

WELDFAB TECH TIMES

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A Bi-Monthly Magazine Focusing on Welding and Fabrication



PRODUCTS FOR EVERY INDUSTRY



LAUNCHES



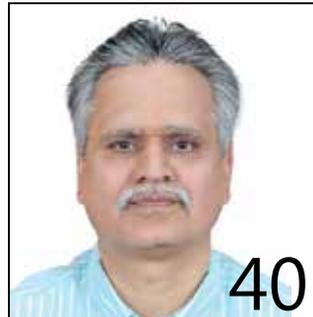
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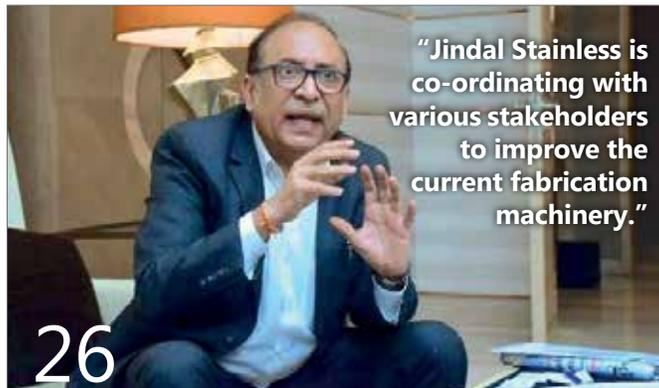
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"In fabrication sectors, role of welding engineer is very crucial starting from design to final delivery."

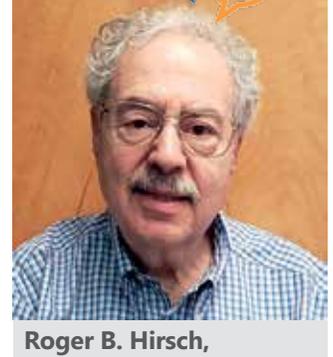
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"Jindal Stainless is co-ordinating with various stakeholders to improve the current fabrication machinery."

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Roger B. Hirsch,

“Jindal Stainless is co-ordinating with various stakeholders to improve the current fabrication machinery.”



*Vijay Sharma, Director,
Jindal Stainless*

Q1. Jindal Stainless is among the leading players in stainless steel segment. How has the journey been so far?

Part of the US \$25 billion OP Jindal Group, Jindal Stainless is the pioneer of stainless steel manufacturing in India. With an annual turnover of US \$3.2 billion, Jindal Stainless has a melt production capacity of 1.9 mn tonnes. The Company has two stainless steel manufacturing complexes

in India, in the states of Haryana and Odisha, with overseas units in Indonesia and Spain. It has a country-wide network of 10 sales offices, 6 service centres, and 14 offices across the world. Jindal Stainless' share in the organized Indian stainless steel market is ~60%.

Jindal Stainless was established to make India self-reliant for meeting its stainless steel demand. It was Shri O P Jindal's vision and his pioneering spirit that led

to the establishment of the Hisar plant, India's first stainless steel manufacturing unit, in 1970. As the Company celebrates its golden jubilee year, it looks back at a legacy of 'making in India' while adapting, innovating, and delivering stainless excellence. The Company also endeavors to educate and empower the domestic stainless steel industry with hands-on trainings, aiding in market development, and technical assistance.

Q2. What is your say on the current stainless steel market in India? Is it at par with the international market?

Currently, the Indian stainless steel market is a hotspot. According to the Indian Stainless Steel Development Association's (ISSDA) latest report, the national stainless steel melt production in CY19 was 3.92 mn tonnes. Amidst growing protectionist trade sentiment across the globe, India continues to be the world's second largest stainless steel producer and consumer after China (29.4 mn tonnes; as per ISSF). Stainless steel demand has been growing to the tune of 8-9% CAGR in India over the last couple of years, in contrast to a global CAGR of about 5%. This growth rate in India is directly proportional (around 1.5 times) to the GDP growth. The per capita consumption of stainless steel in India is ~2.5 kg, compared to the world average of ~6 kg. This confirms an immense untapped potential of stainless steel consumption in India.

A wide range of mandatory standards and certifications for stainless steel products has been formulated by BIS (Bureau of Indian Standards). All product standards have been benchmarked with international standards like ASTM and JIS. This ensures supply of high quality Indian stainless steel in the domestic as well as international markets. Jindal Stainless has also been supplying to quality-conscious markets like Germany, US, France, <to be added>. Jindal Stainless is one of the few companies in the world to supply stainless steel for the world renowned International Thermonuclear Experiment Reactor (ITER) project. Along with this, the Company has been a supplier to nuclear power projects undertaken by Bhabha Atomic Research Centre and Indira Gandhi Centre for Atomic Research.

However, the COVID-19 pandemic has posed a severe knee-jerk. It has severally disrupted the supply chain and we expect nearly 15-20% downfall in the overall production scenario of the country.

Q3. According to you, how would be the market scenario after COVID-19 situation?

