

# Deloitte Haskins & Sells LLP

Chartered Accountants  
Indiabulls Finance Centre  
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Senapati Bapat Marg  
Elphinstone Road (West)  
Mumbai - 400 013  
Maharashtra, India

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## INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF JSW STEEL PROCESSING CENTRES LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of JSW STEEL PROCESSING CENTRES LIMITED ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2016, the Statement of Profit and Loss and 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 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 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 prescribed under section 133 of the Act.

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 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 and the Order under section 143 (11) of the Act.

We conducted our audit of the financial statements 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. 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 financial statements.

#### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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 31<sup>st</sup> March, 2016, and its profit and its cash flows for the year ended on that date.

#### **Report on Other Legal and Regulatory Requirements**

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**1. 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) In our opinion, the aforesaid financial statements comply with the Accounting Standards prescribed under section 133 of the Act.
- e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 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 of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- 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 has disclosed the impact of pending litigations on its financial position in its financial statements;
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

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**Deloitte**  
**Haskins & Sells LLP**

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For DELOITTE HASKINS & SELLS LLP  
Chartered Accountants  
(Firm Registration No. 117366W/ W-100018)

A handwritten signature in black ink, appearing to read 'A. Siddharth', written in a cursive style.

A. Siddharth  
Partner  
(Membership No. 31467)

Mumbai, dated: 30 April 2016

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**ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT**

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

**Report on the Internal Financial Controls Over Financial Reporting 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 STEEL PROCESSING CENTRES LIMITED ("the Company") as of 31<sup>st</sup> March, 2016 in conjunction with our audit of the financial statements of the Company for the year then ended.

**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 ("the Guidance Note") issued by the Institute of Chartered Accountants of India. 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 issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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 judgement, 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.

*DMC*

### **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 authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

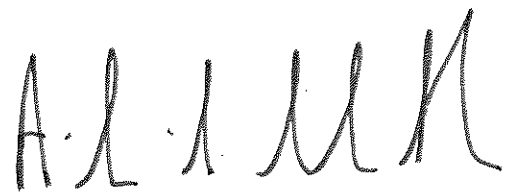
### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

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, to the best of our information and according to the explanations given to us, 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<sup>st</sup> 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 issued by the Institute of Chartered Accountants of India.

For DELOITTE HASKINS & SELLS LLP  
Chartered Accountants  
(Firm Registration No. 117366W/ W-100018)



A. Siddharth  
Partner

(Membership No. 31467)

Mumbai, dated: 30 April 2016

**ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT**

(Referred to in paragraph 2 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 program of verification of fixed assets to cover all the items in a phased manner over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.  
  
(c) The Company does not have any immovable properties of freehold or leasehold land and acquired building and hence reporting under paragraph 3(i)(c) of the Order is not applicable.
- (ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals, except for inventories lying with third parties where confirmations have been received by the management, and no material discrepancies were noticed on physical verification.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the Register maintained under Section 189 of the Companies Act, 2013.
- (iv) The Company has not granted any loans, made investments, provided guarantees or securities during the year and hence reporting under paragraph 3(iv) of the Order is not applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit and hence reporting under paragraph 3(v) of the Order is not applicable.
- (vi) The maintenance of cost records has been specified by the Central Government under section 148(1) of the Companies Act, 2013. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, *prima facie*, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) According to the information and explanations given to us, in respect of statutory dues:
  - (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues applicable to it with the appropriate authorities. As informed to us the provisions of Employees' State Insurance were not applicable to the Company.
  - (b) There were no undisputed amounts payable in respect of Provident Fund, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues in arrears as at 31<sup>st</sup> March, 2016 for a period of more than six months from the date they became payable.



- (c) Details of dues of Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, and Value Added Tax which have not been deposited as on 31<sup>st</sup> March, 2016 on account of disputes are given below:

Name of statute	Nature of dues	Forum where dispute is pending	Period(s) to which the amount relates	Amount unpaid (in Rupees)
The Central Excise Act, 1944	Excise Duty	Commissioner of Central Excise, Customs and Service Tax	2008-2009	26,415,634
Chapter V of the Finance Act, 1994	Service Tax	Commissioner of Central Excise, Customs and Service Tax	2009-10 to 2013-14	21,417,670

- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to banks. The Company has not taken any loans or borrowings from financial institutions and government or has not issued any debentures.
- (ix) The Company has neither raised any moneys by way of initial public offer / further public offer (including debt instruments) / term loans nor were such proceeds pending to be applied, during the current year and hence reporting under paragraph 3(ix) of the Order is not applicable.
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- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) The Company is not a Nidhi Company and hence reporting under paragraph 3(xii) of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.
- (xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under paragraph 3(xiv) of the Order is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly paragraph 3(xv) of the Order is not applicable.

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**Deloitte  
Haskins & Sells LLP**

(xvi) The Company is not required to be registered under section 45-I of the Reserve Bank of India Act, 1934.

For DELOITTE HASKINS & SELLS LLP  
Chartered Accountants  
(Firm Registration No. 117366W/ W-100018)

A handwritten signature in black ink, appearing to read 'A. Siddharth', written in a cursive style.

