

## INDEPENDENT AUDITOR'S REPORT

To the Members of JSW Steel Processing Centres Limited

### Report on the Audit of the Ind AS Financial Statements

#### Opinion

We have audited the accompanying Ind AS financial statements of JSW Steel Processing Centres Limited ("the Company"), which comprise the Balance sheet as at March 31, 2019, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flow and the Statement of Changes in Equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("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, 2019, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

#### Basis for Opinion

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Ind AS Financial Statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

#### Emphasis of Matter

We draw attention to Note 35 of the financial statements which describe the effects of the matters to restate the financial information as at April 1, 2017 and as at and for the year ended March 31, 2018. In our opinion, such adjustments are appropriate and have been properly applied. We further state that we were not engaged to audit, review or apply any procedures to the financial information of the Company either as at April 1, 2017 or as at and for the year ended March 31, 2018 other than with respect to the aforesaid adjustments and, accordingly, we do not express an opinion or review conclusion or any other form of assurance on the financial information as at April 1, 2017 and for the year ended March 31, 2018 as a whole. Our opinion is not modified in respect of this matter.

#### Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Director's Report, but does not include the Ind AS financial statements and our auditor's report thereon.



Our opinion on the Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Responsibility of Management for the Ind AS Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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 the 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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Ind AS financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Ind AS Financial Statements**

Our objectives are to obtain reasonable assurance about whether the Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one



resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ▶ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

#### Other Matter

The comparative financial information of the Company for the year ended March 31, 2018 prepared in accordance with Ind AS, included in these Ind AS financial statements, prior to giving effect to the adjustment described in Note 35 to these IND AS financial statements, have been audited by the predecessor auditor who had audited the financial statements for the relevant period. The report of the predecessor auditor on the comparative financial information dated April 24, 2018 expressed an unmodified opinion.

#### Report on Other Legal and Regulatory Requirements

1. As required by 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 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
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 (including Other Comprehensive Income), the Statement of Cash Flow and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
- (d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
- (e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 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 with reference to these Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
- (g) In our opinion, the managerial remuneration for the year ended March 31, 2019 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;
- (h) 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, as amended in our opinion and to the best of our information and according to the explanations given to us:
- The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements - Refer Note 26 to the Ind AS financial statements;
  - The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
  - There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For S R B C & CO LLP  
Chartered Accountants  
ICAI Firm Registration Number: 324982E/E300003



per Suresh Yadav  
Partner  
Membership Number: 119878  
Place of Signature: Mumbai  
Date: May 6, 2019



**Annexure 1 referred to in paragraph 1 under the heading "Report on Other Legal and Regulatory Requirements" 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) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) According to the information and explanations given by the management, there are no immovable properties, included in property, plant and equipment of the Company and accordingly, the requirements under paragraph 3(i)(c) of the Order are not applicable to the Company.
- (ii) The management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies were noticed on such physical verification.
- (iii) According to the information and explanations given to us, 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. Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities given in respect of which provisions of section 185 and 186 of the Companies Act 2013 are applicable and hence not commented upon.
- (v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013, related to its services, and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.
- (vii) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, goods and service tax, cess and other statutory dues applicable to it. The provisions relating to employees' state insurance are not applicable to the Company.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, service tax, sales-tax, duty of custom, duty of excise, value added tax, goods and service tax, cess and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.



(c) According to the records of the Company, the dues of income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax and cess on account of any dispute, are as follows:

Name of the statute	Nature of the dues	Amount (Rs in lacs)	Period which amount relates to	Forum where the dispute is pending
The Finance Act, 1994	Service Tax (Valuation)	214.18	2009-10 to 2013-14	CESTAT, Bangalore
		31.49	2014-15	CESTAT, Bangalore
		34.94	2015-16	Commissioner of Central Excise (Appeals), Belgaum
The Central Excise Act, 1944	Excise Duty (CENVAT Credit)	264.16	Mar 2008 to Sept 2008	CESTAT, Bangalore

- (viii) The Company did not have any outstanding loans or borrowing dues in respect of a financial institution or bank or to government or dues to debenture holders during the year.
- (ix) According to the information and explanations given by the management, the Company has not raised any money way of initial public offer / further public offer / debt instruments) and term loans hence, reporting under clause (ix) is not applicable to the Company and hence not commented upon.
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the Ind AS financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or no fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.
- (xi) According to the information and explanations given by the management, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.
- (xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the Ind AS financial statements, as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the Company and, not commented upon.



- (xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Companies Act, 2013.
- (xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For S R B C & CO LLP  
Chartered Accountants  
ICAI Firm Registration Number: 324982E/E300003



per Suresh Yadav  
Partner  
Membership Number: 119878  
Place of Signature: Mumbai  
Date: May 6, 2019



**Annexure 2 to the Independent Auditor's Report of even date on the Ind AS financial statements of JSW Steel Processing Centres Limited****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 Steel Processing Centres Limited ("the Company") as of March 31, 2019 in conjunction with our audit of the Ind AS 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. 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 the 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.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with reference to these Ind AS financial statements 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 as specified under section 143(10) of the Companies Act, 2013, to the extent 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 with reference to these Ind AS financial statements 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 over financial reporting with reference to these Ind AS financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these Ind AS financial statements, 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 internal financial controls over financial reporting with reference to these Ind AS financial statements.





**Meaning of Internal Financial Controls Over Financial Reporting With Reference to these Ind AS Financial Statements**

A company's internal financial control over financial reporting with reference to these Ind AS financial statements 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 with reference to these Ind AS financial statements 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.

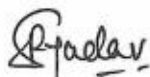
**Inherent Limitations of Internal Financial Controls Over Financial Reporting With Reference to these Ind AS Financial Statements**

Because of the inherent limitations of internal financial controls over financial reporting with reference to these Ind AS financial statements, 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 with reference to these Ind AS financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these Ind AS financial statements 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, adequate internal financial controls over financial reporting with reference to these Ind AS financial statements and such internal financial controls over financial reporting with reference to these Ind AS financial statements were operating effectively as at March 31, 2019, 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 S R B C & CO LLP  
Chartered Accountants  
ICAI Firm Registration Number: 324982E/E300003



per Suresh Yadav  
Partner  
Membership Number: 119878  
Place of Signature: Mumbai  
Date: May 6, 2019



**JSW STEEL PROCESSING CENTRES LIMITED**  
**Balance Sheet as at 31 March 2019**  
**CIN: UO1010MH2003PLC176595**

Rs. in lacs

	Notes	As at 31 March 2019	As at 31 March 2018 *	As at 01 April 2017*
<b>I. ASSETS</b>				
<b>Non-current assets</b>				
(a) Property, plant and equipment	4	7,626.64	8,046.42	8,597.64
(b) Financial assets - Investments	5	-	0.10	0.10
(c) Current tax assets (net)		77.10	266.30	281.64
(d) Other non-current assets	6	17.70	13.47	8.03
<b>Total non-current assets</b>		<b>7,721.44</b>	<b>8,326.29</b>	<b>8,887.41</b>
<b>Current assets</b>				
(a) Inventories	7	1,012.23	871.61	1,023.79
(b) Financial assets				
i) Investments	8	-	10,314.85	-
ii) Trade receivables	9	1,934.88	2,093.22	3,316.36
iii) Cash and cash equivalents	10A	777.35	55.15	444.88
iv) Bank balances other than (iii) above	10B	39.11	39.11	5,413.62
v) Other financial assets	11	65.05	69.21	84.08
(c) Other current assets	12	108.08	133.35	505.65
<b>Total current assets</b>		<b>3,936.70</b>	<b>13,576.50</b>	<b>10,788.38</b>
<b>Total assets</b>		<b>11,658.14</b>	<b>21,902.79</b>	<b>19,675.79</b>
<b>II. EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
(a) Equity share capital	13	5,000.00	5,000.00	5,000.00
(b) Other equity	14	4,926.90	14,712.46	12,179.07
<b>Total equity</b>		<b>9,926.90</b>	<b>19,712.46</b>	<b>17,179.07</b>
<b>Non-current liabilities</b>				
(a) Provisions	15	100.47	83.99	93.15
(b) Deferred tax liabilities (net)	32	1,157.10	1,142.89	1,259.07
<b>Total non-current liabilities</b>		<b>1,257.57</b>	<b>1,226.88</b>	<b>1,352.22</b>
<b>Current liabilities</b>				
(a) Financial liabilities				
i) Trade payables	16			
a) Total outstanding, dues of micro and small enterprises		-	9.69	10.52
b) Total outstanding, dues of creditors other than micro and small enterprises		272.98	508.19	611.57
ii) Other financial liabilities	17	56.67	62.28	7.98
(b) Other current liabilities	18	94.30	129.55	71.15
(c) Current tax liabilities (net)		44.94	249.76	438.53
(d) Provisions	19	4.78	3.98	4.75
<b>Total current liabilities</b>		<b>473.67</b>	<b>963.45</b>	<b>1,144.50</b>
<b>Total liabilities</b>		<b>1,731.24</b>	<b>2,190.33</b>	<b>2,496.72</b>
<b>Total equity and liabilities</b>		<b>11,658.14</b>	<b>21,902.79</b>	<b>19,675.79</b>

