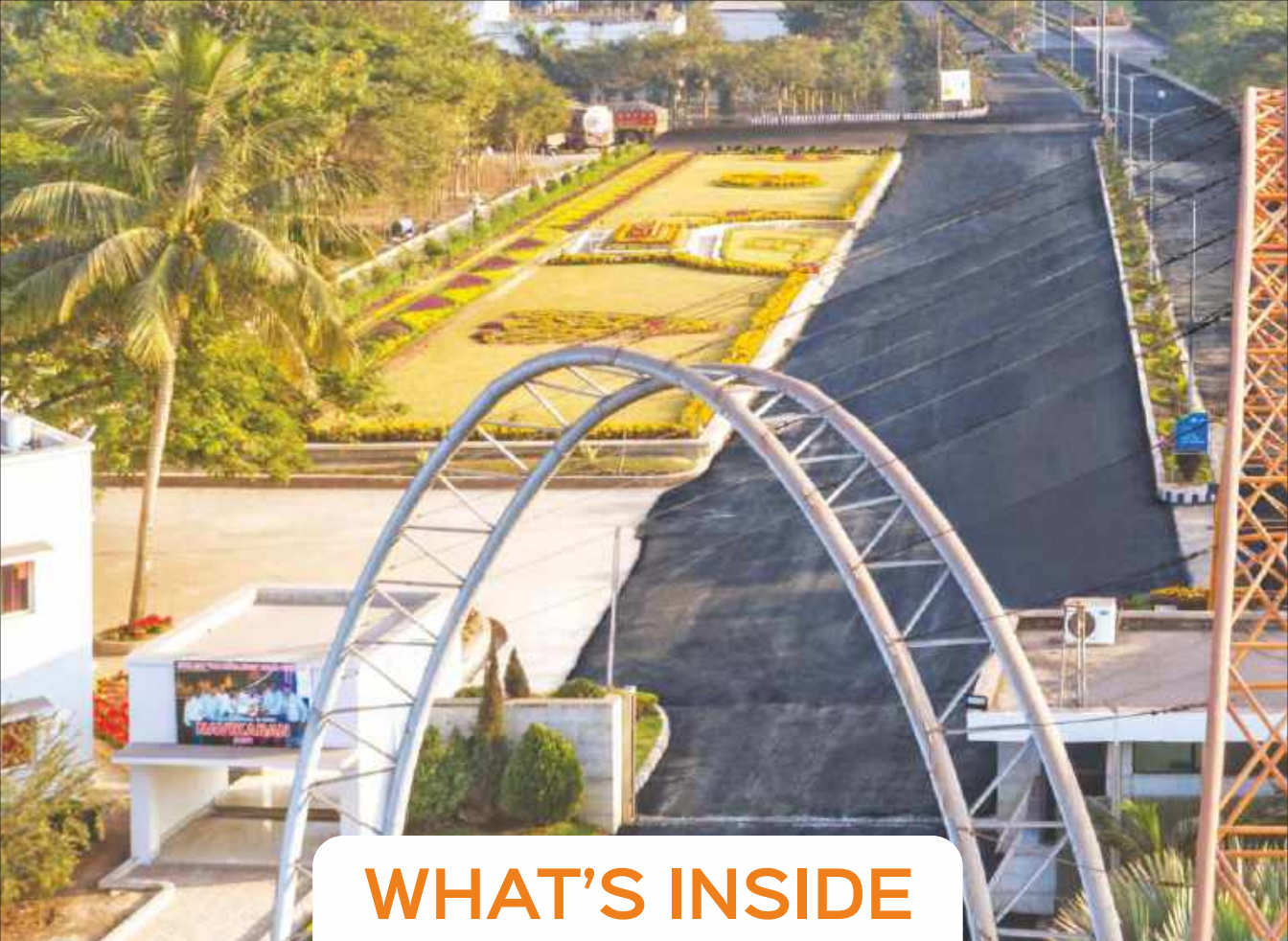




TRANSFORMING OPPORTUNITIES

Annual Report 2019-20
Jindal Stainless Limited





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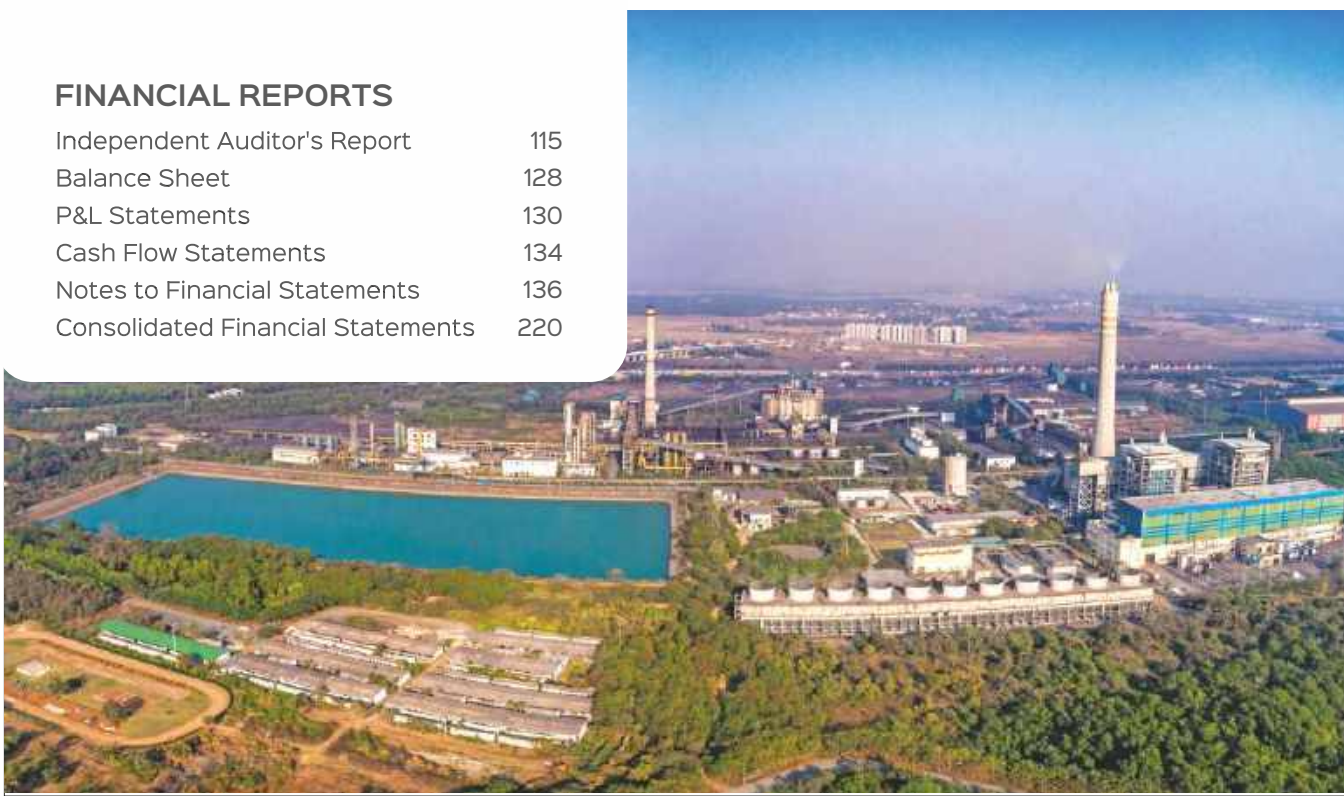
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Aerial view of Jindal Stainless Limited, Jajpur, Odisha

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VISION

Improving lives through trustworthy
and innovative stain-less solutions



Improving Lives

We will strive to improve lives of all our stakeholders (customers, suppliers, employees, shareholders and communities) and environment



