

INDEPENDENT AUDITORS' REPORT

To the Members of JSW JHARKHAND STEEL LTD.

Report on the standalone financial statements

We have audited the accompanying standalone financial statements of **JSW JHARKHAND STEEL LTD.** ("the Company"), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's responsibility for the standalone financial statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.



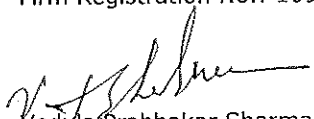
Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2016, and its loss and its cash flows for the year ended on that date.

Report on other legal and regulatory requirements

1. The Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the 'Annexure A', a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - (d) The aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - (e) On the basis of the written representations received from the directors as on March 31, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act;
 - (f) With respect to the adequacy of the Internal financial controls over financial reporting the Company and operative effectiveness of such controls, refer to our separate report in "Annexure B"; and
 - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company does not have any pending litigation;
 - ii. The Company did not have any outstanding long-term contracts including derivative contracts as at March 31, 2016 for which there were any material foreseeable losses; and
 - iii. The Company is not required to transfer any amount to the Investor Education and Protection Fund by the Company.

For **SHAH GUPTA & CO.,**
Chartered Accountants
Firm Registration No.: 109574W


Vedula Prabhakar Sharma
Partner
M. No.123088



Place: Mumbai
Date : April 27, 2016

ANNEXURE A TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets
- (b) The Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner over a period of three years. In accordance with this programme, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.
- (c) According to the information and explanation given to us, and on the basis of examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- (ii) As the Company does not have inventory, the Clause (ii) of paragraph 3 of the Order is not applicable to the Company.
- (iii) According to the information and explanations provided by the management, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Act. Accordingly, sub-clause (a), (b) and (c) are not applicable.
- (iv) The Company have not made any investments, advances or loans during the year. Accordingly, clause (iv) of paragraph 3 of the Order is not applicable
- (v) The Company has not accepted any deposits from the public.
- (vi) To the best of our knowledge and as explained, the Central Government has not prescribed maintenance of cost records under sub-section (1) of section 148 of the Act.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, income-tax, sales tax, value added tax, duty of customs, service tax, cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues which were in arrears as at 31 March 2016 for a period of more than six months from the date they became payable.
- (b) According to the records of the Company, there are no dues of Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax and Cess which have not been deposited on account of any dispute.
- (viii) The Company does not have any loans or borrowings from any financial institution, banks, government or debenture holders during the year. Accordingly, clause (viii) of paragraph 3 of the Order is not applicable.
- (ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, clause (ix) of paragraph 3 of the Order is not applicable.
- (x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit
- (xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, clause (xii) of paragraph 3 of the Order is not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

For **SHAH GUPTA & CO**

Chartered Accountants

FRN - 109574W

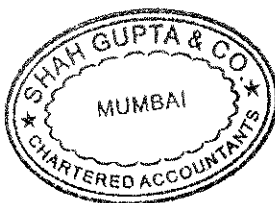

Vedula Prabhakar Sharma

Partner

M. No.123088

Place: Mumbai

Date : April 27, 2016



Annexure - B TO THE INDEPENDENT AUDITORS' REPORT

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **JSW JHARKHAND STEEL LTD.** ("the Company") as of 31 March 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.



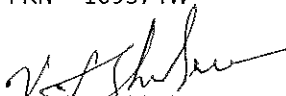
Inherent Limitations of Internal Financial Controls over Financial Reporting

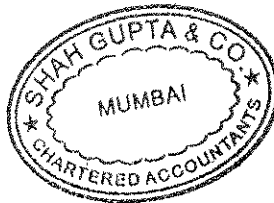
Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **SHAH GUPTA & CO**
Chartered Accountants
FRN – 109574W


Vedula Prabhakar Sharma
Partner
M. No.123088
Place: Mumbai
Date : April 27, 2016



JSW JHARKHAND STEEL LTD
BALANCE SHEET AS ON 31ST MAR 2016

(Amount in Rs.)