A. Siddharth  
Partner

(Membership No. 31467)

Mumbai, dated: 30 April 2016

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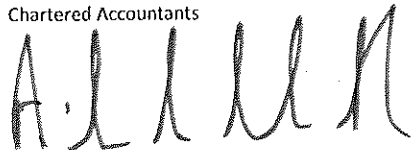


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**JSW STEEL PROCESSING CENTRES LIMITED**  
Balance Sheet as at 31 March 2016

Particulars	Note No.	As at 31 March 2016	As at 31 March 2015
		Rs.	Rs.
<b>A EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' funds</b>			
(a) Share capital	3	5000,00,000	5000,00,000
(b) Reserves and surplus	4	10494,41,192	9019,30,939
		<b>15494,41,192</b>	<b>14019,30,939</b>
<b>2 Non-current liabilities</b>			
(a) Long-term borrowing	5	-	125,00,000
(b) Deferred tax liabilities (Net)	6	896,01,082	822,00,282
(c) Long-term provisions	7	86,28,483	76,89,945
		<b>982,29,565</b>	<b>1023,90,227</b>
<b>3 Current liabilities</b>			
(a) Trade payables			
(i) Total outstanding dues of micro and small enterprises (MSME)	22 (ix)	3,04,769	4,95,762
(ii) Total outstanding dues of creditors other than MSME		443,61,229	272,12,809
(b) Other current liabilities	8	533,13,804	907,68,917
(c) Short-term provisions	9	4,57,855	3,87,293
		<b>984,37,657</b>	<b>1188,64,781</b>
<b>TOTAL</b>		<b>17461,08,414</b>	<b>16231,85,947</b>
<b>B ASSETS</b>			
<b>1 Non-current assets</b>			
(a) Fixed assets			
Tangible assets	10	9804,20,607	10415,63,916
(b) Non-current investments	11	10,000	10,000
(c) Long-term loans and advances	12	122,81,085	156,59,196
		<b>9927,11,692</b>	<b>10572,33,112</b>
<b>2 Current assets</b>			
(a) Inventories	13	1266,75,421	904,81,416
(b) Trade receivables	14	4772,10,794	4499,62,012
(c) Cash and bank balances	15	42,86,307	56,63,718
(d) Short-term loans and advances	12	1452,24,200	198,45,689
		<b>7533,96,722</b>	<b>5659,52,835</b>
<b>TOTAL</b>		<b>17461,08,414</b>	<b>16231,85,947</b>
See accompanying notes forming part of the financial statements	1 to 22		

In terms of our report attached  
For DELOITTE HASKINS & SELLS LLP  
Chartered Accountants



**A. SIDDHARTH**  
Partner

For and on behalf of the Board of Directors



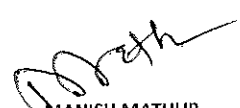
**SANJAY JAYRAM**  
Director



**G. S. RATHORE**  
Director



**TAPAS CHAKRABARTI**  
Chief Financial Officer



**MANISH MATHUR**  
Company Secretary

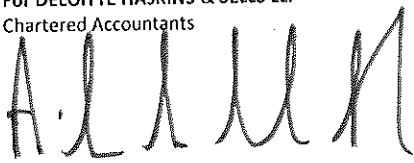
Place : Mumbai  
Date : 30 April 2016

Place : Mumbai  
Date : 30 April 2016

JSW STEEL PROCESSING CENTRES LIMITED  
Statement of Profit and Loss for the year ended 31 March 2016

Particulars	Note No.	For the year ended 31 March 2016	For the year ended 31 March 2015
		Rs.	Rs.
1 Revenue from operations (gross)	16	4739,92,687	5881,67,509
Less: Excise duty		-	-
Revenue from operations (net)		4739,92,687	5881,67,509
2 Other Income	17	21,59,814	15,75,708
3 Total Revenue (1+2)		4761,52,501	5897,43,217
4 Expenses			
(a) Cost of materials consumed	18a	275,87,154	-
(b) Change in inventory of finished goods	18b	(247,12,211)	-
(c) Employee benefits expense	19	364,08,595	326,27,782
(d) Finance costs	20	47,13,456	126,54,623
(e) Depreciation expense	10 & 22(x)	611,17,264	912,36,836
(f) Other expenses	21	1364,32,802	899,78,454
Total expenses		2415,47,060	2264,97,695
5 Profit before tax (3 - 4)		2346,05,441	3632,45,522
6 Tax expense :	6		
(a) Current tax expense		777,74,691	1127,00,613
(b) Short provision for tax relating to prior years		-	1,24,933
(c) Net current tax expense		777,74,691	1128,25,546
(d) Deferred tax		74,00,800	111,68,853
7 Profit for the year (5-6)		851,75,491	1239,94,399
8 Earnings per share (of Rs.10/- each) :			
(a) Basic and diluted	22(vii)	1494,29,950	2392,51,123
See accompanying notes forming part of the financial statements	1 to 22	2.99	4.79

For DELOITTE HASKINS & SELLS LLP  
Chartered Accountants



A. SIDDHARTH  
Partner

For and on behalf of the Board of Directors



SANJAY JAYRAM  
Director



G. S. RATHORE  
Director



TAPAS CHAKRABARTI  
Chief Financial Officer



MANISH MATHUR  
Company Secretary

Place : Mumbai  
Date : 30 April 2016

Place : Mumbai  
Date : 30 April 2016

JSW STEEL PROCESSING CENTRES LIMITED  
Cash Flow Statement for the year ended 31 March 2016

