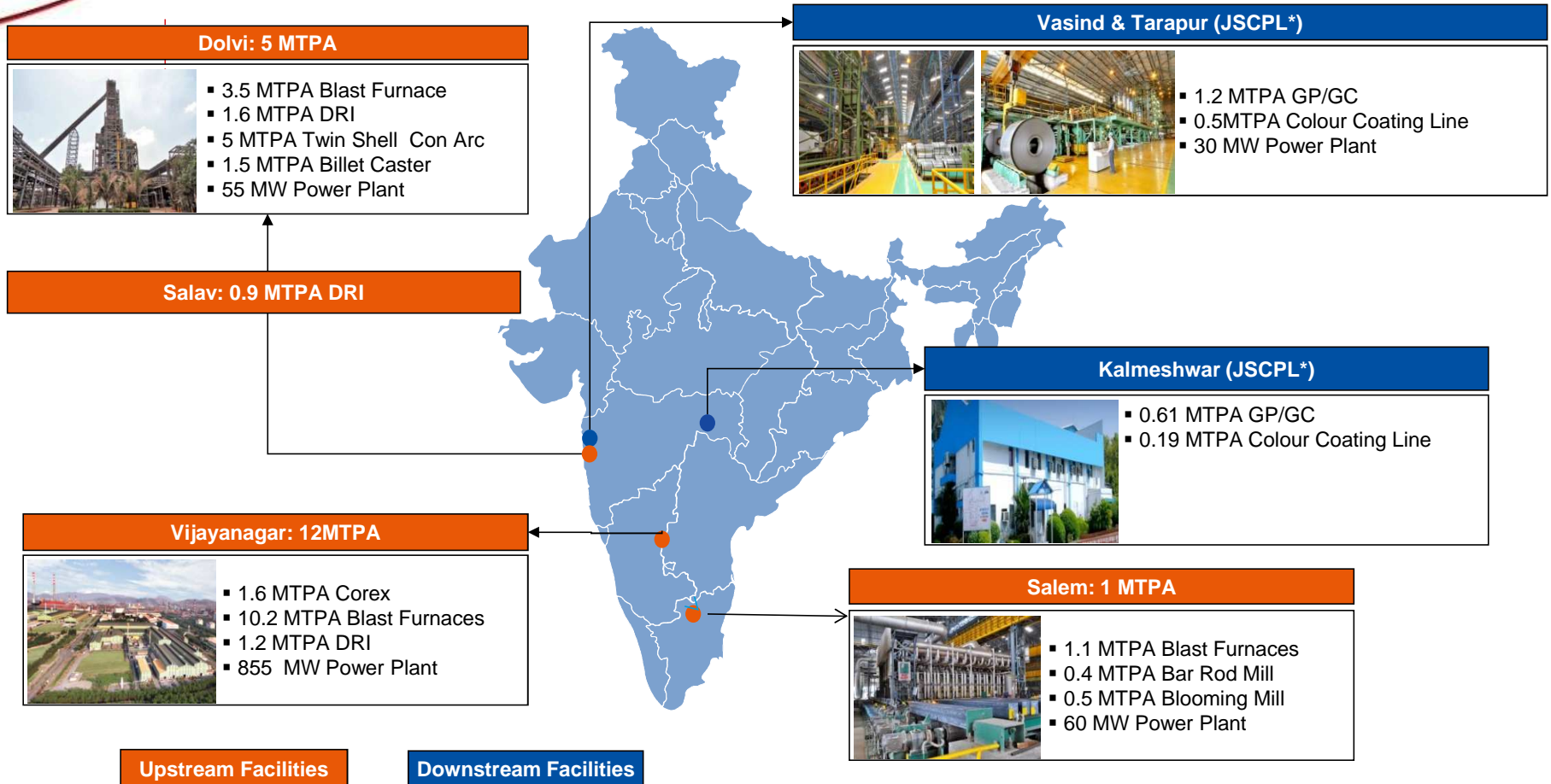


The flagship company of the JSW Group, JSW Steel is one of India's leading steel company with an installed capacity of 18 MTPA. The Company has a presence in six manufacturing locations across India and our global footprints extend to the US, South America and Africa.