See accompanying notes to the financial statements

\* Restated (refer note 35)

As per our report of even date

For S R B C & CO LLP

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

*Suresh Yadao*

per SURESH YADAV  
 Partner  
 Membership No. 119878

Place : Mumbai  
 Date : 06 May 2019



For and on behalf of the Board of Directors

*Sanjay Jayram*

SANJAY JAYRAM  
 Director

*Anjaneyalu Chitloor*

ANJANEYALU CHITLOOR  
 Chief Financial Officer

Place : Mumbai  
 Date : 06 May 2019

*Umesh Rai*

UMESH RAI  
 Director

*Manish Mathur*

MANISH MATHUR  
 Company Secretary

**JSW STEEL PROCESSING CENTRES LIMITED**  
**Statement of Profit and Loss for the period ended 31 March 2019**  
**CIN: UO1010MH2003PLC176595**

Rs in Lacs

	Notes	For the year ended 31 March 2019	For the year ended 31 March 2018 *
I. Revenue from contracts with customers	20	5,454.83	5,635.46
II. Other income	21	215.59	502.56
<b>III. Total income (I+II)</b>		<b>5,670.42</b>	<b>6,138.02</b>
IV. Expenses:			
Changes in inventories of finished goods	22	-	83.88
Employee benefits expense	23	376.25	472.48
Finance costs	24	0.44	46.22
Depreciation and amortisation expenses	4	403.90	561.56
Other expenses	25	1,633.28	1,569.43
<b>Total expenses</b>		<b>2,413.87</b>	<b>2,733.57</b>
V. Profit before tax (III-IV)		3,256.55	3,404.45
VI. Tax expense:	32		
Current tax		956.88	987.47
Deferred tax		13.15	(116.03)
Adjustment of tax relating to earlier periods		13.48	-
		<b>983.51</b>	<b>871.44</b>
VII. Profit for the year (V-VI)		2,273.04	2,533.01
VIII. Other comprehensive income	31		
Items that will not be reclassified to profit or loss			
(a) Remeasurements of defined benefit plans		(3.67)	0.53
(b) Income tax related to items that will not be reclassified to profit or loss		1.07	(0.15)
<b>Total other comprehensive income</b>		<b>(2.60)</b>	<b>0.38</b>
IX. Total comprehensive income for the year (VII+VIII)		2,270.44	2,533.39
X. Earnings per equity share of Rs. 10 each	36		
Basic (In Rs)		4.55	5.07
Diluted (In Rs)		4.55	5.07

See accompanying notes to the financial statements


\* Restated (refer note 35)

As per our report of even date

For S R B C & CO LLP

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003



per SURESH YADAV  
 Partner  
 Membership No. 119878


Place : Mumbai  
 Date : 06 May 2019



For and on behalf of the Board of Directors



SANJAY JAYRAM  
 Director



ANJANEYALU CHITLOOR  
 Chief Financial Officer

Place : Mumbai  
 Date : 06 May 2019



UMESH RAI  
 Director



MANISH MATHUR  
 Company Secretary

	For the year ended	
	31 March 2019	31 March 2018
<b>A. Cash flow from operating activities</b>		
Profit before tax	3,256.55	3,404.45
<b>Adjustments for:</b>		
Depreciation	403.90	561.56
Finance cost	0.44	46.22
Unrealised Foreign exchange loss/(gain)	0.28	0.04
Provision / liabilities no longer required written back	(53.58)	(31.12)
Interest income	(3.21)	(349.58)
Net gain on fair valuation of investments through profit or loss	-	(49.26)
Net gain on sale of investments	(158.61)	(72.59)
Loss on discard of Property Plant and Equipment	15.88	-
<b>Operating profit before working capital changes</b>	<b>205.10</b>	<b>105.27</b>
	<b>3,461.65</b>	<b>3,509.72</b>
<b>Adjustments for:</b>		
Decrease / (Increase) in Inventories	(140.62)	152.18
Decrease in trade receivables	158.34	1,223.14
Decrease in other assets	28.00	381.73
(Decrease) / Increase in trade payables and other liabilities	(232.46)	47.55
(Decrease) / Increase in provision	13.24	(9.40)
<b>Cash flow from operations</b>	<b>(173.50)</b>	<b>1,795.20</b>
Income tax paid (including interest)	(983.92)	(1,174.97)
<b>Net cash generated from operating activities (A)</b>	<b>2,304.23</b>	<b>4,129.95</b>
<b>B. Cash flow from investing activities</b>		
Purchase of property, plant & equipment	-	(18.32)
Bank deposits not considered as cash and cash equivalents (net)	-	5,374.51
Interest received	0.41	349.58
Purchase of current investments	(9,310.80)	(25,464.49)
Sale proceeds of current investments	19,784.36	15,271.49
Loan to related party	-	(10,000.00)
Loan repaid by related party	-	10,000.00
<b>Net cash generated from / (used) in investing activities (B)</b>	<b>10,473.97</b>	<b>(4,487.23)</b>
<b>C. Cash flow from financing activities</b>		
Interest paid	-	(32.45)
Dividend paid (including dividend distribution tax)	(12,056.00)	-
<b>Net cash used in financing activities (C)</b>	<b>(12,056.00)</b>	<b>(32.45)</b>
<b>Net increase/(decrease) in cash and cash equivalents (A+B+C)</b>	<b>722.20</b>	<b>(389.73)</b>
Cash and cash equivalents at the beginning of the year	55.15	444.88
<b>Cash and cash equivalents at the end of the year (Refer note 10(A))</b>	<b>777.35</b>	<b>55.15</b>

See accompanying notes to the financial statements

**Notes :**

1. The statement of cash flow is prepared using the "Indirect Method" set out in IND AS 7 - Statement of Cash Flows

For S R B C & CO LLP

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

*S. Yadao*

per SURESH YADAV  
Partner  
Membership No. 119878



Place : Mumbai  
Date : 06 May 2019



For and on behalf of the Board of Directors

*Sanjay Jayram*

SANJAY JAYRAM  
Director

*Umesh Rai*

UMESH RAI  
Director

*Anjaneyalu Chitloor*

ANJANEYALU CHITLOOR  
Chief Financial Officer

*Manish Mathur*

MANISH MATHUR  
Company Secretary

Place : Mumbai  
Date : 06 May 2019

JSW Steel Processing Centres Limited  
Statement of changes in equity for the year ended 31 March 2019  
CIN: UO1010MH2003PLC176595

(a) Equity share capital

		Rs in Lacs		
As on 01 April 2017	Movement during year	As on 31 March 2018	Movement during year	As at 31 March 2019
5000.00	-	5000.00	-	5000.00

(b) Other equity

Particulars	Reserves and surplus	Total equity
	Retained earnings	
Balance at 01 April 2017*	12,179.07	12,179.07
Profit for the year	2,533.01	2,533.01
Other comprehensive income for the year	0.38	0.38
Balance at 31 March 2018*	14,712.46	14,712.46
Profit for the year	2,273.04	2,273.04
Dividend including dividend distribution tax	(12,056.00)	(12,056.00)
Other comprehensive income for the year	(2.60)	(2.60)
Balance at 31 March 2019	4,926.90	4,926.90

\* Restated (refer note 35)

See accompanying notes to the financial statements

For S R B C & CO LLP

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

*Suresh Yadav*

per SURESH YADAV  
Partner  
Membership No. 119878

Place : Mumbai  
Date : 06 May 2019



For and on behalf of the Board of Directors

*Sanjay Jayram*

SANJAY JAYRAM  
Director

*Umesh Rai*

UMESH RAI  
Director

*Anjaneyalu Chitloor*

ANJANEYALU CHITLOOR  
Chief Financial Officer

*Manish Mathur*

MANISH MATHUR  
Company Secretary

Place : Mumbai  
Date : 06 May 2019

## 1. General Information

JSW Steel Processing Centres Limited (the "Company") is an unlisted public limited company incorporated in India on 16 December 2003 under the Companies Act, 1956 with its registered office located at JSW Centre, Bandra Kurla Complex, Bandra (East), Mumbai, Maharashtra – 400 051. The Company is a wholly owned subsidiary of JSW Steel Limited (the "Parent 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 under the long-term arrangement. Company's manufacturing facilities are located at Toranagallu, Karnataka.