	Particulars	For the year ended 31 March 2016		For the year ended 31 March 2015	
		Rs.		Rs.	
A.	Cash flow from operating activities		2346,05,441		3632,45,522
	Profit before tax				
	Adjustment for:				
	Depreciation expense	611,17,264		912,36,836	
	Finance costs	47,13,456		126,54,623	
	Interest Income	(2,90,605)		(14,67,785)	
	Unrealised exchange loss (net)	19,16,214		11,78,681	
	Write-back of liabilities	(18,68,959)			
			655,87,370		1036,02,355
	Operating profit before working capital changes		3001,92,811		4668,47,877
	Changes in working capital				
	Adjustment for (increase) / decrease in operating assets:				
	Inventories	(361,94,005)		(157,40,977)	
	Trade receivables	(272,92,479)		(1781,85,387)	
	Loans and advances*	(1254,10,354)		(63,56,176)	
	Adjustment for increase / (decrease) in operating liabilities:				
	Trade payables	169,53,871		6,69,920	
	Other current liabilities	(10,30,758)		65,99,674	
	Short-term provisions	70,562		62,436	
	Long-term provisions	9,38,538		22,51,030	
			(1719,64,625)		(1906,99,480)
	Cash generated from operations		1282,28,186		2761,48,397
	Net Income tax (paid)		(718,60,024)		(1252,81,494)
	Net cash generated from operating activities		563,68,162		1508,66,903
B.	Cash flow from investing activities				
	Capital expenditure on fixed assets including capital advances		(26,71,693)		(226,52,564)
	Interest received (others)		3,22,444		14,04,733
	Fixed deposits placed with banks		(2,93,388)		127,73,906
	Net cash (used in) investing activities		(26,42,637)		(84,73,925)
C.	Cash flow from financing activities				
	Repayment of long term borrowing		(506,82,868)		(1351,55,210)
	Finance cost paid		(47,13,456)		(126,54,623)
	Net cash (used in) financing activities		(553,96,324)		(1478,09,833)
	Net increase in cash and cash equivalents (A + B + C)		(16,70,799)		(54,16,855)
	Cash and cash equivalents at the beginning of the year		24,37,625		78,54,480
	Cash and cash equivalents at the end of the year		7,66,826		24,37,625
	Reconciliation of Cash and cash equivalents with the Balance Sheet				
	Cash and bank balances (Refer Note 16)				
	Balances with banks :		42,86,307		56,63,718
	Less : Margin deposits excluded from cash and cash equivalents				
	Less- Bank balances not considered as Cash and cash equivalents as defined in AS 3 Cash flow statements		35,19,481		32,26,093
	In other deposit accounts				
	-Original maturity more than 3 months				
	Cash and cash equivalents (As defined In AS -3 ,Cash flow statements)		7,66,826		24,37,625

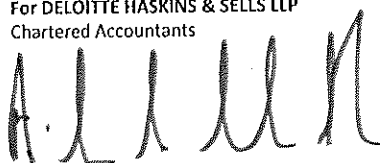
\* Including current and non current portion

Note:

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.

In terms of our report attached  
For DELOITTE HASKINS & SELLS LLP  
Chartered Accountants

  
A. SIDDHARTH  
Partner

For and on behalf of the Board of Directors

  
SANJAY JAYRAM  
Director

  
G. S. RATHORE  
Director

  
TAPAS CHAKRABARTI  
Chief Financial Officer

  
MANISH MATHUR  
Company Secretary

Place : Mumbai  
Date : 30th April, 2016

Place : Mumbai  
Date : 30th April, 2016

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**JSW STEEL PROCESSING CENTRES LIMITED**  
**Notes forming part of the financial statements**

**NOTE 1: NATURE OF BUSINESS**

The Company which is a public limited company which was incorporated during the year 2003 and its 100% shares are owned by JSW Steel Limited (The holding company). The Company is mainly engaged in cutting and slitting of large Hot Rolled (HR) and Cold Rolled (CR) coils into small Hot Rolled (HR) and Cold Rolled (CR) coils as per the specific requirements of the customers of JSW Steel limited. The Company's plant is located at Toranagallu, Karnataka. Since January, 2016, the Company is engaged in the business of purchasing MS Slabs and converting the same into HR/CR Coils/Sheets for export sales.

**NOTE 2: SIGNIFICANT ACCOUNTING POLICIES**

**(i) Basis of accounting**

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 ("the 2013 Act"). The financial statements have been prepared on accrual basis under the historical cost. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

**(ii) Use of estimates**

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) at the date of the financial statements and the reported amounts of revenues and expenses during the year. The Management believes that the estimates used in preparation of financial statements are prudent and reasonable. Estimates and underlying assumptions are reviewed at each Balance Sheet date. Future results could differ due to these estimates and the differences between the actual results and estimates are recognized in the periods in which the results are known/materialise.

**(iii) Fixed assets**

Fixed Assets are carried at cost less accumulated depreciation/amortization and impairment losses, if any. The Cost of Fixed Assets comprises its purchase price, any import duties and other taxes (other than those subsequently recoverable from tax authorities), any directly attributable expenditure on making the asset ready for its intended use, other incidental expenses and interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for intended use

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#### Notes forming part of the financial statements

Machinery spares which can be used only in connection with an item of fixed asset and whose use is expected to be irregular are capitalized and depreciated over the useful life of the principal item of the relevant assets. Subsequent expenditure on fixed assets after its purchases/completion is capitalised only if such expenditure results in an increase in the future benefits from such assets beyond its previously assessed standard of performance.

Fixed assets acquired and put to use for project purpose are capitalized and depreciation thereon is included in the project cost till the project is ready for its intended use.

Fixed assets retired from active use and held for sale are stated at the lower of their net book value and net realizable value and are disclosed separately.

#### 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.

#### (iv) Depreciation

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value.

Depreciation on tangible fixed assets has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of the following categories of assets, in whose case the component wise life of the assets has been assessed as under based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc.

