Transformation journey of JSP of last 7 years

Naveen Jindal
Chairman

JINDAL STEEL & POWER

To
Goldratt India
New Delhi

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Dear Mr Gilani;

Goldratt India has been an integral part of JSP's journey since the last 7 years.5 years out of the last 7 years have been one of the toughest phase for JSP faced with insurmountable challenges. Yet with proper handholding, perseverance and complete focus on our goals by your methodology and approach, we have been able to script one of most memorable turnaround stories of India Inc.

- The first paradigm shift that happened was when we changed measurement from tons produced, and tons sold to cash in the bank.
- The financial literacy imparted to our team and the use of cash velocity as a parameter enabled us to become nimble and quick in decision making.
- The weekly reviews have been instrumental in aligning the team to a common goal and right metrics.
- Overall gross working capital annual turns have improved through relentless focus in reducing receivables and inventories.
- The consumables inventory also reduced while ensuring that there are no shortages and full kit availability.
- The cash release and internal accruals helped us in timely completion of ongoing projects.
- Timely payment to suppliers helped in ensuring full kit and enabled us to ramp up production and continue with our singular focus on sweating of our assets. We will continue to focus on controlling input costs and aim to become the lowest cost steel producer.
- Several opportunities were identified which challenged us to perform **Better than Before** over past results. Some of the recent changes such as methodology of monitoring best ever and moving average of hourly production, monitoring consumption at constant input prices have helped in increasing volumes and reducing variable cost.
- The weekly reviews help us to continue our focus on sweating the assets, ramping up production, reducing our gross working capital, controlling input costs and identifying new market opportunities.

I'd like to express my deepest gratitude to Goldratt India, specifically You Mr Gilani for your untiring efforts that saved JSP, for which we at JSP will always be indebted to you. Only a few companies in the steel sector have survived today, and most of the credit, I will give to implementing TOC. Mr Gilani, You have not hesitated to call a spade a spade, and shown us the mirror when we needed it the most. Your ability to ask the right questions, and align everyone to move together has been critical in our turnaround story.

I wish You all the best and hope that You continue to transform Indian industries for decades through TOC and challenging long held assumptions.

Naveen Jindal

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