From the demand perspective, revival is expected only after the flattening of the pandemic curve. However, in a globalised world, external impact of COVID-19 will also play a critical role in determining the health of the manufacturing sector in India. We have observed that in other stainless steel producing countries like China, Japan, and South Korea, the pandemic spread is known to have been arrested as only few fresh cases are being reported. It is expected that a recovery for the manufacturing facilities in these countries would start soon. It is also estimated that these countries will enhance their production and export to markets like India at an opportune time.

On the other hand, manufacturing in countries like Indonesia and Taiwan is continuing and even they would be eyeing the Indian market as the restrictions are eased. We are expecting a glut of imports at a time when the domestic industry would be struggling to cope with the COVID-19 aftermath. We feel that given the large and lucrative Indian market, these countries will resort to aggressive dumping. For an industry with high import intensity (over 20% of the stainless steel flat product market), this could aggravate unemployment in the sector.

The industry's fear was confirmed after China announced an increase in the steel export rebate from 10% to 13% in March 2020. It is anticipated that our export market may be captured by the Chinese, unless the government provides requisite export incentives.

Q4. What has been the impact of lockdown on the company?

Both our facilities were shut since the nationwide lockdown was announced by the government and there has been no production during this period. However, plants were partially operational from 4th May to complete the pending orders after government's advisory was released. Initially, we will be processing goods which are currently in the semi-finished stage. These will be further processed as per the delivery schedule. However, with the third phase of lockdown in motion, we expect a further delay in getting back to normalcy. Subsequently, as different markets gain momentum, operations will be reinstated accordingly.

Q5. What about the demand and supply scenario?

Before delving into demand-supply analysis, it is necessary to understand that stainless steel is a highly specialized product as compared to other alternatives. It is, therefore, more value-driven than volume-driven. However, global stainless steel demand and supply is strained under the current pandemic situation.

Demand

The major sources of stainless steel demand in India are as follows:

- Kitchen goods and white goods, the primary drivers of stainless steel consumption in India, amounting to nearly 40% of its demand
- Architecture, Building, and Construction (ABC) segment
- Automobiles, Railway and Transport (ART) segment
- Process industry and white goods

Apart from this, Indian Railways drives a fair share of the national stainless steel demand; railway wagons and coaches, along with rail infrastructure like foot-

over-bridges, station modernization, and dedicated freight corridors. Recently, Railways has targeted to produce all new coaches and wagons in stainless steel. Over the next 5-6 years, this production is expected to increase multifold. Additionally, metro projects in India continue to use stainless steel extensively in various applications. Jindal Stainless holds a 70% and 60% share in the railway wagon and coach market, respectively.

Supply

India's total stainless steel production stood at 3.7 MT in 2018 and 3.9 MT in 2019, as per ISSF. With investments worth thousands of crores for capacity expansion and modernization, the Indian domestic industry is equipped to meet the overall growing demand for stainless steel. It is capable of producing all major series of stainless steel including the 200, 300 and 400 series, as well as duplex and specialized stainless steel products which are used in a wide range of applications. However, only ~60% of the installed capacity is currently operational in the country.

Q6. The company had recently set up a dedicated facility for railways in Chennai. Please elaborate. How will it serve the industry and what is your revenue expectation?

The Company, through its subsidiary, JSL Lifestyle Ltd, commissioned its first dedicated facility for Indian Railways in February last year. This facility has been supplying high quality stainless steel components with 'just-in-time' delivery to the Integral Coach Factory (ICF), Chennai for production of railway coaches. It is equipped with state-of-the-art robotic spot welding guns which complete the welding task faster, resulting in timely delivery of stainless steel components with minimum distortions.

The Company is expecting initial revenue of nearly Rs 100 crore annually from this facility. Revenue is expected to touch nearly Rs 300 crore annually once the enhanced capacity reaches 7200 tonnes. The facility's operations are managed by highly skilled workers with expertise in railway fabrication.

Q7. Jindal Stainless has inked partnership with public sector unit Braithwaite & Co Limited (BCL) to develop stainless steel foot-over and road-over bridges. Please elaborate on your further plans?

Jindal Stainless signed a Memorandum of Understanding (MoU) with Braithwaite & Co Limited (BCL), a Government of India undertaking under the Ministry of Railways, to develop stainless steel foot-over-bridges (FOBs), road-over-bridges (ROBs) etc. The move marked Company's advent in structural infrastructure applications.

This MoU intends to fulfill Railways' vision of world-class railway infrastructure in the country by synergizing the expertise of Jindal Stainless as India's largest stainless steel producer, and Indian Railways' trusted fabrication expert, BCL. The Railways is currently in the process of modernization on a massive scale. Jindal Stainless will be supplying stainless steel to BCL for developing FOBs on railway platforms, ROBs on municipal roads, smart city skywalks, road bridges, and rail bridges.

Q8. Jindal Stainless Limited (JSL) has completed level-2 process automation for its Argon Oxygen Decarburization (AOD) converter at its Jajpur plant in Odisha. How has the automation process helped the company achieve improvement in productivity?