| Particulars | Note No. | As at 31-MAR-2016 | As at 31-Mar-2015 |
|--|----------|----------------------|----------------------|
| I. EQUITY AND LIABILITIES | | | |
| Shareholders' funds | | | |
| Share Capital | 1 | 76,71,03,130 | 76,71,03,130 |
| Reserves and Surplus | 2 | (98,07,240) | (94,79,355) |
| | | 75,72,95,890 | 75,76,23,775 |
| Non-current liabilities | | | |
| Long-term Provisions | 3 | 49,35,193 | 47,57,228 |
| | | 49,35,193 | 47,57,228 |
| Current liabilities | | | |
| Other current liabilities | 4 | 3,87,235 | 11,17,708 |
| Short-term Provisions | 5 | 36,36,412 | 15,49,333 |
| | | 40,23,647 | 26,67,041 |
| TOTAL | | 76,62,54,730 | 76,50,48,044 |
| II. ASSETS | | | |
| Non-current assets | | | |
| Fixed assets | | | |
| Tangible assets | 6 | 45,31,31,965 | 44,70,21,443 |
| Capital work-in-progress | 7 | 27,61,19,200 | 22,03,12,302 |
| Long-term loans and advances | 8 | 1,32,11,683 | 1,87,95,638 |
| | | 74,24,62,848 | 68,61,29,383 |
| Current assets | | | |
| Current investments | 9 | - | 30,01,591 |
| Cash and bank balances | 10 | 38,93,851 | 19,21,498 |
| Short-term loans and advances | 11 | 1,98,98,031 | 7,39,95,572 |
| | | 2,37,91,882 | 7,89,18,661 |
| TOTAL | | 76,62,54,730 | 76,50,48,044 |
| Significant Accounting Policies and Other Notes forming part of the financial statements | 14 | | |

Notes referred to herein form an integral part of financial statements

As per our attached report of even date

For **SHAH GUPTA & CO**

Chartered Accountants

Firm Registration No.:109574W


Vedula Prabhakar Sharma

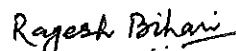
Partner

M No.: 123088

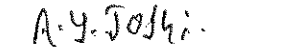


For and on Behalf of the Board


RAMNATH CHOUBEY
(Director)


RAGESH BIHARI
(CFO)


PRASHANT JAIN
(Director)


AJAY JOSHI
(Company secretary)

Place : Mumbai

Date :

JSW JHARKHAND STEEL LTD
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MAR 2016

(Amount in Rs.)

| Particulars | Note No. | Year Ended 31-MAR-2016 | Year Ended 31-Mar-2015 |
|---|----------|---------------------------|---------------------------|
| Other Income | 12 | 87,115 | 1,58,186 |
| Total Revenue | | 87,115 | 1,58,186 |
| Expenses: | | | |
| Other expenses | 13 | 4,15,000 | 1,72,500 |
| Total expenses | | 4,15,000 | 1,72,500 |
| Profit/ (Loss) before tax | | (3,27,885) | (14,314) |
| Tax expense: | | | |
| Current tax | | - | - |
| Deferred tax [Refer para C(7) of Note 14] | | - | - |
| Profit / (Loss) for the period from continuing operations | | (3,27,885) | (14,314) |
| Profit/(Loss) per share [Nominal Value per share Rs. 10 each] [Refer para C(6) of Note 14] | | | |
| Basic | | (0.00430) | (0.00020) |
| Diluted | | (0.00430) | (0.00020) |
| Significant Accounting Policies and Other Notes forming part of the financial statements | 14 | | |

Notes referred to herein form an integral part of financial statements.

As per our attached report of even date
For **SHAH GUPTA & CO**
Chartered Accountants
Firm Registration No.:109574W



Vedula Prabhakar Sharma
Vedula Prabhakar Sharma
Partner
M No.: 123088

For and on Behalf of the Board

Ram Nath Choubey
RAMNATH CHOUBEY
(Director)

Prashant Jain
PRASHANT JAIN
(Director)

Ragesh Bihari
RAGESH BIHARI
(CFO)

A. Y. Joshi
AJAY JOSHI
(Company secretary)

Place : Mumbai
Date :