Through Trustworthy

We will strive to be the most trusted and respected organization in the way we conduct ourselves with our employees, suppliers, shareholders, customers and communities and reflect our core of being truly stainless



And Innovative

We will always work towards innovating for better, be it processes, practices, solutions, delivering value added and innovative solutions to the world in our areas of work



Stain-less Solutions

We will strive to provide total solutions to our customers with reliable pre and post sale services and advisory. We will educate communities on properties (strong, versatile, corrosion resistant) and use of stainless steel and encourage downstream industries

MISSION

To be a leading stainless steel company in the world

Forging reliable relationships with customers, suppliers, employees and all other stakeholders

Building strong capabilities driving innovative practices, high quality and competitive solutions



Leading Stainless Steel Company In The World

We will strive to be amongst the top stainless steel players in the world by increasing our capacity and its utilization resulting in revenue and net profit growth



Reliable Relationships with Customers, Suppliers and all other Stakeholders

We will build long lasting relationships and uphold our commitment to the highest standards thereby becoming the preferred choice for our customers, suppliers and stakeholders



Innovative Practices

We will evolve best-in-class innovative practices (business, manufacturing and people) to help our customers, suppliers, employees, shareholders and communities



Strong Capabilities

We will build or buy appropriate technology, focus on research & development and enhance people capabilities



High Quality

We will strive to offer stainless steel products and services of the highest quality that is required



Competitive Solutions

We will strive to provide agile, cost-competitive and efficient stainless steel solutions to our customers, giving us an edge over our competitors

FOUNDING PRINCIPLES



Shri OP Jindal

August 7, 1930 - March 31, 2005

Founder - OP Jindal Group

नलवा की गलियों में रहकर, जिन्होंने देखा सपना था।
स्वातंत्र्यी भारत का निर्माण, जिन्होंने माना अपना था।
मुश्किल भरे अंधेरों में, जिन्होंने जलाई मशालें थी।
जिनके परिश्रम के बलबूते, नयी क्रांति आयी थी।

मशीनों से वो बातें करते, लोगों से बतियाते थे।
जिन्हें देख जन-मानस, नतमस्तक हो जाते थे।
फौलाद से थे इरादें जिनके, आसमान में उड़ान थी।
मिट्टी के वो सपूत जिनकी, मिट्टी में ही जान थी।

व्यापार, राजनीति के कुशल प्रबंधक, ऐसी उनकी शान है।
विशाल हृदय के समाजसेवी, जो उनकी पहचान है।
बड़े कदों के सहज लोग, मुश्किल से मिल पाते हैं।
तभी प्यार से लोग उन्हें, 'बाउजी' बुलाते हैं।

स्वातंत्र्यी भारत का सपना, हमें पूरा करके दिखाना है।
नलवा की गलियों का तिरंगा, विश्व पटल पर लहराना है।
विश्व पटल पर लहराना है।



Smt. Savitri Devi Jindal

Chairperson Emeritus

“At JSL, we commit to proactively respond to the expectations of all those who surround us.”

At Jindal Stainless Limited (JSL), our CSR initiatives have always gone the extra mile 'Beyond Business'. Since the inception of our company, we have always focused on a relationship-based approach. All of this would not have been possible without the support of all our stakeholders, employees, and the people associated with us at the grass-roots level. I am also glad to share that this year, the company responded promptly to distress calls of those affected by the devastating cyclone in Odisha, thereby resonating with our overarching vision statement of 'Improving Lives.'

The steady growth of 'Project Asmita' with the opening of a boutique managed by

community women has given a voice to rural women as it showcases their prowess in entrepreneurial development. Such case studies and stories need to be shared and replicated across geographies. This project, with a small number of women, has trained other women in various technical processes; from sourcing and product design, to product development and marketing. Such empowering projects are great indicators of the robust community governance structure that has been successfully implemented.

