

A Vision to Execute **Better.**

**Everyday.**

# MESSAGE FROM THE CHAIRMAN & MANAGING DIRECTOR

## Ready to ride high with India

Dear Shareholders,

It gives me great pleasure to report yet another remarkable year at your Company - one that validates our actions towards a 'Better Everyday' and our contribution to the story of 'New India' that's taking gigantic strides on to the world stage.



### CELEBRATING 25 YEARS OF ASSOCIATION

25 Years ago we became a listed company after a very successful IPO when we had commenced work on our greenfield steel making project at Vijayanagar. We commenced steel making 5 years later in 1999 and had a bumpy start. Our association with all you shareholders has indeed been long lasting and mutually beneficial.

Over these years, we have witnessed a sustainable and value creating growth story, having increased our steel-making capacity from 1.6 MTPA in FY2002 to 18 MTPA currently, which is CAGR of 15%. Interestingly, India's installed steelmaking capacity increased at a 8% CAGR during this time. Our revenues have grown at a 26% and EBITDA has grown at a 28% CAGR respectively over the same period.

Starting with a single plant, we now have 10 plants including one in Europe and two in USA. Over these years we have forayed internationally to leverage upon synergies with our domestic operations as well as to capitalize on certain select market opportunities.

We have indeed had our share of challenges, but those could have been a lot worse, had we not remained optimistic. And we gained this optimism based on the confidence we give each other. You have proved time after time, year after year, that JSW Steel is each one of yours' and we shall stand stronger together. Together, through various cycles, we saw the share price hit an all-time low, on adjusted basis, at INR 4 per share in April 2002, and also, together, when the share price stood at Rs.417 in September 2018.

We should all be extremely proud of what we have created at JSW Steel in India with a globally comparable scale, size and operating efficiencies. As India embarks on a journey to become a US\$10 trillion economy by 2030, it appears that our own value creating growth journey has just begun.

We continue to grow and be Better Everyday.

Esteemed Shareholders, Fellow members of the Board and extended family of JSW Steel, Thank You for joining me today at our 25th Annual General Meeting.

### A GOLD MEDAL AND MORE

I begin with the acknowledgement that 2018-19 has been a year of two halves. Halves that contradicted each other - with a very strong business environment in the first half, and a challenging second half. But they say, ***when the going gets tough, the tough get going.*** I am pleased to say that your company took the challenge of the second half in its stride to report a EBITDA of Rs. 18,952 Crores and a strong Balance Sheet with Cash and Cash Equivalents of Rs. 6,269 Crores. Our Board of Directors has recommended a Dividend of Rs. 4.10 Per Share, **the highest ever dividend payout since inception.**

I believe the contradictions of the past financial year was a result of the transformation India is currently in the midst of. In the last few decades, we as a country, have been the epicenter of advancement from which has emerged positively reconstructed communities and businesses. As the **nation continues on this upward**

**trajectory,** I am happy to say your company is building organizational capacity to ride this tide of growth with a favorable domestic business environment that includes a stable government. We are in the midst of a large organic growth program to expand capacity from 18 to 24 MPTA between the period FY 18 - FY 21. Moreover, we **are looking to increase our domestic capacity in India to 45 Million by the year 2030, with a global capacity footprint of 10 Million tonnes over the same time period.**

Year on year we grow in size, geographical reach and influence. We were emerging as one of India's most promising steel companies. Now, decades later, your company has proven itself to be one of the nation's most prestigious and most trustworthy companies.

**With a market capitalization now exceeding \$10.2 Billion as of March 29th 2019, your company was included in NIFTY 50 - India's premiere benchmark index last year. A clear validation in terms of our ability to consistently create value for our stake holders.**

This year, our Vijayanagar Plant received a Gold Medal - **in the form of the Deming Prize, a Global recognition for quality and continuous improvements across all functions.**

### EXECUTING A VISION TO BE #BETTEREVERYDAY

In my last AGM address, I introduced our new Brand Philosophy, #BetterEveryday - the vision to be better every day. I am happy to



say that we have in your company absorbed that philosophy in a continued pursuit to deliver excellence. While the annual report that has been made available to you highlights how we execute #BetterEveryday on a daily basis, I would like to highlight a few here.