Sr. No.	Category of Asset	Useful Life in Years
1.	Plant and machinery	8-35 years

#### (v) Impairment

The carrying values of assets /cash generating units at each balance sheet date are reviewed for impairment if any indication of impairment exists.

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## Notes forming part of the financial statements

If the carrying amount of the assets exceed the estimated recoverable amount, an impairment is recognized for such excess amount. The impairment is recognised as an expense in the Statement of Profit and Loss.

The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor.

When there is indication that an impairment loss recognized for an asset in earlier accounting period no longer exists or may have decreased, such reversal of impairment loss is recognized in the Statement of Profit & Loss, to the extent the amount was previously charged to the Statement of Profit & Loss.

### (vi) Investments

Long-term investments are carried individually at cost less provision for diminution, other than temporary, in the value of such investments. Current investments are carried individually, at the lower of cost and fair value. Cost of Investments include acquisitions charges such as brokerage, fees and duties.

### (vii) Revenue recognition

Revenue from service transactions is recognized as service is performed on completed service contract method. Revenue is recognized when it is earned and no significant uncertainty exists as to its realization or collection.

Export turnover from sale of goods is recognized when goods are despatched from port to the customer.

### (viii) Other Income

Interest income is accounted on accrual basis. Dividend income is accounted for, when the right to receive income is established.

### (ix) Inventories

Inventories are valued at the lower of cost (weighted average basis) and net realizable value after providing for obsolescence and other losses, where considered necessary. Cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition

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## Notes forming part of the financial statements

### (x) Borrowing costs

Borrowing costs include interest cost incurred and exchange difference arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss over the tenure of the loan. Borrowing costs, allocated to and utilized for qualifying assets, pertaining to the period from commencement of activities relating to construction/ development of qualifying asset upto the date of capitalization of such asset are added to the cost of the assets. Capitalisation of borrowing costs is suspended and charged to the statement of Profit and Loss during extended periods when active development activity on the qualifying assets is interrupted.

### (xi) Employee benefits

Employee benefits include provident fund, gratuity fund and compensated absences.

Employee benefits such as salaries, performance incentives, allowances, non-monetary benefits and employee benefits under defined contribution plans such as provident fund and other funds, which fall due for payment within a period of twelve months after rendering service, are charged as expense to the Statement of Profit and Loss in the period in which the service is rendered.

The Cost of compensated expenses which is expected to occur within twelve months after the end of the period in which the employee renders the related service, is accounted as under:

- (a) in case of accumulated compensated absences, when employees render the services that increases their entitlement of future compensated absences, and
- (b) in case of non-accumulating compensated absences, when the absences occur.

Employee benefits under defined benefit plans such as gratuity fund 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 Statement of Profit and Loss.

### (xii) Foreign currency transactions

Transaction denominated in foreign currency are recorded at the exchange rate prevailing on the date of the transaction or at rates that closely approximate the rate at the date of transaction. Foreign currency monetary items outstanding at the year-end are translated at the exchange rate prevailing at the balance sheet date.

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## Notes forming part of the financial statements

Exchange differences arising on settlement or conversion of short term foreign currency monetary items are recognized in the statement of Profit and Loss or capital work in progress / fixed assets. Exchange differences relating to long-term foreign currency monetary items in so far as they relate to acquisition of a depreciable capital asset, such difference is adjusted to the cost of such capital asset and depreciated over the balance useful life of such asset, and in other cases, such differences are accumulated in "Foreign Currency Monetary Translation Difference Account " and amortised in the statement of Profit and Loss over the balance period of such long term foreign currency monetary items.

### (xiii) Taxes on Income

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961 and other applicable tax laws.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognized as an asset in the Balance Sheet when it is highly probable that future economic benefit associated with it will flow to the company.

Provision for current taxation is computed in accordance with the relevant tax laws and regulations. Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more of subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognized for all timing differences, deferred tax assets are recognized only if there is virtual certainty supported by the convincing evidence that there will be sufficient future taxable income available to realize the assets. Deferred Tax assets and liabilities are offset if such items relates to taxes on income levied by the same governing tax laws and the company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each balance sheet date for their realisability.

### (xiv) Earnings per share

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post-tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic

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## Notes forming part of the financial statements

earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

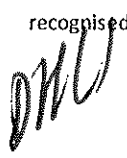
### (xv) Operating leases

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating leases. Lease rentals under operating leases are recognised in the Statement of Profit and Loss on a straight-line basis over the lease term.

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### (xvi) Provision and contingencies

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes. Contingent assets are not recognised in the financial statements.



**JSW STEEL PROCESSING CENTRES LIMITED**  
Notes forming part of the financial statements

Particulars	As at 31 March 2016	As at 31 March 2015
	Rs.	Rs.
<b>Note 3 Share capital</b>		
Authorized : 50,000,000 equity shares of Rs. 10 each	5000,00,000	5000,00,000
	5000,00,000	5000,00,000
Issued, subscribed and fully paid up : 50,000,000 equity shares of Rs. 10 each	5000,00,000	5000,00,000
<b>TOTAL</b>	<b>5000,00,000</b>	<b>5000,00,000</b>
Reconciliation of number of shares and amount outstanding at the beginning and at the end of the year :		
Equity :		
Outstanding at the beginning of the year	500,00,000	500,00,000
Number of shares	5000,00,000	5000,00,000
Amount (Rs.)		
Issued during the year	-	-
Number of shares	-	-
Amount (Rs.)		
Outstanding at the end of the year	500,00,000	500,00,000
Number of shares	5000,00,000	5000,00,000
Amount (Rs.)		
Rights, preferences and restrictions attached to equity shares		
The Company has a single class of equity shares. Each shareholder is eligible for one vote per share held. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.		
Shareholders holding more than 5% shares in the Company is set out below:		
Equity :		
JSW Steel Limited (the holding company) and its nominees	500,00,000	500,00,000
No. of shares	100	100
%		