JSW JHARKHAND STEEL LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2016

| | | Amount in Rupees | |
|--|-----------------------------------|-----------------------------------|--|
| Particulars | Year Ended 31-Mar-2016 | Year Ended 31-Mar-2015 | |
| A. CASH FLOW FROM OPERATING ACTIVITIES | | | |
| NET PROFIT/(LOSS) BEFORE TAX | (3,27,885) | (14,314) | |
| Adjustment for : | | | |
| Changes in Working capital | | | |
| Other Receivables | 5,40,97,541 | (7,33,82,952) | |
| Other Payables | 15,34,571 | 33,62,671 | |
| NET CASH FLOW GENERATED FROM OPERATING ACTIVITIES | 5,53,04,227 | (7,00,34,595) | |
| B. CASH FLOW FROM INVESTING ACTIVITIES | | | |
| Purchase of Fixed Assets | (70,90,211) | (9,56,04,128) | |
| Pre-operative Expenses to be capitalised | (5,48,27,209) | (4,65,40,003) | |
| Increase/Decrease in Loans & Advances by | 55,83,955 | 8,87,95,125 | |
| Redemption/(Investment) in Short Term Fund | 30,01,591 | 1,03,341 | |
| NET CASH USED IN INVESTING ACTIVITIES | (5,33,31,874) | (5,32,45,665) | |
| C. CASH FLOW FROM FINANCING ACTIVITIES | | | |
| Proceeds from Issue of Equity Capital | - | 11,93,04,030 | |
| NET CASH FLOW GENERATED FROM FINANCING ACTIVITIES | - | 11,93,04,030 | |
| NET INCREASE IN CASH & CASH EQUIVALENTS (A+B+C) | 19,72,353 | (39,76,230) | |
| CASH AND CASH EQUIVALENTS - OPENING BALANCE | 19,21,498 | 58,97,728 | |
| CASH AND CASH EQUIVALENTS - CLOSING BALANCE | 38,93,851 | 19,21,498 | |

Notes :

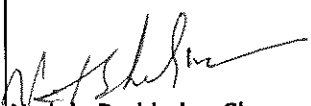
- The above cash flow statement has been prepared by using the Indirect method as per Accounting Standard 3 - " Cash flow statements " issued by the Institute of Chartered accountants of India.

As per our attached report of even date

For **SHAH GUPTA & CO**

Chartered Accountants

Firm Registration No.:109574W




Vedula Prabhakar Sharma

Partner

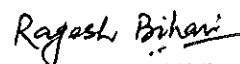
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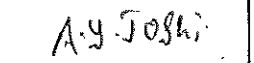


For and on behalf of the Board of Directors


RAMNATH CHOUBEY
(Director)


PRASHANT JAIN
(Director)


RAGESH BIHARI
(CFO)


AJAY JOSHI
(Company secretary)

Place : Mumbai

Date :

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

| Particulars | As at 31-MAR-2016 | As at 31-Mar-2015 |
|--|----------------------|----------------------|
| Note 1 | | |
| SHARE CAPITAL | | |
| Authorised : 10,00,00,000 (Previous Year: 10,00,00,000) Equity Shares of Rs.10 each | 1,00,00,00,000 | 1,00,00,00,000 |
| Issued : 7,67,10,313 (Previous Year: 7,67,10,313) Equity Shares of Rs.10 each fully paid up | 76,71,03,130 | 76,71,03,130 |
| Subscribed and Paid up: 7,67,10,313 (Previous Year: 7,67,10,313) Equity Shares of Rs.10 each fully paid up | 76,71,03,130 | 76,71,03,130 |
| | 76,71,03,130 | 76,71,03,130 |

NOTE 1(a)

Reconciliation of number of shares

| Equity Shares | As at 31-MAR-2016 | As at 31-Mar-2015 |
|---|----------------------|----------------------|
| | Number | Number |
| Shares outstanding at the beginning of the year | 7,67,10,313 | 6,47,79,910 |
| Shares issued during the year | - | 1,19,30,403 |
| Shares outstanding at the closing of the year | 7,67,10,313 | 7,67,10,313 |
| | Rs. | Rs. |
| Shares outstanding at the beginning of the year | 76,71,03,130 | 64,77,99,100 |
| Shares issued during the year | - | 11,93,04,030 |
| Shares outstanding at the closing of the year | 76,71,03,130 | 76,71,03,130 |

NOTE 1(b)

Equity Shares

The company has one class of equity shares having a par value of Rs 10 each. Each shareholder is eligible for one vote per share. 100% shares are held by JSW Steel Ltd , the Holding Company.

NOTE 1(c)

Shares held by its holding company are as follows :

| Equity Shares | Year Ended 31-MAR-2016 | Year Ended 31-Mar-2015 |
|--|---------------------------|---------------------------|
| | Number | Number |
| JSW Steel Limited (Holding Company) along with its nominees | 7,67,10,313 | 7,67,10,313 |
| | Rs. | Rs. |
| JSW Steel Limited (Holding Company) along with its nominees | 76,71,03,130 | 76,71,03,130 |

NOTE 1(d)

Details of shareholders holding more than 5% shares in the company

| Equity shares of Rs. 10 each fully paid up | Year Ended 31-MAR-2016 | Year Ended 31-Mar-2015 |
|---|---------------------------|---------------------------|
| | Number | Number |
| JSW Steel Limited (Holding Company) along with its nominees | 7,67,10,313 | 7,67,10,313 |
| | % of holding | % of holding |
| JSW Steel Limited (Holding Company) along with its nominees | 100% | 100% |