## 2. Applicability of new and revised Ind AS:

### New standard issued but not yet effective

Ind AS 116 Leases was notified by MCA on 30 March 2019 and it replaces Ind AS 17 Leases, including appendices thereto. Ind AS 116 is effective for annual periods beginning on or after 1 April 2019. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under Ind AS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the re-measurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under Ind AS 116 is substantially unchanged from today's accounting under Ind AS 17. Lessors will continue to classify all leases using the same classification principle as in Ind AS 17 and distinguish between two types of leases: operating and finance leases.

The Company intends to adopt these standards from 1 April 2019. As the Company does not have any material leases, therefore the adoption of this standard is not likely to have a material impact in its Financial Statements.

## 3. Significant Accounting policies

### - Statement of compliance

The financial statements of the Company which comprise the Balance Sheet as at 31 March 2019, the Statement of Profit and Loss, the Statements of Cash Flow and the Statements of Changes in Equity for the year ended 31 March 2019, and a summary of the significant accounting policies and other explanatory information (together hereinafter referred to as "Financial Statements") have been prepared in accordance accounting principles generally accepted in India including Indian Accounting Standards (Ind AS) prescribed under the section 133 of the Companies Act, 2013 read with rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 as amended.

The Financial Statements have been approved for issue by the Board of Directors in its meeting held on 6 May 2019.



- **Basis of preparation and presentation**

The Financial Statements have been prepared on the historical cost basis except for certain financial instruments measured at fair values at the end of each reporting year, as explained in the accounting policies below.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes in to account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 17, and measurements that have some similarities to fair value but are not fair value, such as net realizable value in Ind AS 2 or value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurements in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The financial statements are presented in Indian Rupees ('INR') and all values are rounded to the nearest lakhs, except otherwise stated.

**Current and non-current classification**

The Company presents assets and liabilities in the balance sheet based on current / non-current classification.

An asset is classified as current when it satisfies any of the following criteria:

- it is expected to be realized in, or is intended for sale or consumption in, the Company's normal operating cycle. it is held primarily for the purpose of being traded;
- it is expected to be realized within 12 months after the reporting date; or
- it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

All other assets are classified as non-current.

A liability is classified as current when it satisfies any of the following criteria:

- it is expected to be settled in the Company's normal operating cycle;
- it is held primarily for the purpose of being traded;
- it is due to be settled within 12 months after the reporting date; or the Company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities are classified as non-current.



## I. Revenue from contract with customer

Ind AS 115 Revenue from Contracts with Customers, became mandatory for reporting periods beginning on or after 1 April 2018 replaces the existing revenue recognition standards. The Company has applied the full retrospective approach and restated the previous periods presented.

The Company recognizes revenue when control over the promised goods or services is transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

The amount of revenue excludes any amount collected on behalf of third parties.

The Company recognizes revenue generally at the point in time when the products are delivered to customer or when it is delivered to a carrier for export sale, which is when the control over product is transferred to the customer. In contracts where freight is arranged by the Company and recovered from the customers, the same is treated as a separate performance obligation and revenue is recognized when such freight services are rendered.

In revenue arrangements with multiple performance obligations, the Company accounts for individual products and services separately if they are distinct – i.e. if a product or service is separately identifiable from other items in the arrangement and if a customer can benefit from it. The consideration is allocated between separate products and services in the arrangement based on their standalone selling prices.

## II. Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as 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 term of the relevant lease. Initial direct cost incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on straight-line basis over the lease term.

## III. Foreign currencies

The functional currency of the Company is determined on the basis of the primary economic environment in which it operates. The functional currency of the Company is Indian National Rupee (INR).

The transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting year, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in Statement of Profit and Loss in the year in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences on transactions entered into in order to hedge certain foreign currency risks.





#### IV. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in the Statement of Profit and Loss in the year in which they are incurred.

The Company determines the amount of borrowing costs eligible for capitalisation as the actual borrowing costs incurred on that borrowing during the year less any interest income earned on temporary investment of specific borrowings pending their expenditure on qualifying assets, to the extent that an entity borrows funds specifically for the purpose of obtaining a qualifying asset. In case if the Company borrows generally and uses the funds for obtaining a qualifying asset, borrowing costs eligible for capitalisation are determined by applying a capitalisation rate to the expenditures on that asset.

Borrowing Cost includes exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the finance cost.

#### V. Government grants

Government grants are not recognised until there is reasonable assurance that the Company will comply with the conditions attached to them and that the grants will be received.

Government grants are recognised in the Statement of Profit and Loss on a systematic basis over the years in which the Company recognises as expenses the related costs for which the grants are intended to compensate or when performance obligations are met.

#### VI. Employee benefits

##### Retirement benefit costs and termination benefits

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting year. Re-measurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognised in other comprehensive income in the year in which they occur. Re-measurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognised in profit or loss in the year of a plan amendment or when the company recognizes corresponding restructuring cost whichever is earlier. Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- re-measurement

The Company presents the first two components of defined benefit costs in profit or loss in the line item 'Employee benefits expenses'. Curtailment gains and losses are accounted for as past service costs.



The retirement benefit obligation recognised in the statement of financial position represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

#### Short-term and other long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the year the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by employees up to the reporting date.

## VII. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

#### Current tax

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

#### Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent it is probable that taxable profits will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting year and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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 deferred tax asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting year.



Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

#### Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they are relating to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the relevant entity intends to settle its current tax assets and liabilities on a net basis.

### **VIII. Property, plant and equipment**

The cost of property, plant and equipment comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, including relevant borrowing costs for qualifying assets and any expected costs of decommissioning. Expenditure incurred after the property, plant and equipment have been put into operation, such as repairs and maintenance, are charged to the Statement of Profit and Loss in the year in which the costs are incurred. Major shut-down and overhaul expenditure is capitalised as the activities undertaken improves the economic benefits expected to arise from the asset.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in Statement of Profit and Loss.

Assets in the course of construction are capitalised in the assets under construction account. At the point when an asset is operating at management's intended use, the cost of construction is transferred to the appropriate category of property, plant and equipment and depreciation commences. Costs associated with the commissioning of an asset and any obligatory decommissioning costs are capitalised where the asset is available for use but incapable of operating at normal levels until a year of commissioning has been completed. Revenue generated from production during the trial period is capitalised.

Property, plant and equipment except freehold land held for use in the production, supply or administrative purposes, are stated in the balance sheet at cost less accumulated depreciation and accumulated impairment losses, if any.

Company has elected to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements on transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition.

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value. Depreciation is recognized so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of following categories of assets, in whose case the 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.

Class of assets	Years
Plant and equipment	5 to 35 years

When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives.

Major overhaul costs are depreciated over the estimated life of the economic benefit derived from the overhaul. The carrying amount of the remaining previous overhaul cost is charged to the Statement of Profit and Loss if the next overhaul is undertaken earlier than the previously estimated life of the economic benefit.

The Company reviews the useful lives, residual value and depreciation method annually and, if expectations differ from previous estimates, the change is accounted for as a change in accounting estimate on a prospective basis.

#### IX. Impairment of Property, plant and equipment

At the end of each reporting year, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the Statement of Profit and Loss.

#### X. Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost of raw materials include cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost of finished goods and work in progress include cost of direct materials and labor and a proportion of manufacturing overheads based on the normal operating capacity but excluding borrowing costs.

Costs of inventories are determined on weighted average basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.



## XI. Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive), as a result of past events, and it is probable that an outflow of resources, that can be reliably estimated, will be required to settle such an obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

### Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Company has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

## XII. Financial Instruments

Financial assets and financial liabilities are recognised when an entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through Statement of Profit and Loss (FVTPL)) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit and loss are recognised immediately in Statement of Profit and Loss.

### A. Financial assets

#### a) Recognition and initial measurement

A financial asset is initially recognised at fair value and, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. Purchases and sales of financial assets are recognised on the trade date, which is the date on which the Company becomes a party to the contractual provisions of the instrument.

#### b) Classification of financial assets

On initial recognition, a financial asset is measured at amortised cost, fair value through other comprehensive income (FVTOCI) or FVTPL.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated at FVTPL:

- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and



- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument is classified as FVTOCI only if it meets both of the following conditions and is not recognised at FVTPL;

- The asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the Other Comprehensive Income (OCI). However, the Company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the Statement of Profit and Loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to Statement of Profit and Loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS 103 applies are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to Statement of Profit and Loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

All other financial assets are classified as measured at FVTPL.