Particulars	As at 31 March 2016	As at 31 March 2015
	Rs.	Rs.
<b>Note 4 Reserves and surplus</b>		
General reserve		
Opening balance	11,03,817	16,49,277
Less: Depreciation on transition to Schedule II of the Companies Act, 2013 on tangible fixed assets with nil remaining useful life on/before 31.03.2016 (Refer note 22 (x))	11,03,817	5,45,460
	-	11,03,817
Surplus in Statement of Profit and Loss		
Opening balance	9008,27,121	6615,75,999
Add : Profit for the year	1494,29,950	2392,51,123
Less: Depreciation on transition to Schedule II of the Companies Act, 2013 on tangible fixed assets with nil remaining useful life on/before 31.03.2016 (Refer note 22 (x))	8,15,879	-
Closing balance	10494,41,192	9008,27,122
<b>TOTAL</b>	<b>10494,41,192</b>	<b>9019,30,939</b>

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JSW STEEL PROCESSING CENTRES LIMITED  
Notes forming part of the financial statements

Particulars	As at 31 March 2016	As at 31 March 2016	As at 31 March 2015	As at 31 March 2015
	Non-current	Current (refer note 8)	Non-current	Current (refer note 8)
	Rs.	Rs.	Rs.	Rs.
<b>Note 5 Long-term borrowing</b>				
Rupee term loans from bank (secured)	-	118,14,819	125,00,000	499,97,687
<b>TOTAL</b>	-	118,14,819	125,00,000	499,97,687

Rupee term loan amounting to Rs. 11,814,819 is secured by exclusive charge on plant and machinery and is repayable on 7th June 2016.

Particulars	As at 31 March 2016	As at 31 March 2015
	Rs.	Rs.
<b>Note 6 Deferred tax liabilities (net)</b>		
<u>Tax effect of item constituting deferred tax liabilities</u>		
Difference between book balance and tax balance of fixed assets	(933,26,970)	(849,45,735)
<u>Tax effect of item constituting deferred tax assets</u>		
Disallowances under Section 43B of Income Tax Act, 1961	37,25,888	27,45,453
<b>TOTAL</b>	<b>(896,01,082)</b>	<b>(822,00,282)</b>

Particulars	As at 31 March 2016	As at 31 March 2015
	Rs.	Rs.
<b>Note 7 Long-term provisions</b>		
<b>Provision for employee benefits:</b>		
Provision for compensated absences	30,24,053	26,78,060
Provision for gratuity (Refer note 22 (iii))	56,04,430	50,11,885
<b>TOTAL</b>	<b>86,28,483</b>	<b>76,89,945</b>

Particulars	As at 31 March 2016	As at 31 March 2015
	Rs.	Rs.
<b>Note 8 Other current liabilities</b>		
Current maturities of long-term debt ( Refer note 5)	118,14,819	499,97,687
Interest accrued but not due on borrowings	1,37,872	1,37,872
Other payables		
- Statutory remittances	30,66,865	4,17,769
- Payable on purchase of fixed assets	329,92,358	312,33,845
- Variable Pay	42,59,725	36,08,836
- Others	10,42,165	53,72,908
<b>TOTAL</b>	<b>533,13,804</b>	<b>907,68,917</b>

Particulars	As at 31 March 2016	As at 31 March 2015
	Rs.	Rs.
<b>Note 9 Short-term provisions</b>		
<b>Provision for employee benefits :</b>		
Provision for compensated absences	2,85,103	2,44,605
Provision for gratuity (Refer note 22 (iii))	1,72,752	1,42,688
<b>TOTAL</b>	<b>4,57,855</b>	<b>3,87,293</b>

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JSW STEEL PROCESSING CENTRES LIMITED  
Notes forming part of the financial statements

Note 10 Fixed assets

Tangible Assets	Gross block		Accumulated depreciation			Net block	
	Balance as at 01 April, 2015	Additions	Balance as at 31 March, 2016	Balance as at 01 April, 2015	Depreciation expense for the year	Transitional adjustment	Balance as at 31 March, 2016
(a) Buildings	4688,78,729 (4688,78,729)	-	4688,78,729 (4688,78,729)	1057,00,969 (900,76,277)	156,24,692 (156,24,692)	-	3475,53,068 (3631,77,760)
(b) Plant and equipment	13134,83,254 (12499,41,836)	18,93,650 (635,41,418)	13153,76,904 (13134,83,254)	6355,95,393 (5603,71,421)	453,51,017 (752,23,972)	19,19,696	6325,10,798 (6778,87,861)
(c) Furniture and fixtures	11,44,421 (11,44,421)	-	11,44,421 (11,44,421)	6,50,934 (5,14,186)	1,36,751 (1,36,748)	-	3,56,736 (4,93,487)
(d) Office equipments	23,91,326 (23,91,326)	-	23,91,326 (23,91,326)	23,86,517 (15,89,683)	4,804 (2,51,424)	-	23,91,321 (23,86,517)
Total	17858,97,730 (17223,56,312)	18,93,650 (635,41,418)	17877,91,380 (17858,97,730)	7443,33,813 (6525,51,517)	611,17,264 (912,36,836)	19,19,696 (5,45,460)	9804,20,607 (10415,63,917)
Previous Year							

\*Figures for previous years have been given in bracket in the table above  
Refer note 22 (x) for footnotes.