Competitive edge

- ❑ Over three decades of experience
- ❑ One of the lowest-cost steel producers globally
- ❑ Wide product portfolio with customisation to suit customer requirement
- ❑ Use of cutting-edge innovative technology
- ❑ Strategic focus on value added and special steel
- ❑ Export reach to over 140 countries, strong domestic presence

2. Footprints of JSW Steel



Focusing in Domestic Market with impetus on South & West Market

**JSW Steel Coated Products Limited (100% subsidiary of JSW Steel Limited)*

3. Products | Customers | Markets | Competitors of JSW Steel



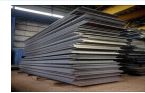
Wide Offering of Basic and Value Added Products



Slabs



HRC



HR Plates



GC



CRC



Color Coated



Billets



Blooms



TMT



Wire Rods

Honored to serve the Prestigious List of Customers



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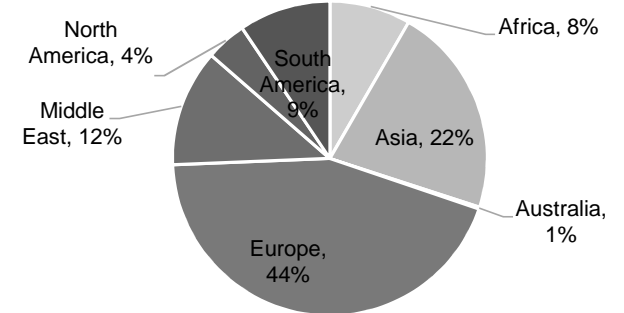
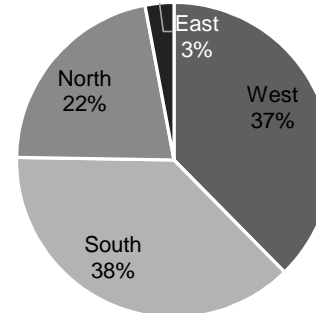
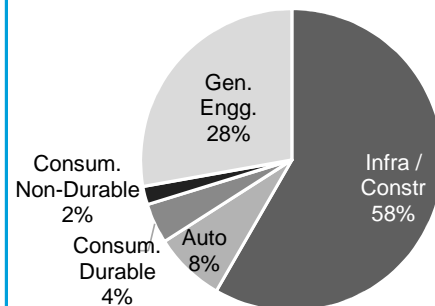


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Focus across diverse sectors, regions and geographies