In addition, on initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVTOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets at FVTPL are measured at fair value at the end of each reporting year, with any gains and losses arising on remeasurement recognized in statement of profit or loss. The net gain or loss recognized in statement of profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'other income' line item. Dividend on financial assets at FVTPL is recognized when:

- The Company's right to receive the dividends is established,
- It is probable that the economic benefits associated with the dividends will flow to the entity,
- The dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.



**c) Derecognition of financial assets**

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

**d) Impairment**

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, debt instruments at FVTOCI, lease receivables, trade receivables, other contractual rights to receive cash or other financial asset, and financial guarantees not designated as at FVTPL.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The Company estimates cash flows by considering all contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instrument.

The Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. 12-month expected credit losses are portion of the life-time expected credit losses and represent the lifetime cash shortfalls that will result if default occurs within the 12 months after the reporting date and thus, are not cash shortfalls that are predicted over the next 12 months.

If the Company measured loss allowance for a financial instrument at lifetime expected credit loss model in the previous year, but determines at the end of a reporting year that the credit risk has not increased significantly since initial recognition due to improvement in credit quality as compared to the previous year, the Company again measures the loss allowance based on 12-month expected credit losses.

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Company uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Company has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.



The impairment requirements for the recognition and measurement of a loss allowance are equally applied to debt instruments at FVTOCI except that the loss allowance is recognised in other comprehensive income and is not reduced from the carrying amount in the balance sheet

**e) Effective interest method**

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant year. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter year, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognized in profit or loss and is included in the 'Other income' line item.

**B. Financial liabilities and equity instruments**

**a) Classification as debt or equity**

Debt and equity instruments issued by a company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

**b) Equity instruments**

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in Statement of Profit and Loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

**c) Financial liabilities**

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

Financial liabilities at FVTPL:

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- It has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;





- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and Ind AS 109 permits the entire combined contract to be designated as at FVTPL in accordance with Ind AS 109.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognised in Statement of Profit and Loss. The net gain or loss recognised in Statement of Profit and Loss incorporates any interest paid on the financial liability and is included in the Statement of Profit and Loss. For Liabilities designated as FVTPL, fair value gains/losses attributable to changes in own credit risk are recognized in OCI.

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in Statement of Profit and Loss.

Other financial liabilities:

The Company enters into deferred payment arrangements (acceptances) whereby overseas lenders such as banks and other financial institutions make payments to supplier's banks for import of raw materials and property, plant and equipment. The banks and financial institutions are subsequently repaid by the Company at a later date providing working capital benefits. These arrangements are in the nature of credit extended in normal operating cycle and these arrangements for raw materials are recognized as Acceptances (under trade payables) and arrangements for property, plant and equipment are recognised as other financial liabilities. Interest borne by the company on such arrangements is accounted as finance cost. Other financial liabilities (including borrowings and trade and other payables) are subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities:

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

**XIII. Cash and cash equivalents:**

Cash and cash equivalent in the Balance Sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to insignificant risk of changes in value.

**XIV. Earnings per share:**

The Company presents basic and diluted earnings per share ("EPS") data for its equity shares. Basic earnings per share is computed by dividing the profit/ (loss) after tax by the weighted average number of equity shares outstanding during the period. Diluted EPS is calculated by adjusting the profit or loss attributable to equity shareholders and the weighted average number of equity shares outstanding for the effects of all dilutive potential equity shares.



- **Key sources of estimation uncertainty**

In the course of applying the policies outlined in all notes under section 2 above, the Company is required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future year, if the revision affects current and future year.

i) Useful lives of property, plant and equipment

Management reviews the useful lives of property, plant and equipment at least once a year. Such lives are dependent upon an assessment of both the technical lives of the assets and also their likely economic lives based on various internal and external factors including relative efficiency and operating costs. Accordingly, depreciable lives are reviewed annually using the best information available to the Management.

ii) Contingencies

In the normal course of business, contingent liabilities may arise from litigation and other claims against the Company. Potential liabilities that are possible but not probable of crystalizing or are very difficult to quantify reliably are treated as contingent liabilities. Such liabilities are disclosed in the notes but are not recognized.

iii) Fair value measurements

When the fair values of financial assets or financial liabilities recorded or disclosed in the financial statements cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgements include consideration of inputs such as liquidity risk, credit risk and volatility.



JSW Steel Processing Centres Limited  
Notes to the Financial Statement as at and for the year ended 31 March 2019

Note 4: Property, plant and equipment

Particulars	Buildings	Plant and equipment	Furniture and fixtures	Office equipment	Vehicles	Rs. In lacs
						Total
Cost / Deemed Cost						
As at 01 April 2017	3,631.78	7,044.89	4.93	0.05	-	10,681.65
Additions / Disposals						
As at 31 March 2018	3,631.78	7,044.89	4.93	0.05	10.34	10,691.99
Additions	-	-	-	-	-	-
Disposals	-	(47.50)	(4.15)	-	-	(51.65)
As at 31 March 2019	3,631.78	6,997.39	0.78	0.05	10.34	10,640.34
Accumulated depreciation and impairment						
As at 01 April 2017	312.50	1,768.73	2.74	0.05	-	2,084.01
Depreciation	156.25	403.39	1.37	-	0.55	561.56
As at 31 March 2018	468.75	2,172.12	4.11	0.05	0.55	2,645.56
Depreciation expense	156.25	245.70	0.66	-	1.29	403.90
Disposals		(31.68)	(4.08)	-	-	(35.76)
As at 31 March 2019	625.00	2,386.14	0.69	0.05	1.84	3,013.70
Net book value asset as at 31 March 2019	3,006.78	4,611.25	0.09	-	8.50	7,626.64
Net book value asset as at 31 March 2018	3,163.03	4,872.77	0.82	-	9.79	8,046.42
Net book value asset as at 01 April 2017	3,319.28	5,276.17	2.19	-	-	8,597.64



**Note 5 : Investments (Non-current)**

Particulars	Rs. in lacs		
	As at 31 March 2019	As at 31 March 2018	As at 01 April 2017
Investment In Government/(Unquoted) securities (at amortised cost)			
National savings certificates (Pledged with commercial tax department)	-	0.10	0.10
<b>Total</b>	<b>-</b>	<b>0.10</b>	<b>0.10</b>
<b>Note:</b> Aggregate carrying value of unquoted investments	-	0.10	0.10

**Note 6 : Other non-current assets (unsecured considered good)**

Particulars	Rs. in lacs		
	As at 31 March 2019	As at 31 March 2018	As at 01 April 2017
Indirect tax balances (paid under protest)	17.70	13.47	8.03
<b>Total</b>	<b>17.70</b>	<b>13.47</b>	<b>8.03</b>

**Note 7 : Inventories**

Particulars	Rs. in lacs		
	As at 31 March 2019	As at 31 March 2018	As at 01 April 2017
Consumable stores and spares (at cost)	1,012.23	871.61	1,023.79
<b>Total</b>	<b>1,012.23</b>	<b>871.61</b>	<b>1,023.79</b>

**Note 8 : Investments (Current)**

Particulars	Rs. in lacs					
	As at 31 March 2019		As at 31 March 2018		As at 01 April 2017	
	No of Units	Rs in Lacs	No of Units	Rs in Lacs	No of Units	Rs in Lacs
Investments at fair value through profit or loss						
Investment in mutual funds - (Quoted)						
L&T Liquid Fund - Regular Growth	-	-	8,201,580.64	2,326.49	-	-
SBI Liquid Fund - Regular Growth	-	-	115,446.25	2,223.68	-	-
Aditya Birla Cash Plus - Regular Growth	-	-	932,588.34	2,428.58	-	-
Mirae Cash Mangement Fund - Regular Growth	-	-	544,962.67	1,516.27	-	-
BNP Paribas liquid Fund growth	-	-	532,260.06	1,819.83	-	-
<b>Total</b>	<b>-</b>	<b>-</b>		<b>10,314.85</b>	<b>-</b>	<b>-</b>

**Summary**

Aggregate amount of quoted investments and market value there: - 10,314.85

**Note 9 : Trade receivables**

Particulars	Rs. in lacs		
	As at 31 March 2019	As at 31 March 2018	As at 01 April 2017
Trade receivables (Unsecured, considered good) (Refer note 9.1 below)	1,934.88	2,093.22	3,316.36
<b>Total</b>	<b>1,934.88</b>	<b>2,093.22</b>	<b>3,316.36</b>



**Note 9.1: Ageing of receivables that are past due**

Particulars	Rs. in lacs		
	As at	As at	As at
	31 March 2019	31 March 2018	01 April 2017
Within credit period	1,038.23	687.72	630.28
0-60 days	-	1,009.26	1,045.56
61-90 days	896.65	396.24	1,640.52
<b>Total</b>	<b>1,934.88</b>	<b>2,093.22</b>	<b>3,316.36</b>

The credit period on sale of goods and services ranges from 30 to 60 days with or without security. No interest is charged on trade receivables upto the end of the credit period. Trade receivables are mainly due from related parties. There has been no significant change in the credit quality of receivables past due for more than 180 days. The history of trade receivables shows no allowance for bad and doubtful debts.