JSW STEEL PROCESSING CENTRES LIMITED  
Notes forming part of the financial statements

Particulars	As at 31 March 2016	As at 31 March 2015
	Rs.	Rs.
<b>Note 11 Non-current investments (at cost)</b>		
Long-term government securities (Unquoted, other than trade)	10,000	10,000
National savings certificates		
(Pledged with commercial tax department)		
<b>TOTAL</b>	<b>10,000</b>	<b>10,000</b>
Aggregate amount of unquoted investments	10,000	10,000

Particulars	As at 31 March 2016 Non-current	As at 31 March 2016 Current	As at 31 March 2015 Non-current	As at 31 March 2015 Current
	Rs.	Rs.	Rs.	Rs.
<b>Note 12 Long term/ short term loans and advances (Unsecured, considered good)</b>				
Advance to related party	-	1294,08,575	-	-
Capital advances	25,36,556	-	-	9,73,685
Prepaid expenses	-	12,98,475	-	168,23,453
Balances with government authorities-Cenvat credit	-	120,07,503	-	-
Advance tax and tax deducted at source (net of provision for tax -Rs. 77,768,061 (Previous year Rs. 112,700,613))	97,44,529	-	156,59,196	18,87,647
Advances to suppliers	-	15,73,586	-	1,65,901
Others	-	9,36,061	-	-
<b>TOTAL</b>	<b>122,81,085</b>	<b>1452,24,200</b>	<b>156,59,196</b>	<b>198,45,689</b>

Particulars	As at 31 March 2016	As at 31 March 2015
	Rs.	Rs.
<b>Note 13 Inventories (At lower of cost and net realisable value)</b>		
Finished goods	247,12,211	-
Stores and spares	1019,63,210	904,81,416
<b>TOTAL</b>	<b>1266,75,421</b>	<b>904,81,416</b>

Particulars	As at 31 March 2016	As at 31 March 2015
	Rs.	Rs.
<b>Note 14 Trade receivables (Unsecured, considered good)</b>		
Outstanding for a period exceeding six months from the date they were due for payment	1721,40,585	1341,39,576
Other trade receivables	3050,70,209	3158,72,436
<b>TOTAL</b>	<b>4772,10,794</b>	<b>4499,62,012</b>

Particulars	As at 31 March 2016	As at 31 March 2015
	Rs.	Rs.
<b>Note 15 Cash and bank balances</b>		
Cash and cash equivalents		
Cash on hand	1,00,833	71,797
Balance with banks in current accounts	6,65,993	23,65,828
<b>TOTAL</b>	<b>7,66,826</b>	<b>24,37,625</b>
Other bank balances		
Balances with banks held as margin money	35,19,481	32,26,093
<b>TOTAL</b>	<b>42,86,307</b>	<b>56,63,718</b>

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JSW STEEL PROCESSING CENTRES LIMITED  
Notes forming part of the financial statements

Particulars	For the year ended 31 March 2016	For the year ended 31 March 2015
	Rs.	Rs.
<b>Note 16 Revenue from operations</b>		
Sale of products:		
Export of manufactured goods:		
Coils	81,76,159	-
Less: Excise duty	-	-
	81,76,159	-
Sale of services:		
Job work processing	4658,16,528	5881,67,509
<b>TOTAL</b>	<b>4739,92,687</b>	<b>5881,67,509</b>

Particulars	For the year ended 31 March 2016	For the year ended 31 March 2015
	Rs.	Rs.
<b>Note 17 Other income</b>		
Interest income on fixed deposit	2,90,605	14,67,785
Provisions/liabilities no longer required written back	18,68,959	-
Miscellaneous income	250	1,07,923
<b>TOTAL</b>	<b>21,59,814</b>	<b>15,75,708</b>

Particulars	For the year ended 31 March 2016	For the year ended 31 March 2015
	Rs.	Rs.
<b>Note 18a Cost of materials consumed</b>		
Opening stock of slabs	-	-
Add: Purchase of slabs	275,87,154	-
	275,87,154	-
Less: Closing stock of slabs	-	-
<b>Total</b>	<b>275,87,154</b>	<b>-</b>

Particulars	For the year ended 31 March 2016	For the year ended 31 March 2015
	Rs.	Rs.
<b>Note 18b Changes in inventories of finished goods</b>		
Inventories at the beginning of the year:		
Finished goods	-	-
	-	-
Inventories at the end of the year:		
Finished goods	247,12,211	-
	247,12,211	-
<b>Net (increase) / decrease</b>	<b>(247,12,211)</b>	<b>-</b>

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Particulars	For the year ended 31 March 2016	For the year ended 31 March 2015
	Rs.	Rs.
<b>Note 19 Employee benefits expense</b>		
Salaries and wages	338,66,080	290,46,662
Contribution to provident fund (refer note (22) (iii)(a))	14,11,340	12,15,932
Gratuity expense (refer note (22) (iii)(b))	6,22,609	17,14,060
Staff welfare expenses	5,08,566	6,51,128
<b>TOTAL</b>	<b>364,08,595</b>	<b>326,27,782</b>

Particulars	For the year ended 31 March 2016	For the year ended 31 March 2015
	Rs.	Rs.
<b>Note 20 Finance costs</b>		
Interest expense on borrowings	46,08,162	124,94,989
Others borrowing costs (bank charges)	1,05,294	1,59,634
<b>TOTAL</b>	<b>47,13,456</b>	<b>126,54,623</b>