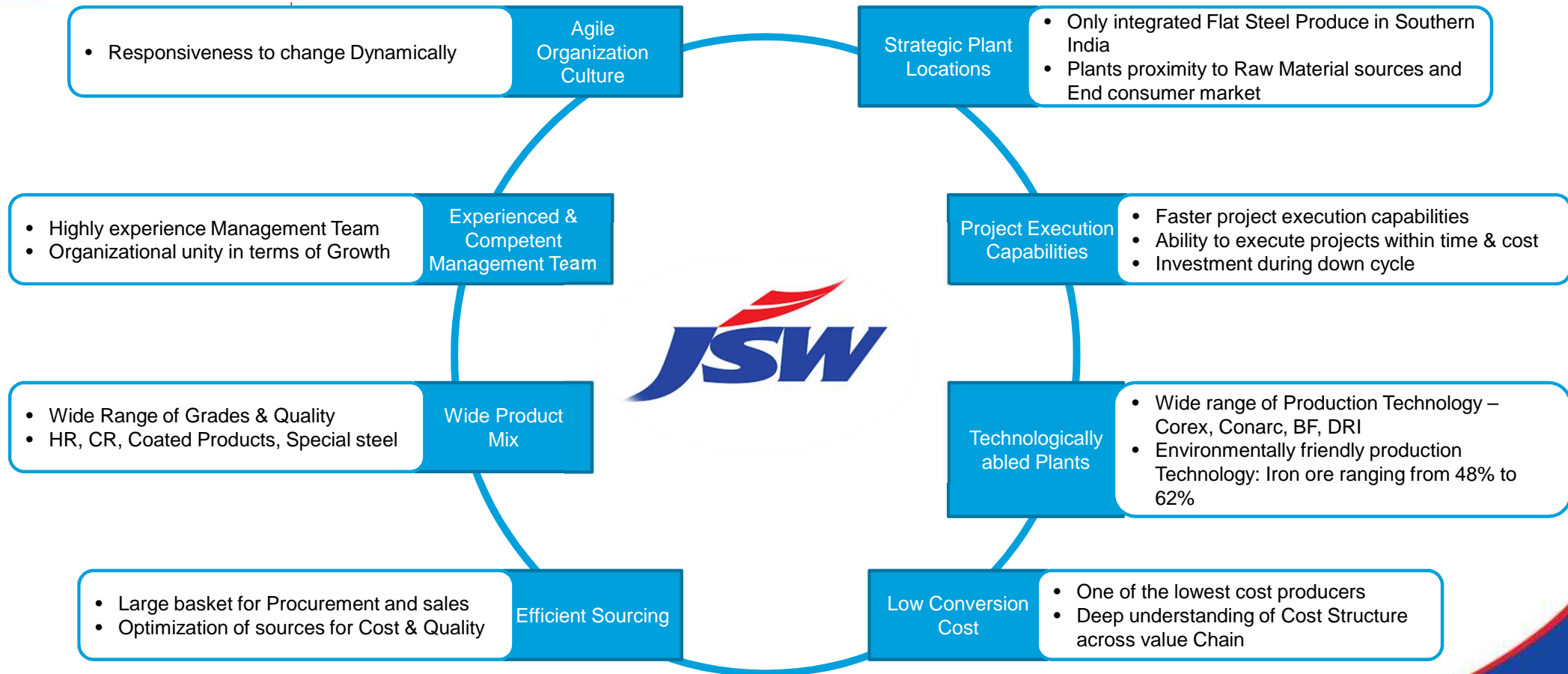
Some of our Competitors



Global Steel Players from the following countries:

- CHINA, JAPAN, KOREA & RUSSIA

4. Overall Competitive Strength of the Business



5. Key Strategic Pillars of Business



Profitable & Sustainable Growth

- Selectively consider inorganic opportunities that are value accretive
- Undertake Brownfield Expansion at low specific investment cost per ton
- Continue to evaluate Greenfield Expansion at Orissa, Jharkhand

Backward & Forward Integration

- Backward Integration to ensure self sufficiency of Raw Materials
- Forward integration for diversification of Product profile & Customer base, thus better margins
- Leverage Technology Tie up with JFE - Special grades of Steel

Cost Optimization

- Promoting culture of Innovation and R&D to drive breakthrough cost efficiency
- Focus on Quality & Zero Defect
- Use Technology / Digital as lever for cost optimization

Building Organizational Capabilities for Growth

- **Improving Processes, Quality and Cost Efficiency**
 - Marching towards being a **Deming Organization** - Initiated Mass 6 Sigma, Lean Program
 - **Process Automation** – Adopting digital technologies to improve Process Efficiency
- **Enhancing Technological Readiness**
 - In the process of formulation of **Digital Centre of Excellence (DCOE)** to drive digital transformation across the organization
 - Rolling out **Shared Services** to Standardize Work Process, Rationalize Cost and Increase Efficiency
 - Implementing **long term IT** Strategy for the company with Global Benchmarking