**Note 10A : Cash and cash equivalents**

Particulars	Rs. in lacs		
	As at	As at	As at
	31 March 2019	31 March 2018	01 April 2017
Balances with banks			
- In Current Accounts	126.98	54.76	443.46
- In deposits with original maturity of less than three months	650.00	-	-
Cash on hand	0.37	0.39	1.42
<b>Total</b>	<b>777.35</b>	<b>55.15</b>	<b>444.88</b>

**Note 10B : Other bank balances**

Particulars	Rs. in lacs		
	As at	As at	As at
	31 March 2019	31 March 2018	01 April 2017
Balances with Banks			
- Fixed deposits with original maturity for more than 3 months but less than 12 months	-	-	5,375.69
- In margin money	39.11	39.11	37.93
<b>Total</b>	<b>39.11</b>	<b>39.11</b>	<b>5,413.62</b>

**Note 11 : Other financial assets ( Unsecured )**

Particulars	Rs. in lacs		
	As at	As at	As at
	31 March 2019	31 March 2018	01 April 2017
Interest receivable on fixed deposits	5.33	2.53	84.08
Export Benefits receivable	27.93	29.57	-
Indirect tax balances/recoverable/credits	31.79	37.11	-
<b>Total</b>	<b>65.05</b>	<b>69.21</b>	<b>84.08</b>

**Note 12 : Other current assets ( Unsecured )**

Particulars	Rs. in lacs		
	As at	As at	As at
	31 March 2019	31 March 2018	01 April 2017
Advance to a related party (Refer note 29)	0.75	16.06	6.42
Advances to suppliers	85.77	35.54	137.69
Export Benefits receivable	5.26	66.21	146.27
Indirect tax balances/recoverable/credits	-	-	202.80
Prepaid expenses	16.30	15.54	12.47
<b>Total</b>	<b>108.08</b>	<b>133.35</b>	<b>505.65</b>



**Note 13 : Equity share capital**

Particulars	Rs. in lacs		
	As at 31 March 2019	As at 31 March 2018	As at 01 April 2017
<b>(a) Authorised :</b>			
50,000,000 equity shares of Rs. 10 each	5,000.00	5,000.00	5,000.00
<b>Total</b>	<b>5,000.00</b>	<b>5,000.00</b>	<b>5,000.00</b>
<b>(b) Issued, Subscribed and Paid up:</b>			
50,000,000 equity shares of Rs. 10 each	5,000.00	5,000.00	5,000.00
<b>Total</b>	<b>5,000.00</b>	<b>5,000.00</b>	<b>5,000.00</b>
<b>(c) Reconciliation of number of shares outstanding at the beginning and end of the year :</b>			
<b>Equity share :</b>			
Outstanding at the beginning of the year (nos.)	50,000,000	50,000,000	50,000,000
Outstanding at the end of the year (nos.)	50,000,000	50,000,000	50,000,000
Outstanding at the beginning of the year (Rs. in lacs)	5,000.00	5,000.00	5,000.00
Outstanding at the end of the year (Rs. in lacs)	5,000.00	5,000.00	5,000.00

**(d) Rights 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.

**(e) Shares held by the Holding company**

Out of equity shares issued by the Company shares held by holding company are as below:

Particulars	No. of Shares	% of shares	No. of Shares	% of shares	No. of Shares	% of shares
<b>Equity Share</b>						
JSW Steel Limited ( The Holding company)	50,000,000	100%	50,000,000	100%	50,000,000	100%

**(f) Shareholders holding more than 5% shares in the Company is set out below:**

Particulars	Rs. in lacs					
	As at 31 March 2019		As at 31 March 2018		As at April 1, 2017	
<b>Equity share</b>	No. of Shares	% of shares	No. of Shares	% of shares	No. of Shares	% of shares
JSW Steel Limited (Including nominees)	50,000,000	100%	50,000,000	100%	50,000,000	100%

As per the records of the company including its register of shareholders / members and the declaration received from shareholders regarding beneficial interest the above shareholding represents both legal and beneficial ownership of shares.

**Note 14 : Other equity**

Particulars	Rs. in lacs		
	As at 31 March 2019	As at 31 March 2018	As at 01 April 2017
Retained earnings	4,929.50	14,712.08	12,179.07
<b>Other comprehensive income:</b>			
Remeasurements of the net defined benefit plans	(2.60)	0.38	-
<b>Total</b>	<b>4,926.90</b>	<b>14,712.46</b>	<b>12,179.07</b>



**JSW Steel Processing Centres Limited**  
**Notes to the Financial Statement as at and for the year ended 31 March 2019**

**Note 15 : Provisions (Non current)**

Particulars	Rs. in lacs		
	As at 31 March 2019	As at 31 March 2018	As at 01 April 2017
<b>Provision for employee benefits</b>			
Provision for compensated absences	27.86	23.04	30.16
Provision for gratuity (Refer note 31)	72.61	60.95	62.99
<b>Total</b>	<b>100.47</b>	<b>83.99</b>	<b>93.15</b>

**Note 16 : Trade payables**

Particulars	Rs. in lacs		
	As at 31 March 2019	As at 31 March 2018	As at 01 April 2017
Trade payables	272.98	517.88	622.09
<b>Total</b>	<b>272.98</b>	<b>517.88</b>	<b>622.09</b>

Trade payables other than acceptances are normally settled with 1 to 180 days payment terms.

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

Description	Rs in Lacs		
	As at 31 March 2019	As at 31 March 2018	As at 01 April 2017
(i) Principal amount due outstanding as at the end of accounting year	-	9.69	10.52
(ii) Interest due thereon remaining unpaid as at the end of accounting year	-	-	-
(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	-	-	-
(vi) The amount of interest accrued and remaining unpaid at the end of accounting year.	-	0.51	0.08
(vii) Amount of further interest remaining due and payable in succeeding year	-	0.51	0.08

**Note 17 : Other financial liabilities (Current)**

Particulars	Rs. in lacs		
	As at 31 March 2019	As at 31 March 2018	As at 01 April 2017
Payable to employees	53.40	58.62	-
Others	3.27	3.66	7.98
<b>Total</b>	<b>56.67</b>	<b>62.28</b>	<b>7.98</b>

**Note 18 : Other current liabilities**

Particulars	Rs. in lacs		
	As at 31 March 2019	As at 31 March 2018	As at 01 April 2017
Statutory liabilities	93.28	123.14	31.51
Others	1.02	6.41	39.64
<b>Total</b>	<b>94.30</b>	<b>129.55</b>	<b>71.15</b>

**Note 19 : Provisions (Current)**

Particulars	Rs. in lacs		
	As at 31 March 2019	As at 31 March 2018	As at 01 April 2017
<b>Provision for employee benefits</b>			
Provision for compensated absences	2.59	2.16	2.85
Provision for gratuity (Refer note 31)	2.19	1.82	1.90
<b>Total</b>	<b>4.78</b>	<b>3.98</b>	<b>4.75</b>



JSW Steel Processing Centres Limited  
Notes to the Financial Statement as at and for the year ended 31 March 2019

**Note 20 : Revenue from contracts with customers**

Particulars	Rs in Lacs	
	For the year ended 31 March 2019	For the year ended 31 March 2018
(a) Sales of services		
Job work processing	5,454.83	5,566.81
(b) Sales of products		
Domestic sales (coils)	-	68.65
<b>Total (a+b)</b>	<b>5,454.83</b>	<b>5,635.46</b>

**Note 21 : Other income**

Particulars	Rs in Lacs	
	For the year ended 31 March 2019	For the year ended 31 March 2018
Interest Income	3.21	349.58
Net gain on sale of investments	158.61	72.59
Net gain on fair valuation of investments through profit or loss	-	49.26
Provisions/liabilities no longer required written back (net)	53.58	31.12
Miscellaneous income	0.19	0.01
<b>Total</b>	<b>215.59</b>	<b>502.56</b>