Particulars	For the year ended 31 March 2016	For the year ended 31 March 2015
	Rs.	Rs.
<b>Note 21 Other expenses</b>		
Consumption of stores and spares parts (refer note 22(viii)(b))	269,67,873	246,76,261
Coil processing charges	53,66,525	-
Repairs and maintenance		
- Plant and machinery	663,73,599	491,05,209
- Building	4,87,570	31,81,609
- Others	144,74,837	50,15,733
Rent	98,680	98,685
Insurance	9,94,760	9,88,128
Rates and taxes	7,99,170	7,19,845
Legal and professional charges	58,68,545	8,47,750
Payment to auditors (net of service tax) for audit fees	12,00,000	10,00,000
Net loss on foreign currency transaction and translation	18,67,406	11,78,681
Expenditure on corporate social responsibility	114,89,199	27,57,779
Miscellaneous expenses	4,44,638	4,08,774
<b>TOTAL</b>	<b>1364,32,802</b>	<b>899,78,454</b>

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**JSW STEEL PROCESSING CENTRES LIMITED**

**Notes forming part of the financial statements**

**Note 22**

(i) Contingent liabilities and commitments (to the extent not provided for):

(a) Disputed claims (excluding interest, if any) in respect of

- (i) Cenvat credit Rs. 26,415,634 (previous year Rs. 26,415,634 )
- (ii) Service tax Rs. 21,417,670 (previous year Rs. 10,703,835)

(b) Other commitments—

(i) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) Rs. 2,865,174 (Previous year Rs. 5,398,770).

(ii) The Company has imported capital goods under the export promotion capital goods scheme to utilize the benefit of a zero or concessional customs duty rate. These benefits are subject to future exports. Such export obligations at year end aggregate to Rs. 515,703,962 (previous year Rs.523,880,122).

(ii) Unhedged foreign currency exposure:

The year end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below:

Amount payable in foreign currency on account of:

Particulars	As at 31 March, 2016		As at 31 March, 2015	
	US\$ equivalent	INR Equivalent	US\$ equivalent	INR Equivalent
Other trade payables	497,375	32,992,358	497,195	31,119,844

Amount receivable in foreign currency on account of:

Particulars	As at 31 March, 2016		As at 31 March, 2015	
	US\$ equivalent	INR Equivalent	US\$ equivalent	INR Equivalent
Trade Receivables	122,601	8,132,450	-	-

(iii) Employee benefits:

a) Defined contribution plan:

Company's contribution to provident fund Rs. 1,411,340 (Previous year Rs.1,215,932) (Refer note 19).

b) Defined benefit plan:

The gratuity liability is not funded and the same is accounted for based on third party actuarial valuation. The following table sets out the unfunded status of the defined benefit scheme and the amount recognized in the financial statements

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Notes forming part of the financial statements

Gratuity :

(In Rupees)

Particulars	Year ended 31 March, 2016	Year ended 31 March, 2015
<b>Components of employer's expense</b>		
Current service cost	393,274	259,623
Interest cost	393,378	341,977
Actuarial losses/(gains)	128,009	820,408
Transition out adjustment*	(292,052)	292,052
<b>Total expense recognised in the Statement of Profit and Loss (Refer note 19(c))</b>	<b>622,609</b>	<b>1,714,060</b>
<b>Actual contribution and benefit payments for the year</b>		
Actual benefit payments	-	232,712
Actual contributions	-	-
<b>Net liability recognised in the Balance Sheet</b>	<b>5,777,182</b>	<b>4,862,521</b>
Present value of defined benefit obligation	(5,777,182)	(4,862,521)
Fair value of plan assets	-	-
<b>Net liability recognised in the Balance Sheet (Refer note 7 (b))</b>	<b>(5,777,182)</b>	<b>(4,862,521)</b>
<b>Change in defined benefit obligations</b>		
<b>during the year</b>		
Present value of DBO at beginning of the year	4,862,521	3,673,225
Current service cost	393,274	259,623
Interest cost	393,378	341,977
Actuarial (gains) / losses	128,009	820,408
Benefits paid	-	232,712
Present value of DBO at the end of the year	<b>(5,777,182)</b>	<b>(4,862,521)</b>
<b>Actuarial assumptions</b>		
Discount rate	8.30%	8.09%
Salary escalation	6.00%	6.00%
Attrition rate	2.00%	2.00%

\*Adjustment relating to an employee transferred out to a group company.

In assessing the Company's post retirement liabilities, the Company monitors mortality assumptions and uses up-to- date mortality tables, the base being the Indian Assured Lives Mortality (2006-08) Ultimate.

	For the year ended 31 March, 2016	For the year ended 31 March, 2015
<b>Actuarial assumptions for long-term compensated absences</b>		
Discount rate	8.30%	8.09%
Salary escalation	6.00%	6.00%
Attrition	2.00%	2.00%

The discount rate is based on the prevailing market yields of Government of India securities as at the balance sheet date for the estimated term of the obligations.

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## Notes forming part of the financial statements

### Experience adjustments :

	2015-2016	2014-2015	2013-2014	2012-2013	2011-2012
<b>Gratuity</b>					
Present value of DBO	5,777,182	4,862,521	3,673,225	3,298,478	2,619,316
Fair value of plan assets	-	-	-	-	-
Deficit	5,777,182	4,862,521	3,673,225	3,298,478	2,619,316
Experience loss adjustments on plan liabilities	914,661	1,422,008	711,199	735,892	611,460

The estimates of future salary increase, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

### (v) Segment reporting :

The operations of the company are primarily limited to one segment, namely, processing of steel products. All the assets and revenue earned by the Company are in India. In view of single primary business and geographical segment no further disclosures as per Accounting Standard (AS) 17- "Segment Reporting" have been made.