NOTES FORMING PART OF THE FINANCIAL STATEMENTS

| Particulars | As at 31-MAR-2016 | As at 31-Mar-2015 |
|--|------------------------------|------------------------------|
| NOTE 2 | | |
| RESERVES AND SURPLUS: | | |
| Balance in statement of Profit and Loss | | |
| Balance at the beginning of the year | (94,79,355) | (94,65,041) |
| Add :Profit / (Loss) During the year | (3,27,885) | (14,314) |
| | (98,07,240) | (94,79,355) |
| Total | (98,07,240) | (94,79,355) |
| NOTE 3 | | |
| Long Term Provisions | | |
| Employee Benefits | | |
| Gratuity | 27,65,646 | 25,73,480 |
| Leave encashment | 21,69,547 | 21,83,748 |
| | 49,35,193 | 47,57,228 |
| NOTE 4 | | |
| Other Current Liabilities | | |
| Statutory dues | | |
| Provident Fund and Tax Deducted at Source | 87,235 | 8,17,708 |
| Other Liabilities | 3,00,000 | 3,00,000 |
| | 3,87,235 | 11,17,708 |
| NOTE 5 | | |
| Short Term Provisions | | |
| Provision for Employee Benefits | | |
| Gratuity | 10,93,182 | 66,758 |
| Leave encashment | 14,30,896 | 12,85,065 |
| Other Provisions/ Other Liabilities | 11,12,334 | 1,97,510 |
| | 36,36,412 | 15,49,333 |

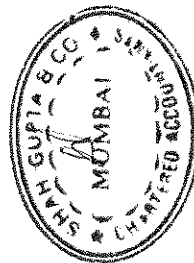


JSW JHARKHAND STEEL LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

NOTE 6

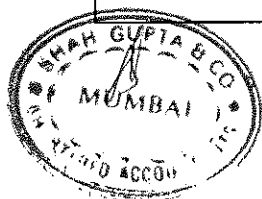
FIXED ASSETS

| | Gross Block | | | | Depreciation | | Net Block | |
|----------------------|-----------------------------|-------------------------------|-----------|------------------------------|-----------------------------|--|------------------------------|------------------------------|
| | Balance as at 1-Apr-2015 | Net Additions/ (Disposals) | Deduction | Balance as at 31-Mar-2016 | Balance as at 1-Apr-2015 | Depreciation charge for the Year | Balance as at 31-Mar-2016 | Balance as at 31-Mar-2015 |
| Tangibles | | | | | | | | |
| Land | 44,29,28,422 | 70,68,961 | | 44,99,97,383 | - | | 44,99,97,383 | 44,29,28,422 |
| Plant & Equipment | 22,74,217 | 13,400 | | 22,87,617 | 6,31,428 | 5,57,587 | 10,98,602 | 16,42,789 |
| Furniture & Fixtures | 5,02,592 | 7,850 | | 5,10,442 | 1,86,622 | 73,411 | 2,50,409 | 3,15,970 |
| Vehicles | 26,60,032 | - | | 26,60,032 | 5,25,770 | 3,48,691 | 17,85,571 | 21,34,262 |
| Total | 44,83,65,263 | 70,90,211 | - | 45,54,55,474 | 13,43,820 | 9,79,689 | 45,31,31,965 | 44,70,21,443 |
| Previous Years | 35,27,61,135 | 9,56,04,128 | - | 44,83,65,263 | 9,12,109 | 4,31,711 | 44,70,21,443 | |