'Project Sahaj', managed by a self help group (SHG), is a mini sanitary napkin manufacturing unit and is a definitive example of a mechanism that caters to women's needs, creates awareness regarding the taboo topic, and shares good health and hygiene practices in the community. It is a part of JSL's efforts to end period poverty in the Jajpur district of Odisha.

On the entrepreneurship

development front, to create sustainable and scalable livelihoods, JSL initiated 'Project Sanjeevani' to enhance the entrepreneurial skills in multi-sector livelihoods and micro-enterprises, through a network of 200 SHGs spread across 27 villages of Danagadi block, Jajpur. The first Producer Company 'Samparna Jeevika Producer Company Limited' was approved by the Ministry of Corporate Affairs and was incorporated on 31st March 2020.

Towards education and health-care, JSL has opened up non-formal education centers for children from marginalized sections of society. Towards health, JSL has various mobile clinics and programs addressing societal issues such as female feticide. A well designed HIV and AIDS program has been extremely beneficial especially to the trucker community. To invest in the future of our society, the CSR wing has also enabled computer literacy programs and tuition centers for the economically-developing sections of our society.

The protection of our environment will remain a crucial concern area for which we plan on taking resolute all-year-round stances. We will continue to work with fortitude towards our targets and with our core value system firmly in place to pursue the larger agenda of helping people through stainless solutions. We have always believed in creating a legacy that will strengthen people from door-to-door and will empower them to achieve their dreams. At JSL, we commit to proactively respond to the expectations of all those who surround us and have displayed constant faith in all our endeavors.



CHAIRMAN SPEAKS

Ratan Jindal Chairman

Dear Shareholders,

We are living in times where the present least resembles the past. The history, theory and practices we learnt for years now hold little significance. However, history chronicles an unparalleled ability of human race to tide over unprecedented crisis, including other pandemics. I firmly believe that courage, hope, and optimism are the strongest facets of humanity that will enable us to tide over even this crisis. To look for clues about future, I believe rapid technological advancement and making order out of chaos by quick reinvention will be the key to survival.

Let me first present our FY 2019-20 performance. This year has been important for your company as Jindal Stainless Limited (JSL) successfully exited the Corporate Debt Restructuring (CDR) framework. Your company paid the full recompense to lenders in cash and fully redeemed the outstanding Optionally Convertible Redeemable Preference Shares (OCRPS) together, to overcome the two major overhangs. The redemption of OCRPS sets the Company free of the conversion risk which, if converted, would have resulted in equity dilution. This landmark step has not only enabled financial flexibility but has also strengthened JSL's future prospects. JSL also touched a new operational high this year by ramping up its melt production capacity to 1.1 million

tonnes per annum (MTPA), through debottlenecking and process balancing at the cost of Rs 50 crore. It is humbling for me to be a part of this extraordinary team at JSL.

Global stainless steel production grew marginally by 2.9% (YoY) in CY 2019, a muted growth against 5.5% in CY 2018. The financial year was challenging against the backdrop of heightened US-China trade war, prolonged Brexit, and softening of global trade on account of suppressed demand. Persistent risk on account of these factors dented global business sentiments across economies. COVID-19 started making its impact felt towards the end of CY 2019. Growth in Indian stainless steel production was comparatively mild at 5% (YoY) in CY 2019, mirroring a subdued momentum in global trade and a relatively lower domestic GDP growth.

Substantial progress was made in expanding JSL's product portfolio and strengthening the Company's presence across applications. We successfully developed specialized grades for kitchenware, nuclear, railway, and automobile applications. As we operate in a highly dynamic industry, our strong R&D efforts have successfully optimized our operations further. JSL is also working to firm up its digital infrastructure. Your Company is digitizing end-to-end sales process to enhance efficiency and value to customer. Our e-commerce module (SAP Hybris) is live for a majority of customers and is expected to ensure transparency, and reflect JSL's high service standards and customer centricity.