6.1 External Business Challenges

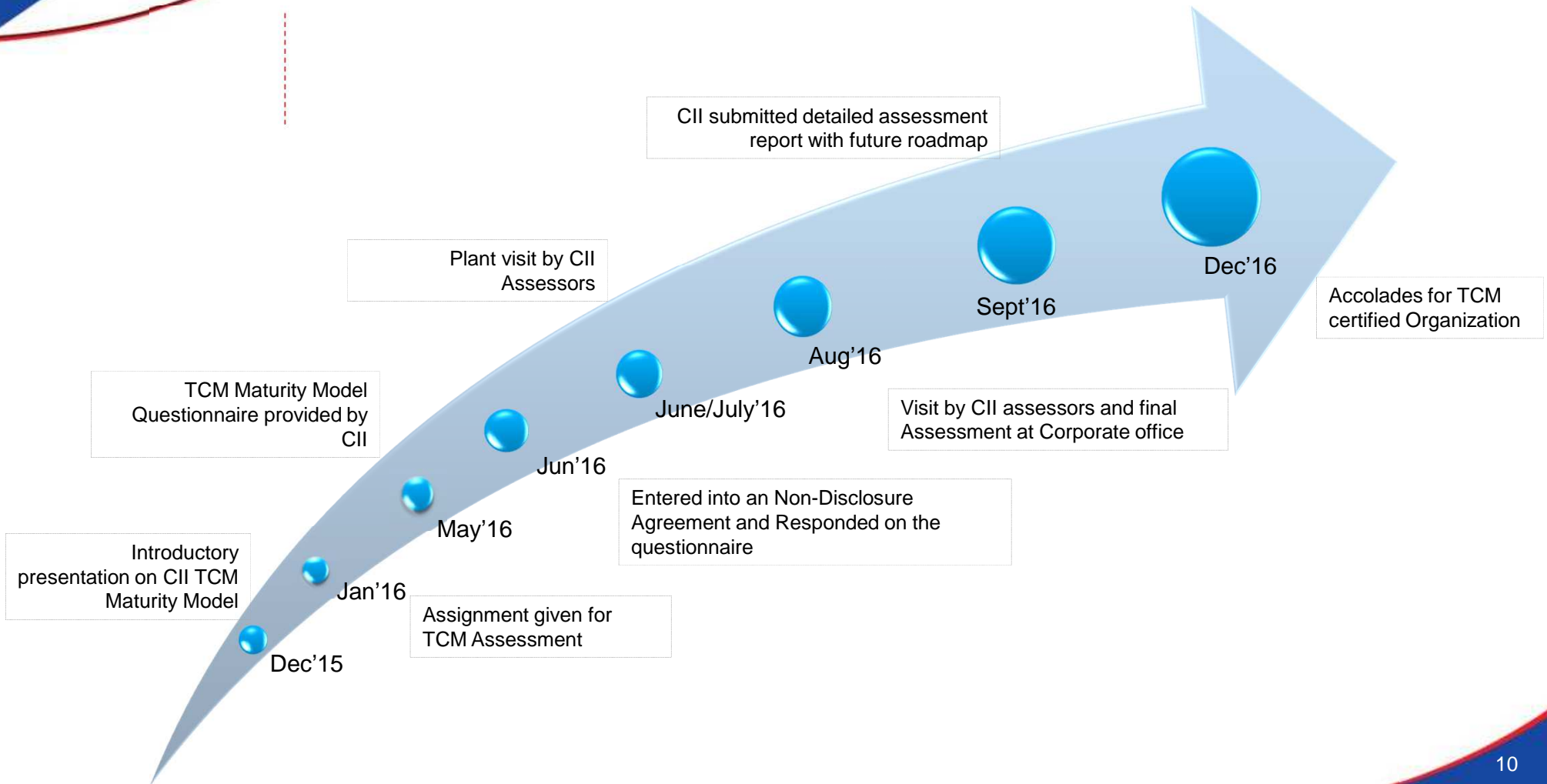


External Factors	Impact	Response
Global Steel Demand contraction	<ul style="list-style-type: none"> Steep fall in Steel Prices Global Oversupply 	<ul style="list-style-type: none"> Reducing Export dependency (exports reduced by 53% YoY from 3.16 Mnt to 1.5 Mnt)
Dumping of Steel from China, Japan and Korea	<ul style="list-style-type: none"> Surge in imports at predatory prices 	<ul style="list-style-type: none"> Representations to various government agencies for enforcement of various trade measures including Safeguard, Anti-Dumping and MIP
Fall in steel elasticity w.r.t. GDP	<ul style="list-style-type: none"> Slow growth in domestic demand 	<ul style="list-style-type: none"> Increased sale of Value Added products (increased by 8.3% YoY to 4.33 MnT) Increased Retail sales (growth of 75% YoY to 3.84 MnT)
Lag in fall of domestic Iron ore prices, logistic costs	<ul style="list-style-type: none"> Reduced competitiveness w.r.t global peers 	<ul style="list-style-type: none"> Participation in Iron ore mines auctions to secure raw material Reverse auctions & 3PL for Road Contracts
Imposition of Port Congestion Charges, District Mineral Fund and Green Energy Cess	<ul style="list-style-type: none"> Adding extra burden on Indian Steel Players 	<ul style="list-style-type: none"> Representations to various agencies to reduce these levies
Increased regulatory and environmental oversight and change in law	<ul style="list-style-type: none"> Higher investment on Technology to ensure compliance 	<ul style="list-style-type: none"> Allocated higher budget for ensuring total compliance to all regulations & laws