NOTES FORMING PART OF THE FINANCIAL STATEMENTS

| Particulars | As at 31-MAR-2016 | As at 31-Mar-2015 |
|--|----------------------|----------------------|
| NOTE 7 | | |
| Capital Work-in-Progress | | |
| Pre-operative Expenses (pending allocation) | | |
| Opening Balance | 22,03,12,302 | 17,33,40,588 |
| Add: | | |
| Rent | 8,01,845 | 8,17,049 |
| Power & Fuel | 1,43,674 | 1,14,948 |
| Salaries, wages & bonus | 3,57,34,645 | 3,09,23,416 |
| Contribution to Provident Fund | 18,10,325 | 19,26,736 |
| Outsourced Employee Expenses | 17,12,566 | - |
| Staff Welfare | 1,73,911 | 2,16,847 |
| Recruitment & Joining | 64,737 | 81,954 |
| Insurance | 4,57,438 | 3,18,930 |
| Repairs & Maintenance | 8,49,009 | 36,45,776 |
| Travelling Expenses | 9,80,376 | 15,71,763 |
| Taxi Hiring Charges | 9,98,662 | 20,16,032 |
| Petrol & Diesel Expenses | 13,56,540 | 17,04,531 |
| CSR Expenses | 8,62,005 | 6,34,617 |
| Legal & Professional & Filing Fees | 77,19,442 | 4,64,622 |
| Miscellaneous Expenses/Office/Guest House Exp | 5,29,250 | 12,27,708 |
| Telephone Expenses | 3,55,406 | 3,47,235 |
| Postage & Courier Expenses | 10,898 | 17,012 |
| Printing & Stationery | 2,62,879 | 5,03,930 |
| Bank Charges | 3,601 | 6,897 |
| Depreciation | 9,79,689 | 4,31,711 |
| Total | 27,61,19,200 | 22,03,12,302 |
| Note 7.1 | | |
| The Company is setting up an Integrated Steel Plant at Jharkhand, Ranchi. The expenditure incurred during the construction period is classified as Capital Work-in-Progress pending capitalization and will be apportioned to the Assets on the completion of the project. | | |
| NOTE 8 | | |
| Long Term Loans and Advances | | |
| (Unsecured, considered good) | | |
| Capital Advances | 81,67,860 | 1,42,10,421 |
| Other loans and advances | | |
| Service Tax Receivable | 50,43,823 | 45,85,217 |
| | 1,32,11,683 | 1,87,95,638 |
| Note 9 | | |
| INVESTMENTS | | |
| Other Investments | | |
| Current Investments | | |
| Investment in Mutual Funds | - | 30,01,591 |
| | - | 30,01,591 |
| SUMMARY | | |
| Aggregate cost of Current Investment | - | 30,01,591 |
| Repurchase Value | - | 30,01,591 |
| NOTE 10 | | |
| Cash and bank balances | | |
| Cash & cash equivalents | | |
| Balances with banks in current accounts | 38,24,122 | 17,49,531 |
| Cash on hand | 69,729 | 1,71,967 |
| | 38,93,851 | 19,21,498 |
| NOTE 11 | | |
| Short Term Loans and Advances | | |
| (Unsecured, considered good) | | |
| Premises and Other deposits | 8,40,856 | 9,46,856 |
| Advance Tax and Tax deducted at source (net) | 5,793 | 11,843 |
| Balance receivable from Related Parties | 1,90,51,382 | 7,30,36,873 |
| Total: | 1,98,98,031 | 7,39,95,572 |



NOTES FORMING PART OF THE FINANCIAL STATEMENTS

| Particulars | As at 31-MAR-2016 | As at 31-Mar-2015 |
|-----------------------------------|------------------------------|------------------------------|
| NOTE 12 | | |
| Other Income | | |
| Interest Income | 2,330 | 77,581 |
| Dividend from Current Investments | 84,785 | 80,605 |
| | <u>87,115</u> | <u>1,58,186</u> |
| NOTE 13 | | |
| Other Expenses | | |
| Auditor's Remuneration | | |
| Audit fees | 1,25,000 | 1,25,000 |
| Others | 10,000 | 7,500 |
| Director's Sitting Fee | 2,80,000 | 40,000 |
| | <u>4,15,000</u> | <u>1,72,500</u> |





JHARKHAND STEEL LIMITED

Note 14:

SIGNIFICANT ACCOUNTING POLICIES AND OTHER NOTES TO THE FINANCIAL STATEMENT

A. General Information

JSW Jharkhand Steel Ltd is a 100% subsidiary of JSW Steel Ltd. The company is in the process of setting up a 10 MTPA Integrated Steel Plant and 800 MW Captive Power Plant in Sonahatu Block of Ranchi District, Jharkhand. Land purchase and various approvals with regard to Water, Railway Siding and Environment are in process. Expert Appraisal committee, Ministry of Environment (MOEF) & Climate Change (CC) has recommended Environment Clearance for the Project.

B. SIGNIFICANT ACCOUNTING POLICIES

1. Basis of accounting

The accompanying financial statements have been prepared under the historical cost convention, in accordance with Indian Generally Accepted Accounting Principles (GAAP) and Accounting Standards specified under section 133 of the Companies Act, 2013 (The Act), read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 ("the Act") as applicable.

The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

2. Use of estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles require estimates and assumptions to be made that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities on the date of financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates and differences between actual results and estimates are recognized in the periods in which the results are known/materialize

All the assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle. Based on the nature of products and the time between the acquisition of assets for processing and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current – noncurrent classification of assets and liabilities.



