

CHAIRMAN'S INSIGHT



Naveen Jindal Chairman

and we are excited to see what we can achieve together in the years to come.

Notwithstanding an economic slowdown, and Covid-19 pandemic-induced disruptions, for the first time in the last 6 years, during FY2020, we have been able to report a profit after tax of ₹617.67 crores, on standalone basis. This addition to our bottom-line is a resounding validation of our strong turnaround strategy put into action over the past five years, and implemented meticulously by an experienced and committed team of professionals.

Significantly, not only have we recorded the “best-ever” production levels across the board, our steel production during FY2020 has grown by more than 12% on a consolidated basis, and by more than 13% on a standalone basis, in comparison with the previous financial year. This is especially commendable as we have been able to increase our steel production levels despite the disruptions of Covid-19. In contrast, the industry has reported a drop in steel production levels for FY2020.

We are obviously doing some things differently than the rest of the industry. In one word, our Mantra has been “Focus!” Since 2015, we have been practising “Theory of Constraints” (TOC) which has helped us immensely in picking the right metrics to run our operations and evolve strategies. In 2018 we embraced “Extreme Ownership” to empower our leaders to take charge of their “metrics of importance”. Similarly in 2020 we have brought in the concept of “The One Thing” to further align & sharpen the focus of our top 600 executives to prioritise their time and energy on the 20 per cent of tasks/strategies that would give us 80 per cent of results on the enhanced targets.

We are happy to report that during FY2020, our standalone steel sales rose by 12 per cent on a y-o-y basis. We also reported standalone EBITDA at Rs. 5,777 crore for the same period. On a consolidated basis, JSPL also achieved consolidated Steel Production of 8.17 MT

₹ 30,116 crore

Standalone Gross Revenue

₹ 5,777 crore

Standalone EBITDA

₹ 618 crores

Standalone PAT

Dear Shareholders,

Greetings.

This fiscal year, JSPL, as an organisation, has been able to demonstrate what we can achieve by focusing on operational excellence, adopting capital prudence across the board, and leveraging our experienced and capable team. We have come a long way in the last 30 years.

From being a 0.3 MTPA DRI plant at Raigarh in 1989, to a conglomerate with a multi-location global portfolio of Steel, Power and Mining assets, we continue to march steadfastly on the path shown by Shri O P Jindal, our visionary founder Chairman and guiding light. We would like to thank you for your support so far

in FY2020, up by 12 per cent y-o-y, and consolidated steel sales of 7.94 MT, up by 10 per cent y-o-y for the same period. JSPL recorded an annual Gross revenue from operations (consolidated) of Rs. 40,813 crore. JSPL's consolidated EBITDA stood at Rs. 7,854 crore as against to Rs. 8,406 crore for FY2019.

Continuing on the path to becoming a Net-Debt-Free company

When it comes to financial prudence, our philosophy can be summarised through the words of Shakespeare, "Neither a lender, nor a borrower be", and in this vein, one of the key long term strategies for JSPL is to become a Net-Debt-Free Company. For FY2020, we have successfully met all our debt service obligations. Our ability to consistently pare down our debt levels is a key element of our turnaround story. As we continue to demonstrate operational excellence, capacity to generate free-cash and maximise cost leadership, we are immensely confident in our ability to systematically work towards this goal, while creating long-term value for all our stakeholders.

Persevering through Covid-19

At the time of writing this letter, we are navigating through myriad challenges posed by the Covid-19 pandemic, whether at a personal, organisational, or economic level. We would like to take this opportunity to extend our gratitude to all those who are working hard towards minimising its impact on the health of our communities. Our thoughts and prayers are with every Indian during these challenging times.

We are proud to say that every employee at JSPL has contributed towards the PM Cares Fund. We have also been directly influential in supporting multiple hospitals with the supply of ventilators, oxygen tanks and increasing bed and quarantine capacities, amongst others. We have participated in additional efforts to ensure that local communities have adequate access to food and any

supplies that they may need. As the nature of this pandemic continues to unfold, we remain committed to helping and serving our communities through any means possible.

This quick response and structured framework allowed us to implement safe working conditions for all our employees seamlessly, whether from home or in our facilities. It also enabled us to resume operations under the Essential Services Maintenance Act with minimal disruptions to our operations. We would like to thank all our employees for their support through these uncertain times, especially our leadership teams, who have more than demonstrated their ability to perform keeping the big-picture in mind.

We would also like to take this opportunity to thank the Government of India, State Governments, Indian Railways and the Banks for their immense support towards minimising the impact of this pandemic on our country. The moratorium period on loan payments has also been a big support.

Forward with confidence

We are optimistic that we will continue to maintain our strong momentum as we recover as a country from the Covid-19 pandemic. We expect demand to not only recover, but also increase with a more significant number of projects coming through.

With our Capex cycle now completed, we are now well set on the path to achieving steady earnings growth, going forward. Our projects are placed in strategic locations that are close to raw materials, end-markets and evacuation infrastructure. We also have 3,400 MW IPPs and 1634 CPPs set up at extremely competitive project costs. As a result, we are amongst the most-economical, high quality producers of steel and power in India, with a comprehensive, diversified long products portfolio and several unique high-value-added products. Moreover, our strategic product portfolio

This year, we have been able to demonstrate what we can achieve by focusing on increasing our production levels across the board.

lends itself more towards producing steel products required by infrastructure organisations. Given this orientation, we can contribute to the new investments announced by the Government. As we leverage on these opportunities, we will continue to lead as an infrastructure-led Steel and Power company.

With the support of the Government and all our stakeholders, we are upbeat about the future of your Company. We are grateful for your faith and encouragement in our journey towards becoming an enduring institution.

Sincerely,

Naveen Jindal