

Al Ghurair Iron and Steel: SKY IS THE LIMIT



Al Ghurair Iron and Steel CEO, Abu Bucker Husain talks to Calcus about how they have taken the real estate and the construction industry by storm.

What is the reasoning behind a Dubai based group like Al Ghurair Group choosing Abu Dhabi as the location for setting up Al Ghurair Iron & Steel (AGIS)?

The Industrial City of Abu Dhabi (ICAD) not only provided land, but also utilities such as electricity, water and gas. The electricity costs in Abu Dhabi were economically more attractive compared to Dubai. The ICAD Authorities Zones Corp were providing a “one-stop-shop” for all the requirements of investors in ICAD, thereby saving us the troubles of coordinating with multiple agencies. It is also almost equidistance from the ports of Abu Dhabi and Jebel Ali with lesser traffic congestion compared to Dubai.

What are your core areas of expertise and your main offerings?

What we produce and supply is Hot Dipped Galvanized Coils and Sheets that is Steel sheet coated with zinc to protect it from rust and corrosion. Our products are mainly used in air condition ducting, cable trays, cold-formed sections, and expanded mesh and for purlins in Pre-Engineered Buildings.

We differentiate ourselves from competition in three ways:

- Our Superior Product
- Operational Efficiency
- Customer relationship

Our products are of superior quality because of the high quality raw material suppliers we work with. Most of our raw materials come from Nippon Steel & Sumitomo Metal Corporation, which is the best in terms of quality.

Since we are a local producer, our production and delivery cycles are much more efficient, which helps our customers in terms of shorter lead time, quicker delivery, smaller sized orders, flexibility and convenience of local payment options.

Lastly, we treat our customers as our partners. We value long term relationships

with them and that is the reason we provide our customers with solutions and not just supplies. Most of our customers have been with us ever since our inception.

Comment on the Middle Eastern Market and by extension the UAE as far as your sector is concerned?

Our business is directly dependent on the Real Estate and Construction Markets in the Middle East, especially GCC. The two main economies in GCC i.e. KSA and UAE make up for 80% of our business. The region is highly dependent on Oil Revenues; so far we have not seen major cutbacks in government and infrastructure spending despite the low oil prices. With over \$2.5 trillion in foreign reserves and low current debt levels, the GCC markets have, so far, been able to maintain expenditure largely at previous levels. If the oil prices continue to be depressed for extended periods of time and if the projects are scaled down, that could have adverse effect on the overall business sentiments in the region.

Do you think the Expo 2020 has or will have an impact on your business and how?

Definitely Expo 2020 is, and will be a major boost for all businesses in the region, especially UAE. The amount of construction that will take place will boost the demand for building material in the country. Our product is usually used at the tail end of any project, so a direct benefit for us will be seen towards the completion stage of the Expo 2020 projects.

What competitive edge do you have over your competitors and what are the significant challenges you faced over the past few years?

Our biggest strength is our quality. It is precisely for this reason that we have a Joint Venture with a global steel conglomerate like Nippon Steel & Sumitomo Metal Corporation, so as to have access to superior quality raw material at a competitive price. Further, since



Al Ghurair Iron and Steel CEO, Abu Bucker Husain. ⚡

80% of our sale is within GCC, we provide local truck delivery and all the benefit of a local supplier to our customers. The biggest challenge we continue to face are the Mills from India and China who dump their low-cost products in this region because of no protection, either on price or on quality, and all the incentives and rebates they enjoy from their governments.

What are your expansion and growth plans over the next couple of years?

We are currently in the process and doubling our capacity by adding a new Galvanizing Line in our complex. This will be completed in 2Q16 and that will increase our production capacity to 400,000 tons per year.

What is your vision for the company over the next 10 years?

Our corporate vision is to be the leader in Galvanized Flat Products in the MENA Region. We want to be dedicated to the highest Product Quality and Customer Service, and commit to top Industrial Safety & Environment standards. ♦

Al Ghurair Iron and Steel:

- 425 employees, set to hire 130 over 2016
- AED750 million in annual sales
- Current capacity at 200,000 tons per annum
- Post-expansion capacity target of 400,000 tons per annum in 2016