3. Fixed assets and depreciation

Fixed Assets are stated at their cost of acquisition or construction less accumulated depreciation and impairment losses.

Costs of acquisition comprise all costs incurred to bring the assets to their location and working condition up to the date the assets are put to use. Costs of construction are composed of those costs that relate directly to specific assets and those that are attributable to the construction activity in general and can be allocated to specific assets up to the date the asset are put to use.

Depreciation on assets is provided, pro-rata for the period of use, by the Straight Line Method (SLM) at the SLM as per the useful life prescribed in Schedule II to the Companies Act, 2013.

The carrying values of assets /cash generating units at each balance sheet date are reviewed for impairment in accordance with Accounting Standard 28 "Impairment of Assets". If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognized, if the carrying amount of these assets exceeds their recoverable amount (i.e. the higher of the asset's net selling price and value in use).

Capital work-in-progress: Projects under which tangible fixed assets are not yet ready for their intended use are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

4. Investments

Investments are classified as current or long-term in accordance with Accounting Standard 13 "Accounting for Investments".

Current investments are stated at lower of cost and fair value. Any reduction in the carrying amount and any reversals of such reductions are charged or credited to the profit and loss account.

Long term Investments are stated at cost. Provision for diminution is made to recognize a decline, other than temporary, in the value of such investments.

5. Revenue recognition

Revenue is recognized when it is earned and no significant uncertainty exists as to its realization or collection.



6. Borrowing costs

Borrowing costs attributable to the acquisition or construction of qualifying assets, as defined in Accounting Standard 16 "Borrowing Costs" are capitalized as part of the cost of such asset up to the date when the asset is ready for its intended use. Other borrowing costs are expensed as incurred.

7. Employee benefits

Employee benefits such as salaries, allowances, non-monetary benefits and employee benefits under defined contribution plans such as provident funds managed by the Government and other funds, which fall due for payment within a period of twelve months after rendering service, are charged as expense to the profit and loss account in the period in which the service is rendered.

Employee benefits under defined benefit plans, such as gratuity and provident fund schemes managed by the Company and compensated absences which fall due for payment after a period of twelve months from rendering service or after completion of employment, are measured by the projected unit credit method, on the basis of actuarial valuations carried out by third party actuaries at each balance sheet date. The company's obligations recognized in the balance sheet represents the present value of obligations as reduced by the fair value of plan assets, where applicable.

Actuarial gains and losses are recognized immediately in the profit and loss Account.

8. Income taxes

Income taxes are accounted for in accordance with Accounting Standard 22 "Accounting for Taxes on Income". Taxes comprise both current and deferred tax.

Current tax is measured at the amount expected to be paid/ recovered from the revenue authorities, using the applicable tax rates and tax laws. Minimum Alternate Tax (MAT) credit entitlement available under the provisions of Section 115 JAA of the Income Tax Act, 1961 is recognized to the extent that the credit will be available for discharge of future normal tax liability.

The tax effect of the timing differences that result between taxable income and accounting income and are capable of reversal in one or more subsequent periods are recorded as a deferred tax asset or a deferred tax liability. They are measured using the substantively enacted tax rates and tax laws.

9. Earnings per share

The Company reports basic and diluted earnings per share (EPS) in accordance with Accounting Standard 20 "Earnings per Share". Basic EPS is computed by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Diluted EPS is computed by dividing the net profit or loss for the year attributable to equity



shareholders by the weighted average number of equity shares outstanding during the year as adjusted for the effects of all dilutive potential equity shares, except where the results are anti-dilutive.

10. Cash Flow Statement

The cash flow statement is prepared using the "indirect method" set out in Accounting Standard 3 Cash Flow Statements" and presents the cash flows by operating, investing and financing activities of the Company.

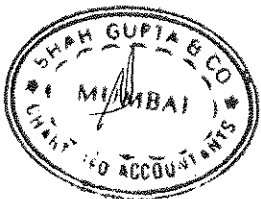
Cash and cash equivalents presented in the cash flow statement consist of cash on hand and unencumbered, highly liquid bank balances.

11. Stock based compensation

The compensation cost of stock options granted to employees is calculated using the intrinsic value of the stock options. The compensation expense is amortized uniformly over the vesting period of the option.

12. Contingent liabilities

Contingent liabilities as defined in Accounting Standard 29 "Provisions, Contingent Liabilities and Contingent Assets" are disclosed by way of notes to the accounts. Disclosure is not made if the possibility of an outflow of future economic benefits is remote. Provision is made if it is probable that an outflow of future economic benefits will be required to settle the obligation.