### (vi) Related party relationships, transactions and balances:

Disclosure of related party, transactions as required by Accounting Standard -18 –Related Party Disclosure.

#### a) List of related parties

1	Holding company – JSW Steel Limited
2	Key managerial personnel – G. S. Rathore (Director)

#### b) Transactions with related parties

In rupees

Particulars	Holding company	Key managerial personnel	Total
<b>Purchase of goods and services</b>			
JSW Steel Limited	35,842,649	-	35,842,649
	(139,412)	-	(583,199)
<b>Advances for purchase of slabs</b>			
JSW Steel Limited	173,137,500	-	173,137,500
	-	-	-
<b>Income from processing charges</b>			
JSW Steel Limited	465,816,528	-	465,816,528
	(588,167,509)	-	(588,167,509)
<b>Remuneration</b>			
G.S Rathore	-	18,766,162	18,766,162
	-	(14,191,438)	(14,191,438)
<b>Rent-</b>			
JSW Steel Limited	98,680	-	98,680
	(98,685)	-	(98,685)

Notes forming part of the financial statements

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## c) Closing balances of related parties:

In rupees

Particulars	Holding Company	Key managerial personnel	Total
<b>Trade receivables</b>			
JSW Steel Limited	469,078,332	-	469,078,332
	(449,962,012)	(-)	(449,962,012)
<b>Advance to suppliers</b>			
JSW Steel Limited	129,408,575	-	129,408,575
	(-)	(-)	(-)

\*Previous year figures have been given in bracket in the tables above.

## (vii) Earnings per share (EPS) :

Particulars		For the year ended 31 March, 2016	For the year ended 31 March, 2015
Profit for the year for equity shareholders (numerator) (A)		149,429,950	239,251,123
Weighted average number of equity shares for basic EPS (denominator) (B)	Nos.	50,000,000	50,000,000
Weighted average number of equity shares for diluted EPS (denominator) (C)	Nos.	50,000,000	50,000,000
Earnings per share - basic (A/B)	Rs.	2.99	4.79
Earnings per share - diluted (A/B)	Rs.	2.99	4.79
Nominal value of equity shares	Rs.	10	10

Note: There is no dilution to Basic EPS as there are no dilutive potential equity shares.

## (viii) Additional information :

## a) C.I.F. value of imports :

(In Rupees)

Particulars	For the year ended 31 March, 2016	For the year ended 31 March, 2015
Stores and spares	9,768,334	9,382,852
Capital goods	-	14,194,473
Total	9,768,334	23,577,325

## b) Consumption of materials:

Particulars	For the year ended 31 March, 2016		For the year ended 31 March, 2015	
	Value	% of Total Value	Value	% of Total Value
Slabs	27,587,154	100.00	-	-
Total	27,587,154	100.00	-	-

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Notes forming part of the financial statements

- c) Value of consumption of directly imported and Indigenous obtained stores and spares and the percentage of each to total consumption :

(In Rupees)

Particulars	For the year ended 31 March, 2016		For the year ended 31 March, 2015	
	Value	% of Total Value	Value	% of Total Value
Stores and spares				
Imported	4,378,280	16	5,188,245	21.03
Indigenous	22,589,593	84	19,488,016	78.97
Total	26,967,873	100.00	24,676,261	100.00

- (ix) Disclosure pertaining to micro, small and medium enterprises (as per information available with the Company) :

(In Rupees)

Particulars	As at 31 March, 2016	As at 31 March, 2015
(i) Principal amount due outstanding as at the end of accounting year	304,769	495,762
(ii) Interest due thereon remaining unpaid as at the end of accounting year	-	27,732
(iii) The amount of interest paid along with the amounts of payment made to the supplier beyond the appointed day	-	-
(iv) The amount of interest due and payable for the year	-	-
(v) Interest due and payable for the period of delay	-	27,732
(vi) The amount of interest accrued and remaining unpaid at the end of accounting year.	137,872	137,872
(vii) Amount of further interest remaining due and payable in succeeding year	137,872	137,872


- (x) a) Pursuant to the requirement under Schedule II to the Companies Act, 2013, the Company has, based on the external advice, effective of April 1 2015, identified components (significant parts) of the main asset having different useful lives as compared to the main asset and consequently revised the estimated useful lives of plant and machinery. Accordingly the depreciation charge for the year ended 31 March, 2016 is lower by Rs 47,747,817 and amount of Rs 1,919,696 (Net of deferred tax) being effect of componentization has been adjusted against the retained earnings as per transitional provision in Note 4 'Reserves & Surplus' of schedule III.

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b) Machineries with carrying amount of Rs 9.82 crore as at March 31 2016, imported by the Company during the year 2010-11, are still awaiting deployment. The Company has estimated the recoverable values of the aforesaid assets by considering their fair market values as per independent external valuers' report and concluded that no provision for impairment is presently necessary.

xi) Figures of the previous year are regrouped or reclassified wherever necessary to correspond to figure of the current year.

For and on behalf of the Board of Directors



SANJAY JAYRAM  
Director



G.S. RATHORE  
Director



TAPAS CHAKRABARTI  
Chief Financial Officer



MANISH MATHUR  
Company Secretary

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