In FY 2019-20, the Company maintained its profitability, with

revenues remaining largely flat compared to the last fiscal despite the impact of COVID-19 in fourth quarter. Muted macroeconomic growth rate, volatile raw material prices, and undue subsidized imports continued to be key concerns for the domestic stainless steel industry. The industry remains on the edge as imports continue to sabotage the domestic market. Being the second largest stainless steel consumer in the world, despite lower growth projection, India is an attractive market for countries with excess stainless steel manufacturing capacities. Consequently, stainless steel imports continue to flow unabated in the Indian markets from ASEAN countries, under the Free Trade Agreements (FTAs). The industry is collaborating with the government to curb imports and in turn promote domestic manufacturing activity, thus supporting government's 'Vocal-for-Local' initiative and generate more local job opportunities. We have also urged the government to consider dissolving import duties on key raw materials like Ferro-Nickel and stainless steel scrap which are not available in India. I am confident that with the creation of a level playing field, the Indian stainless steel industry will successfully compete against sponsored imports on all quality and cost parameters.

With its vision on the future, your Company is evaluating options to overhaul its cost competitiveness in a major way, and further optimize its operational efficiency. Given its vast infrastructure set-up, availability of land, and other utilities, JSL enjoys a huge operating leverage, and can expand its capacity to suit market demand with moderate investment.

JSL's commitment to society at large remained unwavering. The company continued its intervention in the four focus areas of Skill Enhancement, Integrated Health Management, Women Empowerment, and Rural Development. Projects undertaken for child nutrition, safe drinking water, dental care measures, village library, computer and sports education ensured that our peripheral communities have access to health and education. Livelihood generation projects for women communities was the driving motto behind all gender related initiatives. To help farmers across Odisha, JSL's CSR wing managed to create a 360 degree support mechanism to farmers – right from crop selection and seeding to harvest and selling.

I have always believed in the resilience and strength of my team at JSL and their tireless commitment. I would like to thank our employees and sincerely extend my gratitude to all our shareholders, board of directors, customers, lenders, investors and all other stakeholders for their continued support.



FROM THE MANAGING DIRECTOR'S DESK

Abhyuday Jindal Managing Director

Dear Shareholders,

The pandemic of COVID-19 has proven to be a critical turning point in the history of human race and is set to reshape the global society. Despite its challenges, the pandemic has presented an opportunity for all of us to introspect and rediscover new opportunities, rebuild our environment, and re-establish our economy. The world needs to embrace more responsible and sustainable choices for future generations. I am hopeful that with appropriate action aided by modern technology, things will soon turn around.

We managed positive results in the financial year 2019-20, despite a tough external environment. This has been possible only due to the dedication and ownership of results that the employees of your Company exemplify. Jindal Stainless Limited (JSL) delivered Profit after Tax (PAT) of Rs 153 crore in FY 2019-20. Total standalone revenue stood at Rs 12,320 crore and EBITDA was maintained at Rs 1,175 crore. With the CDR exit now completed, your Company is attracting new investors. Improved investor sentiments reflect better growth prospects for the Company. Had it not been for the unabated glut of subsidized imports entering India through various channels, JSL, and in fact all of Indian stainless steel industry, would have been able to realize its true potential. All through the year, we ensured that business was operated with a sharp

focus on safety, while maintaining profitability and a consistent drive to optimize operational costs. JSL demonstrated stronger operating parameters with improved internal capabilities, fit to cater to customers with ever-evolving demand. Our R&D has enabled us to match global benchmarks for our products in the industry, and that has facilitated JSL to be amongst one of the preferred manufacturers and suppliers of stainless steel in the world. Consistent efforts to expand our product portfolio in railways, hollowware, white goods, pipe & tube, and auto segments have yielded promising results. New grades and variants were developed for lift and elevator segment, metro coach application, and railway foot-over-bridge application, among others. On the operational front, JSL implemented Level-2 automation of Argon Oxygen Decarburization (AOD) converter, which led to ~10 % improvement in productivity of this unit. Your Company successfully commissioned a 25 MT induction furnace which further resulted in a cleaner, energy-efficient melting process. JSL's melt production capacity now stands at 1.1 MTPA.