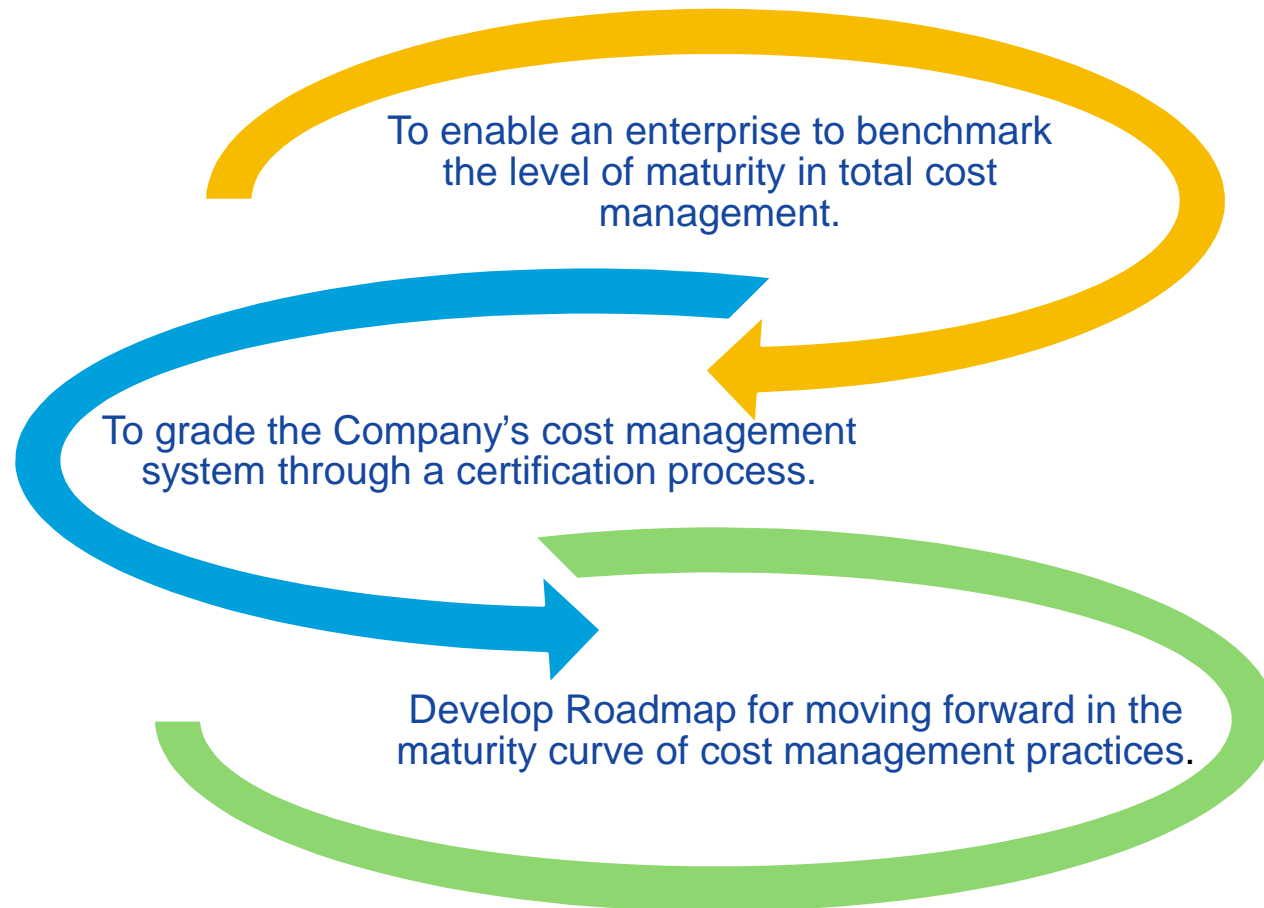
6.2 Internal Business Challenges

Internal Factors	Impact	Response
Upgrading to modern Techniques to respond to changes with scale, speed and impact	<ul style="list-style-type: none">• Resistance to change from the conventional thinking	<ul style="list-style-type: none">• Continuous Training and Reskilling• Effective internal communication on Business and market scenarios
Inordinate and insufficient policy advocacy	<ul style="list-style-type: none">• Delay in policy actions	<ul style="list-style-type: none">• Proactive policy advocacy in association with Industrial bodies (ISA, CII) based on preemptive trends

7. JSW TCM Journey



8. Defined Objective for TCM Maturity Model



9. Roadmap In-line with Assessment Report



1

Formulation of Business Strategy & Integration of TCM

- Develop a blueprint for 'TCM architecture' reflecting the overall JSW's business strategy
- Embedding the adopted strategic processes into strategic product & customer segmentation and profitability reporting

2

Aligning Risk Management with Cost Information

- Prepare risk articulated cost structure, prioritize management action, address the impact on profitability
- Attempt monetizing of critical risks through TCM link
- Identify the impact of business risks as a combination of cost of exposure or revenue loss or both

3

Mapping of Strategic Product/Customer Segment in TCM

- Understanding the cost dynamics of customer relationship
- Nurturing of newly identified market

4

New Product Development

