

**ADDRESS BY HON D. GOKHOOL,
MINISTER OF INDUSTRY, SCIENCE
AND RESEARCH**

**ON THE OCCASION
OF
THE LAUNCHING OF THE NEW WAREHOUSE
AT KOSTO – MURRAY & ROBERTS**

Thursday 17 September 2009-09-17 at 11 00 hrs

KOSTO Factory, Industrial Zone

Plaine Lauzun

**My colleague, the Hon R. Jeetah, Minister of Health
and Quality of Life**

The Diplomatic Corps

Mr. Roger Rees, Group Financial Director of Murray and Roberts Ltd

**Mr. Robert Noonan, Managing Director of Murray & Roberts Steel
Cluster**

Mr. Gary Walton, Managing Director of Kosto Ltd.

Directors of Murray and Roberts Ltd

Members of the press and media

Distinguished Guests,

Ladies and Gentlemen,

A very good morning to all of you.

Let me thank the Management of Kosto Ltd for the invitation and the opportunity to address a few words on this much awaited occasion for the launching of the new warehouse and production facilities of Kosto Ltd.

Creation of Kosto

Kosto Ltd is a relatively new player in the Iron and Steel Sector. In 2007, when Murray & Roberts took over Desbro International Ltd., your CEO, Mr Robert Noonan had stated that, amongst others, the new enterprise would reemploy around 50% of the employees of Desbro International Ltd, improve the site, upgrade the rolling mill, implement international best practices for health and safety and promote staff development. To date, it is gratifying to note that these promises are being realised. Under its new name Kesto Ltd has transformed an existing production facility into a modern one, which is better prepared to confront the challenges of an open trading environment.

I am given to understand Kosto Ltd now holds around 45% of the market share with the remaining share being met by the other steel bar producers and by imports. Kosto Ltd manufactures from billets and produces iron bars ranging from 8mm to 25mm essentially for the local market. I believe there are projects in the pipeline to also export to the neighbouring countries at a later stage. In view of the limited size of the Mauritian Market, Kosto Ltd should consider overseas expansion and why not diversification of its current activities.

Ladies and Gentlemen,

The manufacture of iron bars is an activity of strategic importance in a country, where the construction sector accounted for almost 7% of GDP in 2008, and registered an average annual growth of around 10% during the last three years. The construction sector employs some 52,000 persons accounting for over 10% of aggregate employment. These figures reveal the importance of this industry to the economy. Mauritius has witnessed a boom in the construction activity for some time back- driven by extensive IRS and public and private construction projects. And even in the difficult situation of global economic crisis, the growth of the construction sector is expected to be positive this year. The rapid and sustained pace of growth in the sector can continue provided operators in the country continue to produce more and more and better products for the benefit of one and all. I dare say that there are good days ahead for the steel rolling mills as a number of major infrastructure projects are planned to be launched very shortly.

Invest to Modernise

In view of the vision and strong strategic commitments of Murray & Roberts, I am confident that Kosto Ltd which belongs to this multinational is and will be involved in best business practices. In fact, Kosto Ltd has injected more than Rs 175m in the last 18 months for the modernisation of its plant and equipment including training and office equipment. It has new production facilities and a modern warehouse with storage capacity and handling equipment to meet increasing demand. It also plans to spend other

Rs 20m over the next twelve months on new manufacturing equipment and high tech computer programmes that will enable the enterprise to supply cut and bent material for the construction industry.

Slowly, Kosto Ltd is following a path towards becoming a model enterprise to be emulated by other players. It is pertinent to highlight that Kosto Ltd is ISO 9001:2000 certified, and has initiated actions to obtain certification for ISO 14001, which relates to health and safety and 18001 relating to environment. I would encourage other manufacturing enterprises to follow Kosto Ltd in having the proper certifications. As we know, social and environmental compliance to various norms is becoming increasingly important in the business world. More importantly, consumers are asking for such type of products which are audited and certified as reliable, healthy and sustainable. We have therefore to comply with market requirements, and I am happy to note the effects of Kosto Ltd in this direction.

Global Market/Competition

The needs for modernisation are imperative in this era of intense competition whereby those enterprises which do not modernise and equip themselves properly will lag behind and will struggle to face competition. This new production set up, with reengineered processes, a modern warehouse, improved material handling facilities and compliance to international standards, constitute a model enterprise that Mauritius aspires to better integrate the global market. Productivity, competitiveness, sustainability, health and safety to minimise risks are the sine qua non conditions for success in a highly competitive environment, where consumers are

increasingly demanding quality goods and services produced in sustainable conditions.

We are proud to note that your enterprise intends embarking on three green projects, namely the recycling of used motor oil for own engine consumption, the manufacturing of Bio Diesel from used cooking oil, and the recycling of aluminium cans. We would like to reassure you that my Ministry will give you all the support in your laudable endeavour. Murray and Roberts Ltd as a multinational is a key player in the steel and construction industry. I have no doubt that its presence in Mauritius will be mutually beneficial.

Mauritius provides a very stable and conducive business environment. The recent World Bank Doing Business Survey has ranked the country first in Africa in ease of doing business. Globally, among 183 countries, Mauritius is ranked 17th. I am sure that the Directors and management team of Murray and Roberts Ltd. find the country as an attractive location for investment in new projects.

Ladies and Gentlemen,

Kosto Ltd has undoubtedly several strengths which cannot go unnoticed viz. pertaining to the multinational Murray & Roberts, achieving almost the same output with much less workers, heading towards a cleaner and state of the art technology, which is environmentally friendly, and, more importantly, the strong leadership and commitment of the enterprise to forge ahead.

Conclusion

Thus, the function of today clearly indicates that the promise has been kept by Kosto Ltd and this will ensure that Mauritius has a sustainable rolling mill facility which can eventually act as a show case in the region. I have now the pleasure to officially open the new warehouse and facilities of Kosto Ltd.

I was happy to meet Mr Gary Walton, Managing Director of Kosto in my office and speak about the track record of Kosto Ltd and its future orientations.

I assured him that my Ministry will walk together with enterprises inspired by long term vision, creativity and innovation and internationally recognised best practices. I would like to take this opportunity to re-emphasize this philosophy of my Ministry.

Thank You for your attention.