JSL's digital journey further accelerated in FY 2019-20. The Company opted for a benchmarked omni channel commerce solution by adopting Hybris e-commerce. This interactive and transparent tool provides a 360 degree dashboard view to our customers in real-time, thereby cementing their trust and engagement with the Company. JSL is committed to moving towards a digital manufacturing ecosystem and creating value for all its business partners.

JSL is actively engaged in developing a comprehensive ecosystem for stainless steel in India. We have further expanded our reach to premier institutions like IIT Kharagpur and introduced courses on stainless steel. Around 300 students have enrolled for the course in the first year of its roll-out. JSL continued to organize Fabricator Training Programs across India, benefiting over 9000 local fabricators across 61 cities. Further, various programs were conducted along with MSMEs in several cities to create awareness about these one-of-a-kind fabrication programs. Special showcase vans, displaying varied applications of stainless steel in industrial and home space, have been developed by the Company. These vans are now traversing across several states in India, educating existing and potential customer segments on the benefits of adopting stainless steel. Our marketing activities have also been advanced. Jindal Saathi, a robust pipes & tubes (P&T) marketing plan was activated in July'19 through multiple media vehicles along with on-ground activation. The campaign was driven through print, radio, OOH, and digital media vehicles to drive awareness on the originality of JSL products through the Jindal Saathi seal. A third party survey conducted after the completion of this campaign has revealed that more than 60% fabricators and distributors in the market now recognize this seal of trust. Riding on a successful campaign last year, we are now planning the second phase of marketing activities in FY21 for P&T segment. Our customer MOU scheme in FY19-20 performed well with more than 87% of MOU volumes being achieved despite disruption due to lockdown. The continuous success of this scheme is a testimony to our trustworthy relations with customers. Our business prospects are linked to the containment and effective treatment of COVID-19. Additionally, government policies across the globe will play a critical role in reviving the world economy. The state of domestic stainless steel industry is linked to this economic revival. India has performed admirably when confronted by a crisis in the past. I am optimistic that with government's clarion call for 'Aatma Nirbhar Bharat', we will work towards reviving the domestic manufacturing sector and build a self reliant nation. For us at JSL, we are ready to turn this challenge into a competitive opportunity. With this, I reiterate my optimism and stand by the growth prospects of stainless steel.

As a leader of this esteemed organization, I am extremely proud of our employees who continuously demonstrate high standards of professionalism. Time and again, they have proven their mettle through relentless efforts that lead the organisation out of challenging situations. At JSL, we remain grateful to our Board of Directors, shareholders, lenders, business associates, customers, and all the stakeholders for their continued patronage in making JSL what it is today.

NEW PRODUCT DEVELOPMENTS



SS CHEQUERED PLATE FOR FOOD PROCESSING INDUSTRY

Making further inroads in the food processing industry comes naturally for a hygienic metal like stainless steel. Chequered flooring plate in 304 grade of stainless steel is now being used in a bread manufacturing unit in New Delhi. The movement of carts in storage area was causing

abrasion and was difficult to keep clean; thereby wearing out the existing flooring. Usage of stainless steel has added hygiene, and resistance to wear and tear, and made cleaning easier. It will double the life of the flooring.



STAINLESS STEEL IN WATER CONTAINERS OF HOUSEHOLD RO'S

Over a 1000 manufacturers make approximately 50 lakh RO units each year for household use. Replacing the plastic water tank in the RO with a stainless steel one will not only be more hygienic but also corrosion resistant, strong and more durable. We have developed a prototype RO tank in Stainless Steel, 304 grade, to support the ongoing initiative of manufacturers in both the organised and unorganised sectors who are working on this application. This sector holds the potential of usage of more than 10000 MT of stainless steel.