The automation process has helped the

Company achieve ~10% improvement in productivity with the help of real-time carbon and temperature analysis during production at its Jajpur facility, while improving the overall refining operations. Level-2 process automation allows both, advanced calculations and online simulation of processes. This helps in significantly trimming errors, improving process accuracy, and the quality of stainless steel produced. The upgrade is also expected to help collate a valuable knowledge database for use in future optimisations and new developments.

Q9. Could you brief us on the type of infrastructure projects that JSL is currently working upon? What are your future plans?

Jindal Stainless is actively supporting the Indian Railways in developing modern infrastructure. This includes train coaches and wagons, foot-over-bridges (FOBs), road-over-bridges (ROBs), toilets, benches, etc. This has not only helped the Railways achieve an infrastructure with an improved life-cycle, but has also upped the game for its aesthetics. As the industry pioneer and a regular supplier to the Indian Railways, Jindal Stainless is one of the key stainless steel producers for such projects and will be expected to supply nearly 80% of the requirement to BCL.

The pan-India metro projects have also played an important role in achieving this growth in the per capita consumption of stainless steel. From coaches to seats and from escalators to vending machines, stainless steel has helped the Indian metro projects develop as one of the best in the world.

Apart from this, stainless steel tanks are picking up in the market and replacing the hazardous plastic tanks

that lead to several health hazards. Moreover, the metal doesn't shy away from lending its spectacular beauty to modular kitchens.

By being the architect of several such applications imperative to the new age customer, stainless steel is set to achieve an even higher per capita consumption rate in the coming years. The recently announced National Infrastructure Pipeline (NIP) scheme by the government is expected to bring about promising opportunities for stainless steel applications.

Q10. Welding / fabrication sector plays a major role into the success completion of any projects. Your say.

With the onset of rapid urbanization, construction is now diversified. Smart cities, modern applications, and customized requirements have revolutionized the sector. As a modern metal, stainless steel delivers promising results with its peculiar properties like high resistance to corrosion, increased strength, impressive strength-to-weight ratio, low life cycle cost, low maintenance requirement, etc. However, crafting new-age solutions in stainless steel, calls for well-trained fabricators who can understand customers' requirements and deliver in minimal time.

Stainless steel welding required precision as compared to other metals. Since, stainless steel is not painted, welding defects, if any, are difficult to remove during the finishing stage. At Jindal Stainless, we have been supporting several initiatives across the country to educate, train and upskill fabricators. We have been imparting training skills to both existing and new fabricators to develop an ecosystem of solution-based products in the market.

With a push for infrastructure, more skilled force will be required. Also, more fabricators adopting stainless steel has led to an increase in the demand of upgraded welding equipments. Jindal Stainless is coordinating with various stakeholders to improve the current fabrication machinery.

Q11. What are you efforts towards the skill development of fabricators?

Jindal Stainless emphasizes on providing hands-on training to stainless steel fabricators across the nation through its monthly fabrication training programmes and workshops. These programmes educate root-level fabricators about the features and applications of stainless steel and empower them to earn a livelihood through this. As of today, more than 100 awareness programmes have been conducted by the Company, imparting training to more than 10,000 fabricators across India. Apart from that, the Company has developed 3 stainless steel display vans to showcase the applications of stainless steel in various sectors and to provide a benchmark reference to the fabricators. Jindal Stainless' skill development programmes have been endorsed by the Ministry of Steel, Government of India and National Skill Development Corporation (NSDC). The Company continues to support the Indian government's programmes like Skill India in order to enable youth to gain employment.

Q12. What are the major challenges that the Stainless Steel industry in India faces? What can be the ways to overcome? Any expectations from government?

As the second largest consumer of stainless steel, India is threatened by a

glut of imports from FTA (Free Trade Agreement) nations such as Japan, Korea, and ASEAN countries. Given the zero duty on imports of all stainless steel flat products in India from ASEAN countries, these imports have been rising dramatically, causing a huge trade deficit for India. Moreover, imposition of trade remedial measures like Anti-Dumping Duty (ADD) and Countervailing Duty (CVD) on import of these products from China has led to trade diversion, thereby being virtually ineffective. Further, imports from Indonesia have recently grown drastically, primarily due to trade diversion of Chinese-origin goods and growing Chinese investments in Indonesia. Indonesian imports have increased by ~3.5 times; from around 76,000 tonnes in FY18-19 to more than 2,50,000 tonnes in FY19-20.

Overall, the FTAs have had a negative impact on the entire value chain of the Indian stainless steel industry. Thus it makes it a perfect case for the government to review all existing FTAs and take appropriate actions immediately and to provide stimulus to manufacturing in India.

Moreover, an existing 2.5% import duty on key raw materials like stainless steel scrap, steel scrap, and Ferro-Nickel, renders the domestic industry non-competitive. In order to make Indian goods more competitive, the government must abolish this import duty on raw materials as they constitute nearly 50% of the cost of production and are domestically not available. ●