**Note 22 : Changes in inventories of finished goods**

Particulars	Rs in Lacs	
	For the year ended 31 March 2019	For the year ended 31 March 2018
Opening stock :		
Finished goods	-	83.88
Less:		
Closing stock:		
Finished goods	-	-
<b>Changes in inventories of finished goods</b>	<b>-</b>	<b>83.88</b>

**Note 23 : Employee benefits expense**

Particulars	Rs in Lacs	
	For the year ended 31 March 2019	For the year ended 31 March 2018
Salaries and wages	325.86	443.38
Contribution to provident fund (Refer note 31)	13.92	15.31
Gratuity expense (Refer note 31 )	8.36	8.99
Staff welfare expenses	4.69	4.80
ESOP expenses	23.42	-
<b>Total</b>	<b>376.25</b>	<b>472.48</b>





JSW Steel Processing Centres Limited  
Notes to the Financial Statement as at and for the year ended 31 March 2019

**Note 24 : Finance costs**

Particulars	Rs in Lacs	
	For the year ended 31 March 2019	For the year ended 31 March 2018
Interest on income tax	0.44	44.83
Other borrowing costs	-	1.39
<b>Total</b>	<b>0.44</b>	<b>46.22</b>

**Note 25 : Other expenses**

Particulars	Rs in Lacs	
	For the year ended 31 March 2019	For the year ended 31 March 2018
Consumption of stores and spares	455.20	425.68
Repairs and maintenance -		
(a) Plant and equipment	762.34	741.31
(b) Others	117.62	102.11
Ocean freight	-	2.12
Rent (Refer note 30 and 36)	0.99	0.99
Insurance	11.68	10.92
Rates and taxes	2.84	5.39
Legal and professional charges	161.27	135.39
Payment to auditors (Refer note 25.1 below)	17.21	32.67
Net loss on foreign currency transaction and translation	(0.48)	11.48
Expenditure on corporate social responsibility (Refer note 25.2 below)	68.48	65.99
Loss on discard of Property Plant and Equipment (net)	15.89	-
Miscellaneous expenses	20.24	35.38
<b>Total</b>	<b>1,633.28</b>	<b>1,569.43</b>

**Note 25.1: Payment to auditors (excluding tax)**

Particulars	Rs in Lacs	
	For the year ended 31 March 2019	For the year ended 31 March 2018
a) As audit fees	12.50	14.00
b) For Other Services (Previous year figure includes 10 lacs relating services rendered in earlier years)	4.50	18.35
c) Out of pocket expenses	0.21	0.32
<b>Total</b>	<b>17.21</b>	<b>32.67</b>

**Note 25.2: Corporate social responsibility**

Particulars	Rs in Lacs	
	For the year ended 31 March 2019	For the year ended 31 March 2018
a) Amount required to be spent by the Company during the year.	66.00	65.99
b) Amount spent during the year on		
(i) Construction/acquisition of any asset	68.48	65.99
(ii) on purpose other than (i) above	-	-
Out of above CSR Expenditure:		
(i) Amount paid in cash	60.40	19.33
(ii) Amount yet to be paid in cash	8.08	46.66



**JSW Steel Processing Centres Limited**  
**Notes to the Financial Statement as at and for the year ended 31 March 2019**

**Note 26 : Contingent liabilities and commitments (to the extent not provided for)**

Particulars	Rs. in lacs	
	As at 31 March 2019	As at 31 March 2018
<b>a) Disputed claims (excluding interest, if any) in respect of</b>		
i) Excise duty	264.16	264.16
ii) Service tax	280.60	324.54
<b>Total</b>	<b>544.76</b>	<b>588.70</b>

- a) Excise duty cases includes disputes pertaining to availment of cenvat credit  
b) Service tax cases includes disputes pertaining to valuation methodology

**b) Commitments**

At 31 March 2019, estimated amount of contracts remaining to be executed on capital account and not provided for ( net of advances) is Rs. 194.52 lacs (31 March 2018 - Rs. 50.90 lacs).

**Note 27 : Segment Reporting**

The Company is in the business of manufacturing and processing steel products having similar economic characteristics. Steel processing business is regularly reviewed by the chief operating decision maker for assessment of Company's performance and resource allocation.

The information relating to revenue from external customers and location of non-current assets of its single reportable segment is as under:

**a) Revenue from contracts with customer**

Particulars	Rs. in lacs	
	For the year ended 31 March 2019	For the year ended 31 March 2018
Domestics	5,454.83	5,635.46
Export	-	-
<b>Total</b>	<b>5,454.83</b>	<b>5,635.46</b>

Revenue from contracts with customers have been allocated on the basis of location of customers.

**b. Non current assets**

All non-current assets of the Company are located in India.

**c. Customer contributing more than 10% of revenue**

Particulars	Rs. In lacs	
	For the year ended 31 March 2019	For the year ended 31 March 2018
JSW Steel Limited	5,454.83	5,635.46

**Note 28 : Additional information**

**A) Value of imports on CIF basis**

Description	Rs. in lacs	
	For the year ended 31 March 2019	For the year ended 31 March 2018
Stores and spares	141.63	33.37



**JSW Steel Processing Centres Limited**  
**Notes to the Financial Statement as at and for the year ended 31 March 2019**

**Note 29**

**Related party disclosures**

**A. Relationships**

**a) Holding company:**

JSW Steel Limited

**b) Key managerial personnel (KMP):**

Mr Jayant Acharya

Mr Umesh Rai (w.e.f. 19 January 2018)

Mr Sanjay Jayram

Mr Gajraj Singh Rathore (upto 19 January 2018)

Mr. Tapas Chakrabarty (upto 31 October 2017)

Mr Manish Mathur

Mr Anjaneyalu Chitloor (w.e.f. 1 November 2017)

**c) Enterprises over which KMP and relatives of such personnel exercise significant influence:**

JSW IP Holdings Private limited

Jindal Steel & Power Limited

JSW Foundation

Jindal Vidya Mandir



**B. Transactions with related parties for the year ended**

Particulars	Holding company		Enterprises over which KMP and relatives of such personnel exercise significant influence		Total	
	FY 2018-19	FY 2017-18	FY 2018-19	FY 2017-18	FY 2018-19	FY 2017-18
<b>Income from processing charges</b>						
JSW Steel Limited	5454.83	5,566.81	-	-	5,454.83	5,566.81
<b>Domestic sales (coils)</b>						
JSW Steel Limited	-	68.65	-	-	-	68.65
<b>Rent</b>						
JSW Steel Limited	0.99	0.99	-	-	0.99	0.99
<b>Corporate social responsibility expenses</b>						
JSW Foundation	-	-	12.06	0.07	12.06	0.07
<b>Security Deposit</b>						
JSW IP Holdings Private Limited	-	-	0.75	-	0.75	-
<b>Interest income</b>						
JSW Projects Limited	-	-	-	56.71	-	56.71
<b>Loan given</b>						
JSW Projects Limited	-	-	-	10,000.00	-	10,000.00
<b>Loan given received back</b>						
JSW Projects Limited	-	-	-	10,000.00	-	10,000.00

**Compensation to key managerial personnel**

Particulars	FY 2018-19	FY 2017-18
<b>Remuneration</b>		
Mr Manish Mathur	70.99	65.43
Mr Anjaneyalu chitloor	75.80	31.97
Mr. Tapas Chakrabarthi (Upto 31.10.2017)	-	29.13
Mr Umesh Rai	143.70	28.07
Mr. Gajraj Singh Rathore (Upto 19.01.2018)	-	167.43
<b>Total</b>	<b>290.49</b>	<b>322.03</b>

Note (I) As the future liability for gratuity is provided on an actuarial basis for the company as a whole, the amount pertaining to individual is not ascertainable and therefore not included above.

**C. Amount due to/from related parties**

Particulars	Holding company		Enterprises over which KMP and		Total	
	As at 31 March 2019	As at 31 March 2018	As at 31 March 2019	As at 31 March 2018	As at 31 March 2019	As at 31 March 2018
<b>Trade receivables</b>						
JSW Steel Limited	1,934.88	2,093.22	-	-	1,934.88	2,093.22
<b>Trade payable</b>						
JSW Foundation	-	-	0.01	0.01	0.01	0.01
Jindal Vidya Mandir	-	-	-	0.06	-	0.06
<b>Other current assets - advances</b>						
Jindal Steel & Power Ltd	-	-	-	16.06	-	16.06
JSW IP Holdings Private Limited	-	-	0.75	-	0.75	-

**Terms and conditions**

**Sales:**

The sales to related parties are in the ordinary course of business. Sales transactions are based on memorandum of understanding signed with related parties. For the Period ended 31 March 2019, the Company has not recorded any loss allowances for trade receivables from related parties.