JHARKHAND STEEL LIMITED

C. OTHER NOTES TO FINANCIAL STATEMENT

1. Capital and Other Commitments:

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) Rs. 44,96,700/-(excluding service tax) (Previous year Rs. 44,96,700).

2. Segment Reporting

There is/are no reportable segment (business and/or geographical) in accordance with the requirements of Accounting Standard 17 – 'Segment Reporting'.

3. Employee Share based Payment Plans:

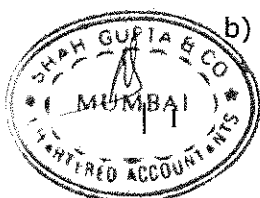
As on 31st March 2016 the Company has share-based payments arrangements, which are described below:

Employee Share based Payment Plans:

a) The Company operates an employee share-based payments plan which is described below:

| Particulars | ESOP 2012 | |
|-------------------------------------|--|--|
| | Initial Grant (Junior Manager & Above) | 1st Subsequent Grant (Junior Manager & Above) |
| Date of grant | 26-Jul-12 | 26-Jul-12 |
| Outstanding as on 01.04.2015 | 2,993 | 10,532 |
| Forfeited/Cancelled during the year | - | - |
| Exercised during the year | 2171 | 5,232 |
| Outstanding as on 31.03.2016 | 822 | 5,300 |
| Vesting Date | 30-09-13 | 30-09-14 |
| Method of settlement | Cash | Cash |
| Exercise Price | 700 | 700 |

b) Expenses arising from employee's share- based payment plans- NIL, (Previous year Rs. NIL).



4. Related parties disclosure as per Accounting Standard (AS) – 18:

a) List of Related Parties

Parties with whom the Company has entered into transactions during the Year:

1. Holding Company:

JSW Steel Limited

2. Fellow Subsidiary:

Rohne Coal Company Private Limited

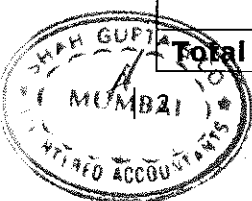
3. Key Management Personnel:

Mr. Ramnath Choubey
Mr. Ragesh Bihari

b) Transactions with related parties:

Amount in Rs.

| Party's Name | F.Y.15-16 | F.Y.14-15 |
|---|--------------------|---------------------|
| Reimbursement of Expenses incurred on our behalf by | | |
| Holding Company | | |
| JSW Steel Limited | 5,67,41,000 | 4,55,13,572 |
| Total | 5,67,41,000 | 4,55,13,572 |
| Expenses incurred by us on behalf of | | |
| Holding Company | | |
| JSW Steel Limited | 29,55,509 | 11,71,27,634 |
| Total | 29,55,509 | 11,71,27,634 |
| Investments / Share Application Money received during the Year | | |
| Holding Company | | |
| JSW Steel Limited | - | 11,93,04,030 |
| Total | - | 11,93,04,030 |
| Remuneration to key managerial personnel | | |
| Mr. Ramnath Choubey | 47,37,600 | 42,87,091 |
| Mr. Ragesh Bihari | 6,92,604 | 15,03,036 |
| Total | 54,30,204 | 57,90,127 |
| Reimbursement of Expenses incurred by us on behalf of | | |
| Rohne Coal Company Private Limited | 37,21,663 | 57,42,160 |
| Total | 37,21,663 | 57,42,160 |



c) Closing balances of related parties

Amount in Rs.

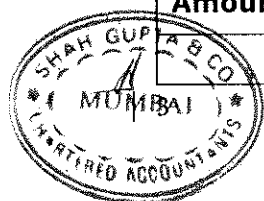
| Closing balances of related parties: | As at 31.03.2016 | As at 31.03.2015 |
|--|-----------------------------|-----------------------------|
| Share Capital including Share Application | | |
| JSW Steel Ltd. | 76,71,03,130 | 76,71,03,130 |
| Total | 76,71,03,130 | 76,71,03,130 |
| Expenses incurred by us on behalf of | | |
| JSW Steel Ltd. | 1,78,05,653 | 7,17,91,144 |
| Rohne Coal Co Pvt Ltd | 12,45,729 | 12,45,729 |
| Total | 1,90,51,382 | 7,30,36,873 |

5. Employee Benefits:

a) Defined Benefit Plans:

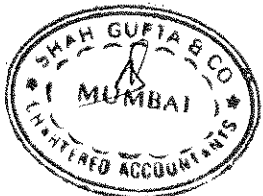
Amount in Rs.