We at JSW Steel, **are embracing Industry 4.0**. Over the past two years, we have implemented over 100 digital technology projects across all the vectors of your company. This has generated Rs.180 Crores in savings and we anticipate an additional cost saving of Rs.300 crores in the current year. We have also in the last one year adopted various innovative technologies such as Machine Learning, Internet of Things and Artificial Intelligence. Minimizing human intervention, these initiatives should drive efficiency and productivity gains across the value chain.

India is modernizing, urbanising and managing the rising aspirations of a large population. This unique opportunity presents itself with unprecedented scale and your company is committed to being at the centre of that aspiration. India has set a target of becoming a US\$5 trillion economy by FY 2025. To transform that number from a target to reality, the government is likely to spend heavily on developing social as well as economic infrastructure. India's GDP is also expected to grow by 7-8%. Commensurately, steel consumption is expected to remain strong and we anticipate a robust domestic demand. The Government of India has declared a National Steel Policy to increase Steel production to about 300 MTPA by 2030. Considering the per capita consumption increasing to **160 kgs we see huge opportunity to participate in India's growth by exploring various organic and inorganic opportunities.**

During FY 18-19, **our capacity utilization stood at an all-time high of 93%, driven by improved utilization levels in Vijayanagar and Salem plant.** We will continue to operate at high utilisations and pursue a strong growth trajectory.

With the Vijayanagar capacity upgradation project, **we will increase**

**capacity from 12 MTPA to 13 MTPA. The expansion project in Dolvi which is also currently underway, will increase our capacity from 5.0 MPTA to 10.0 MPTA. These will result in an increase of our overall Steel Making Capacity from 18 MTPA to 24 MTPA.**

We have also expanded our domestic retail presence, **with over 9,500 direct and indirect outlets.**

I am also glad to share that your Company has been a preferred steel supplier to many of the iconic structures and infrastructural projects in India. During the year, we were proud to be a key supplier to various metro and airport projects across the country. We are also contributing to large projects of national importance such as atomic power stations, lift irrigation projects and ultra mega solar parks.

We continue to pursue inorganic growth opportunities as well. In the past financial year, we have emerged as a preferred bidder for Bhushan Power and Steel Limited, and await necessary approvals. We have a joint control with AION Capital in Monnet Ispat and Energy Limited through the Insolvency and Bankruptcy Code route. We also acquired facilities in USA and Italy.

### **BEING BETTER BY DOING GOOD**

**Our corporate social responsibility initiatives go way beyond compliance.**

We have grown to now being recognized as a legacy that not only delivers great product and performance - but also one that considers the need for inclusive growth at its very core.

The outreach program at JSW Foundation have been instrumental in positively impacting the lives and livelihoods of more than **1.5 million people.**

In Vijayanagar, our hospital equipped with the latest medical facilities and trained doctors continues to play a **crucial role in ensuring a healthy community.**

In Dolvi, **our mangrove plantations have helped regain the lost ecological**

**balance** and have facilitated the sustenance and livelihood of the local community.

Across the value chain, we strive to **reduce the usage of water, energy** and other resources and recycle them wherever possible. For example, the Vijayanagar Works is poised for even higher operational efficiency in FY 2020. We have installed the world's longest, 24 Kilometre – long conveyor pipe, which will ensure zero spillage while transporting raw material. This will **also lower our carbon footprint** by eliminating diesel trucks.

Our capacity expansion projects ensure that all new production units exceed compliance under the Indian as well as Euro emission norms.

### **THE ROAD AHEAD**

Being Chairman and Managing Director of the 14 Billion Dollar JSW Group with your company being the flagship company is a great honour for me and I thank each and every member of the JSW Steel family such as yourself, for driving us to deliver excellence in execution.

I am grateful to our clients, partners, various Central and State government agencies, and other stakeholders who have rested their trust and confidence in us.

I commit that your company will continue to scale new heights while staying committed to our core values of having the **Confidence** to dream big, **Courage** to spark progress, a **Commitment** to deliver on our promises, with a **Compassion** towards our ecosystem and always in **Collaboration** symbiotically with our communities and society.

I conclude with my appreciation for your continued investment and trust in your company.

**SAJJAN JINDAL**



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