

## Chairman's Insight



**Naveen Jindal**  
Chairman

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### Dear Stakeholders,

I write to you at the close of one of the rarest and challenging years in recent history. Starting as a health hazard, the COVID-19 pandemic was quick to snowball into a once-in-a-century economic and humanitarian crisis that affected tens of millions of lives worldwide.

While the global economic losses are pegged at around US\$ 90 trillion, we must also take cognisance of the losses that cannot be accounted for. We stand in solidarity with all those who were adversely impacted.

### Human spirit continues to prevail

In retrospect, I find FY 2020-21 to be a tribute to the indomitable human spirit in the truest sense. Humankind rallied together at a scale perhaps never seen before to lend a helping hand to those in utmost need and work through the crisis. A quicker-than-usual vaccine rollout, large-scale inoculation drives, and a fairly streamlined economic policy dissemination have supported the global economy to a large extent. Together, these have helped us reach a modest stage of revival, albeit with sizable divergence in recovery rates between developed and developing economies.

Closer home, India grappled with the vagaries of the pandemic at its onset and peak. However, the way the Indian government responded with prudence is commendable, considering the responsibility of the lives and livelihoods of 1.3 billion people in their hands. The consecutive lockdowns in the first quarter of FY 2020-21 were really effective in controlling the pandemic spread.

As the situation gradually began to ease, the government was quick to introduce enabling fiscal and monetary policy measures, which in conjunction with pent-up demand, led the road to recovery and positive GDP growth from the Q3 FY 2020-21 onwards.

### Building back with steel

As the wider world, including India, gets into the recovery mode, steel is set to play a key role. Infrastructure will continue to act as an economic multiplier, and with massive public expenditure worldwide, steel will be in an upcycle for the foreseeable future. As an affordable, reliable and infinitely recyclable material, steel will also help build a future that is responsible and sustainable.

In India, the outlays in the recent Union Budget, together with the National Infrastructure Pipeline, the Housing for All scheme, and specific rail projects augur well for the steel industry. The Production-Linked Incentive (PLI) scheme for specialty steel is a unique and welcome move, with multiple benefits including self-reliance and favourable trade balance. It will also bring best-in-class steelmaking technology to India. I can say confidently that the call for Aatmanirbharta (self-reliance) will be serviced at length by the steel sector, among others.

At JSPL, we are equipped and geared to be a part of this drive for growth of infrastructure of our country.

### A year that reinforced our strengths

At JSPL, FY 2020-21 was our best year in recent times. We achieved record revenue, operating profit and net profit, powered by our market presence, stringent cost measures and significant deleveraging of our balance sheet. We have grown our steel production by 55% in the past three years with the available capacity. Through the year, we operated without carrying any excess inventory with a nimble-footed market strategy.

Above all, we delivered on all our stakeholder commitments – our employees were retained, our vendors paid on time and our debt serviced.

At JSPL, we have always believed in 'Nation First'. So, when the country was facing a shortage of oxygen, during the second wave of the COVID-19 pandemic, we were among the first to supply Liquid Medical Oxygen to 12 states across the country, even at the cost of reducing our steel production. Only when the country breathed easy, we heaved a sigh of relief.

### A positive turnaround that continues to deliver

I am certain that many of us are aware of the financial standing JSPL had until a few years ago. Today, we are easily the company with a best-in-class balance sheet. This was done through focused and concerted efforts by our Board, the Management and our employees. Our deleveraging drive continued to service and retire debt through the past fiscals, and in FY 2020-21, our net debt levels at a consolidated level have declined to ₹ 22,146 crore. Naturally, this has also contributed to enhanced net profits, with a growth of more than 10x from year-ago levels. As we go forward, our efforts at deleveraging will continue, and in the near future, we expect to become a net-debt free steelmaker.

### Confident strides towards JSPL 2.0

Apart from our focus on deleveraging, we plan to further expand our capacities and sweat our existing assets to chart our next growth phase. We are set to double our capacities at Angul, Odisha to touch 12 MTPA, complete with a new blast furnace, DRI plant and Steel Melt Shop. We expect the commissioning of the blast furnace to take place towards the end of December 2023.

Taking advantage of the learnings of the past, we have established two tenets that will act as our guardrails, while pursuing growth. These include keeping our net debt to EBITDA under 1.5x at all times and maintaining ESG at the forefront of everything we do. Through this initiative, we will ensure that our commitments are at serviceable levels, and whatever we do is better for India and the world in all senses.

At JSPL, our policies and processes are aligned with the global decarbonisation drive and hold the unique feat of manufacturing 40% of our steel through the more sustainable and circular EAF route. We continue to mainstream best-in-class practices from around the globe in our operations and supply chain and expect to conduct ourselves in a way that gives back more than we take. Similarly for our people and communities, we will continue to drive initiatives that create positive impact.

### Ahead with ambition

Keeping with the ethos of Shri O. P. Jindal, our Founder Chairman, we have always strived to set our bar high to pursue meaningful growth that can support the nation. As we direct and execute our next wave of growth through capacity expansion, we intend to service India's current and future need for special steels. We will continue to pioneer innovations that cater to the dynamic needs of our customers in India and around the globe, consolidating our position as a major steelmaker. While doing this, we will continue to deliver on our investor value proposition, by thoroughly balancing growth and sustainability.

Before I conclude, I must thank the employees of JSPL who have lent their unconditional support in re-energising JSPL and giving us the winning edge. I would also like to express my sincere gratitude towards our lenders, investors, communities, regulators, customers and every other stakeholder who continue to repose their faith in us. Your invaluable trust will encourage us to move forward towards our ambition.

Sincerely

**Naveen Jindal**