- NPD process of R & D to include costing the features of new product which is a modified form of QFD Matrix.
- Develop 'scenarios' at stage-2 of NPD process onwards for 'cost targets' to avoid cost shocks
- Trials of high capability steel should not part of normal production process and costs there of

5

TCM and Sustainability

- Identify, segregation and reporting 'red zone costs & green zone costs' of JSW
- Prioritise the collection and recycling of end-of-life steel products.

Cont...



9. Roadmap In-line with Assessment Report



6 Operational Improvements and its integration with TCM

- Improvement initiatives at JSW steel to evolve from marginal to disruptive in terms of savings.
- Scrutinize internal/external challenges to address 'cost disruption' in the process (Competitor plan, International research, Macro-economic link to process parameters performance, Future competencies of workforce)

7 Maturity of Cost Accounting

8 Practice of Principles/Standards relating to Cost Centres/Cells

- Understanding of cost incurrence and cost analysis at the last mile to improve decision support
- Stakeholders to develop insights on cost incurrence for JSW to provide trigger points for improvement initiatives
- Tagging business dimensions to analytics from transactional level

9 ERP Systems & Business Analytics

- Critical functions like detection of 'COQ' can be looked at
- Product and customer cost / profitability analysis through SAP can be an insightful exercise for course correction

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