| | Gratuity (Non Funded) | |
|---|-----------------------------------|--------------------------|
| | Current Year | Previous Year |
| a) Liability recognized in the Balance Sheet | | |
| i) Present value of obligation | | |
| As at 1 April 2015 | 26,40,238 | 16,10,085 |
| Service Cost | 4,00,319 | 2,34,284 |
| Interest Cost | 2,08,315 | 1,51,187 |
| Actuarial (gain)/ loss on obligation | 8,06,871 | 6,44,682 |
| Benefits paid | (1,96,915) | NIL |
| Liability assumed in amalgamation in nature of purchase | NIL | NIL |
| As at 31 March 2016 | 38,58,828 | 26,40,238 |
| Less: | | |
| ii) Fair Value of Plan Assets | | |
| As at 1 April 2014 | NIL | NIL |
| Expected Return on Plan assets less loss on investments | NIL | NIL |
| Actuarial gain / (loss) on Plan Assets | NIL | NIL |
| Employers' Contribution | NIL | NIL |
| Benefits paid | NIL | NIL |
| Assets acquired in amalgamation in nature of purchase | NIL | NIL |
| Expected Return on Plan assets less loss on investments | NIL | NIL |
| | | |
| Amount recognized in Balance Sheet | 38,58,828 | 26,40,238 |



| | Gratuity (Non Funded) | |
|--|------------------------------------|--------------------------|
| | Current Year | Previous Year |
| b) Expenses during the year | | |
| Service cost | 4,00,319 | 2,34,284 |
| Interest cost | 2,08,315 | 1,51,187 |
| Expected Return on Plan assets | NIL | NIL |
| Actuarial (Gain)/Loss | 8,06,871 | 6,44,682 |
| Total | 14,15,505 | 10,30,153 |
| c) Actual Return on plan assets | NIL | NIL |
| d) Break up of Plan Assets as a percentage of total plan assets | | |
| (Percentage or Value) | | |
| Insurer Managed Funds | NIL | NIL |
| e) Principal actuarial assumptions | | |
| Rate of Discounting | 7.96% p.a. | 9.39% p.a. |
| Expected Return on Plan Assets | 0 % p.a. | 0 % p.a. |
| Rate of increase in salaries | 6% p.a. | 6% p.a. |
| Attrition Rate | 2% p.a. | 2% p.a. |
| f) Balance Sheet Reconciliation: 01.04.2015 - 31.03.2016 | | |
| Opening Net Liability | 26,40,238 | 16,10,085 |
| Expenses as Above | 14,15,505 | 10,30,153 |
| Net Transfer In | NIL | NIL |
| (Net Transfer Out) | NIL | NIL |
| Employer's Contribution | NIL | NIL |
| | 40,55,743 | 26,40,238 |

In assessing the Company's Post Retirement Liabilities the company monitors mortality assumptions and uses up-to-date mortality tables. The base being the LIC 1994-96 ultimate tables.




6. Earnings per Share (EPS):


Amount in Rs.

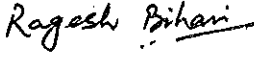
| | | Current Year | Previous Year |
|--|------|---------------------|----------------------|
| Profit/ (Loss) after Tax | Rs. | (3,27,885) | (14,314) |
| Earning per share – Basic | Rs. | (0.0043) | (0.0002) |
| Earning per share – Diluted | Rs. | (0.0043) | (0.0002) |
| Nominal value per share | Rs. | 10 | 10 |
| Weighted average number of equity shares for Basic EPS (denominator) | Nos. | 7,67,10,313 | 7,01,91,576 |
| Weighted average number of equity shares for Diluted EPS (denominator) | Nos. | 7,67,10,313 | 7,01,91,576 |

7. The Company has carried forward tax losses. Deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits. The deferred tax asset has been created on carry-forward tax losses to the extent of deferred tax liability.
8. The Company has not received any intimation from supplier regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosure, if any, relating to this amounts unpaid as at the year end together with interest paid / payable as required under the said act have not been given.
9. The previous year figures have also been reclassified / regrouped wherever necessary to confirm to current year's classification
10. The additional Information pursuant to revised Schedule VI to the Companies Act, 2013 are either Nil or Not Applicable.

For and on Behalf of the Board


RAMNATH CHOUBEY
(Director)


PRASHANT JAIN
(Director)


RAGESH BIHARI
CFO

A.Y. Joshi
AJAY JOSHI
(COMPANY SECRETARY)