**Purchases:**

The purchases from related parties are in the ordinary course of business as per agreed commercial terms.

**Note 30**

**Operating leases**

**i) As lessee**

Company has taken Land as lease for the period of 10 years. The Company does not have an option to purchase the leased land at the expiry of the lease period.

**Payments recognised as an expense**

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Lease rentals towards land	0.99	0.99



**Note 31**

**A Defined contribution plans:**

The Company operates defined contribution plans for all qualifying employees through government administered fund. The Company is required to contribute a specified percentage of payroll cost to the fund.

Company's contributions to the provident fund recognised in the Statement of Profit and Loss is Rs. 13.92 lacs for the year ended March 31, 2019 (for the year ended March 31, 2018 : Rs. 15.31 lacs). (Refer note 23)

**B Defined benefit plan:**

The Company sponsors unfunded defined benefit plans for all qualifying employees. The level of benefits provided depends on the members length of services and salary at retirement age. The gratuity plan is covered by The Payment of Gratuity Act, 1972.

Under the gratuity plan, the eligible employees are entitled to post-retirement benefit at the rate of 15 days salary for each year of service until the retirement age of 58 and 60. The vesting period for Gratuity as payable under The Payment of Gratuity Act is 5 years. The gratuity liability is not funded and the same is accounted for based on third party actuarial valuation.

Under the compensated absences plan, leave encashment is payable to all eligible employees on separation from the Company due to death, retirement, superannuation or resignation at the rate of daily salary, as per current accumulation of leave days.

The plans in India typically expose the Company to actuarial risks such as: interest rate risk, salary risk and longevity risk.

Interest risk	A decrease in the discount rate which is linked to the Government security rate will increase the present value of the liability requiring higher provision .
Salary risk	The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.
Longevity risk	The present value of the define benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participant will increase the plans liability.

No other post-retirement benefits are provided to these employees.

The most recent actuarial valuation of the present value of the defined benefit obligation were carried out at March 31, 2019 by qualified independent actuary. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit method.

**(i) Gratuity (unfunded):**

**a) Liability recognised in the Balance Sheet**

Description	Rs. in lacs	
	31 March 2019	31 March 2018
Opening balance		
Service cost	62.77	64.89
Interest cost	3.43	3.79
Transfer out adjustment	4.94	5.20
Liability Transferred in / Acquisitions	-	(54.08)
Financial assumptions	-	43.50
Experience adjustment	0.48	0.68
Closing balance (refer Note 15 & 19)	3.18	(1.21)
	<b>74.80</b>	<b>62.77</b>

**b) Expenses during the year**

Description	Rs. in lacs	
	31 March 2019	31 March 2018
Service cost		
Interest cost	3.43	3.79
Component of defined benefit cost recognised in the statement of profit & loss (refer note 23)	4.94	5.20
Remeasurement of net defined benefit liability	<b>8.36</b>	<b>8.99</b>
- Actuarial (gain)/loss on defined benefit obligation		
	3.67	(0.53)
Component of defined benefit cost recognised in the statement of comprehensive income	<b>3.67</b>	<b>(0.53)</b>
Total	<b>12.03</b>	<b>8.46</b>



**JSW Steel Processing Centres Limited**

**Notes to the Financial Statement as at and for the year ended 31 March 2019**

**c) Actual return on plan assets**

Since gratuity plan is non-funded, hence figures in respect of plan assets are nil.

**d) Principal actuarial assumptions**

Particulars	31 March 2019	31 March 2018
Discount rate	7.78%	7.87%
Salary escalation rate	6.00%	6.00%
Attrition rate	2.00%	2.00%
Mortality rate during employment	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)

**e) Experience adjustments**

Particulars	31 March 2019	31 March 2018	31 March 2017	31 March 2016	Rs. in lacs
					31 March 2015
Defined benefit obligation	74.80	62.77	64.89	57.77	48.63
Deficit	74.80	62.77	64.89	57.77	48.63
Experience loss adjustments on plan liabilities	3.18	(1.21)	(2.61)	2.32	3.24

f) The company expects to contribute Rs. 2.18 lacs as on March 31, 2019 (Rs. 1.82 lacs as on March 31, 2018) to its gratuity plan for the next year as determined by the actuarial valuer.

g) 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.

h) 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.

i) 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.

**b) Compensated Absence**

Particulars	31 March 2019	31 March 2018
Present value of unfunded obligation (Rs in lacs)	30.44	25.20
Expenses recognised in Statement of profit and loss (Rs in lacs)		
Discount rate	5.76	4.05
Salary escalation rate	7.78%	7.87%
	6.00%	6.00%

**Sensitivity analysis**

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and mortality. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

Particulars	Rs. in lacs			
	31 March 2019		31 March 2018	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(5.11)	5.78	(4.59)	5.20
Future salary growth (1% movement)	5.82	(5.23)	5.25	(4.71)
Rate of employee turnover (1% movement)	0.68	(0.77)	0.65	(0.72)

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation recognised in the balance sheet.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.



**Note 32**  
**Income taxes**

Indian companies are subject to Indian income tax on a standalone basis. Entity is assessed to tax on taxable profits determined for each fiscal year beginning on April 1 and ending on March 31. For each fiscal year, the entity profit or loss is subject to the higher of the regular income tax payable or the minimum alternative tax ("MAT").

Statutory income taxes are assessed based on book profits prepared under generally accepted accounting principles in India adjusted in accordance with the provisions of the (Indian) Income tax Act, 1961. Such adjustments generally relate to depreciation of fixed assets, disallowances of certain provisions and accruals, deduction for tax holidays, the setoff of tax losses and depreciation carried forward and retirement benefit costs. Statutory income tax is charged at 25% plus a surcharge and education cess. MAT is assessed on book profits adjusted for certain items as compared to the adjustments followed for assessing regular income tax under normal provisions. MAT for the fiscal year 2018-19 is 21.54%. MAT paid in excess of regular income tax during a year can be set off against regular income taxes within a period of fifteen years succeeding the assessment year in which MAT credit arises subject to the limits prescribed.

**(a) Amounts recognised the Statement of Profit and Loss**

Particulars	Rs. in lacs	
	For the year ended 31 March 2019	For the year ended 31 March 2018
Current tax	956.88	987.47
Adjustment of tax relating to earlier periods	13.48	-
Deferred tax	13.15	(116.03)
<b>Tax expense for the year</b>	<b>983.51</b>	<b>871.44</b>
<b>Effective income tax rate</b>	<b>30.20%</b>	<b>25.60%</b>

A reconciliation of income tax expense applicable to accounting profit / (loss) before tax at the statutory income tax rate to recognised income tax expense for the year indicated are as follows:

Particulars	Rs. in lacs	
	For the year ended 31 March 2019	For the year ended 31 March 2018
Profit before tax (Rs. in lacs)	3,256.55	3,404.45
Tax rate in India	29.12%	28.84%
<b>Expected income tax expense at statutory rate (Rs. in lacs)</b>	<b>948.31</b>	<b>981.84</b>
Effect of tax on expenses allowed/ disallowed for tax purpose (Rs. in lacs)	(55.70)	(125.20)
Effect of tax due to change in tax rates	77.42	14.80
Tax effect on prior year items/adjustment of tax relating to earlier periods	13.48	-
<b>Tax expense for the year (Rs. in lacs)</b>	<b>983.51</b>	<b>871.44</b>

**(b) Amounts recognised in other comprehensive income**

Particulars	For the year ended March 31, 2019			For the year ended March 31, 2018			Rs. in lacs
	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax	
Items that will not be reclassified to profit or loss							
Remeasurements of defined benefit liability/(asset)	(3.67)	1.07	(2.60)	0.53	0.15	0.38	
<b>Total</b>	<b>(3.67)</b>	<b>1.07</b>	<b>(2.60)</b>	<b>0.53</b>	<b>0.15</b>	<b>0.38</b>	

**(b) Movement in deferred tax balances as on 31 March 2019**

Significant components of deferred tax assets/(liabilities) recognised in the financial statement are as follows:

Particulars	Net balance 01 April 2018	Recognised in profit or loss	Recognised in OCI	Deferred tax asset	Deferred tax liability	Rs. in lacs
Deferred tax assets/(liabilities) balance in relation to -						
Property, plant and equipment	(1,170.72)	(29.79)	-	-	(1,200.51)	(1,200.51)
Foreign exchange differences	-	-	-	-	-	-
Provisions for stores & Spares (slow moving items)	1.51	11.24	-	12.75	-	12.75
Government grant	-	-	-	-	-	-
Expenses disallowable u/s 40(a)(ia)	0.71	(0.71)	-	-	-	-
Employee benefits	25.62	3.96	1.07	30.65	-	30.65
<b>Tax assets/(Liabilities)</b>	<b>(1,142.89)</b>	<b>(15.29)</b>	<b>1.07</b>	<b>43.40</b>	<b>(1,200.51)</b>	<b>(1,157.10)</b>

**(c) Movement in deferred tax balances as on 31 March 2018**

Particulars	Net balance 01 April 2017	Recognised in profit or loss	Recognised in OCI	Deferred tax asset	Deferred tax liability	Rs. in lacs
Deferred tax assets/(liabilities) balance in relation to -						
Property, plant and equipment	(1,047.78)	(122.94)	-	-	(1,170.72)	(1,170.72)
Foreign exchange differences	6.31	(6.31)	-	-	-	-
Provisions for stores & Spares (slow moving items)	1.11	0.40	-	1.51	-	1.51
Government grant	(252.37)	252.37	-	-	-	-
Expenses disallowable u/s 40(a)(ia)	-	0.71	-	0.71	-	0.71
Employee benefits	33.66	(7.89)	(0.15)	25.62	-	25.62
<b>Tax assets/(Liabilities)</b>	<b>(1,259.07)</b>	<b>116.34</b>	<b>(0.15)</b>	<b>27.84</b>	<b>(1,170.72)</b>	<b>(1,142.89)</b>



Note - 33 Employee share based payment plans

ESOP SCHEME 2016:

The Board of Directors of JSW Steel Limited(Holding Company) at its meeting held on 29th January, 2016, formulated the JSWSL EMPLOYEES STOCK OWNERSHIP PLAN 2016 ("ESOP Plan"). At the said meeting, the Board authorized the ESOP Committee for the superintendence of the ESOP Plan.

The said scheme is for permanent employees of the Company and its subsidiaries in the grade of L16 (AVP) and above including any director except to any employee who is a promoter or a director who either himself or through relatives or through anybody directly or indirectly holds more than 10% of the outstanding equity shares of the Company. The Employees Stock Ownership Plan is effective from 1st April, 2016.

1st Grant under ESOP Scheme 2016

The eligible employees can exercise the option from May 17, 2016 till March 31, 2019 (for 50% of grant) and May 17, 2016 till March 21, 2020 (for remaining 50% of grant)

A Total of 14,130 options for equity shares having face value of Re. 1 per share were granted to the eligible employees of the Company.

The Fair Value of option on the date of each grant is determined by using Black Scholes model.

2nd Grant under ESOP Scheme 2016

The eligible employees can exercise the option from May 16, 2017 till March 31, 2020 (for 50% of grant) and May 16, 2017 till March 21, 2021 (for remaining 50% of grant)

A total of 1,12,447 options for equity shares having face value of Re. 1 per share were granted to the eligible employees of the Company.

The Fair Value of option on the date of each grant is determined by using Black Scholes model.

3rd Grant under ESOP Scheme 2016

The eligible employees can exercise the option from May 15, 2018 till March 31, 2021 (for 50% of grant) and May 15, 2018 till March 31, 2022 (for remaining 50% of grant)

A total of 39,323 options for equity shares having face value of Re. 1 per share were granted to the eligible employees of the Company.

The Fair Value of option on the date of each grant is determined by using Black Scholes model.

The details of the Share based payment plan are as follows:

Particulars	Year	ESOP 2016 1st Grant (AVP & Above)	ESOP 2016 2nd Grant (AVP & Above)	ESOP 2016 3rd Grant (AVP & Above)
Date of grant		May 17, 2016	May 16, 2017	May 15, 2018
Opening Balance as on	April 01, 2018	6,795	57,364	-
	April 01, 2017	14,130	-	-
Allotted	March 31, 2019	-	-	39,323
	March 31, 2018	-	-	-
Transfer to JSW Steel	March 31, 2019	-	112,447	-
	March 31, 2018	-	-	-
Transfer from JSW Steel	March 31, 2019	14,130	102,374	-
	March 31, 2018	-	-	-
Forfeited during the period	March 31, 2018	6,795	47,291	-
	March 31, 2019	-	-	-
Exercised during the period	March 31, 2018	-	-	-
	March 31, 2019	-	-	-
	March 31, 2018	-	-	-
Outstanding as on	March 31, 2019	6,795	57,364	39,323
	March 31, 2018	6,795	57,364	-
Exercisable as on	March 31, 2019	-	-	-
	March 31, 2018	-	-	-
Vesting Period	March 31, 2019	17-May-16 till 31-Mar-19 (for 50% of grant) and 17-May-16 till 31-Mar-20 (for remaining 50% of grant)	16-May-17 till 31-Mar-20 (for 50% of grant) and 16-May-17 till 31-Mar-21 (for remaining 50% of grant)	15-May-18 till 31-Mar-21 (for 50% of grant) and 15-May-18 till 31-Mar-22 (for remaining 50% of grant)
	March 31, 2018	17-May-16 till 31-Mar-19 (for 50% of grant) and 17-May-16 till 31-Mar-20 (for remaining 50% of grant)	16-May-17 till 31-Mar-20 (for 50% of grant) and 16-May-17 till 31-Mar-21 (for remaining 50% of grant)	-
Method of settlement		Equity	Equity	Equity
Exercise Price		103.65	161.36	263.24
Fair Value as on the Date of Grant		67.48	104.04	167.15
Notes:-				
Note 1 - The company has recognised an expense of Rs. 23.42 lacs(March 31, 2019) towards share based payments transactions based on charge received from holding company (i.e JSW Steel Limited.) corresponding liability is recognised in the books of Holding company.				
Note 2 - The share options outstanding at the end of the year has a weighted average exercise price of Rs. 103.65 for 1st Grant under ESOP Scheme 2016, Rs. 161.36 for 2nd Grant under ESOP Scheme 2016 and Rs. 263.24 for 3rd Grant under ESOP Scheme 2016.				





Note 34

Financial Instruments – Fair values and risk management

a) Categories of financial instruments

Particulars	31 March 2019		31 March 2018	
	Carrying values	Fair values	Carrying values	Fair values
<b>Financial assets</b>				
<b>Measured at amortised cost</b>				
<b>Non Current</b>				
Investments (Government securities)	-	-	0.10	0.10
<b>Current</b>				
Trade receivables	1,934.88	1,934.88	2,093.22	2,093.22
Cash and cash equivalents	777.35	777.35	55.15	55.15
Other bank balances	39.11	39.11	39.11	39.11
Other financial assets	65.05	65.05	69.21	69.21
<b>Measured at fair value through profit or loss</b>				
Investments	-	-	10,314.85	10,314.85
<b>Total financial assets</b>	<b>2,816.39</b>	<b>2,816.39</b>	<b>12,571.64</b>	<b>12,571.64</b>
<b>Financial liabilities</b>				
<b>Current</b>				
Trade payables	272.98	272.98	517.88	517.88
Other financial liabilities	56.67	56.67	62.28	62.28
<b>Total financial liabilities</b>	<b>329.65</b>	<b>329.65</b>	<b>580.16</b>	<b>580.16</b>

Level wise disclosure of financial instruments

Financials instruments measured at fair value

Particulars	As at 31 March 2019	As at 31 March 2018	Level	Valuation technique and key inputs
Investment in mutual funds	-	10,314.85	2	Based on the NAV prescribed by the mutual funds

The Management consider that the carrying amounts of the remaining financial assets and financial liabilities such as trade receivables, cash and cash equivalents, other bank balances, interest receivable, trade payable, recognised in the financial statements approximates their fair value, due to their short term nature.

b) Financial risk management

The Company has a Risk Management Committee established by its Board of Directors for overseeing the Risk Management Framework and developing and monitoring the Company's risk management policies. The risk management policies are established to ensure timely identification and evaluation of risks, setting acceptable risk thresholds, identifying and mapping controls against these risks, monitor the risks and their limits, improve risk awareness and transparency. Risk management policies and systems are reviewed regularly to reflect changes in the market conditions and the Company's activities to provide reliable information to the Management and the Board to evaluate the adequacy of the risk management framework in relation to the risk faced by the Company.

The risk management policies aims to mitigate the following risks arising from the financial instruments:

- (i) Currency risk
- (ii) Credit risk and,
- (iii) Liquidity risk.

(i) Currency risk

The Company's functional currency is Indian Rupees (INR). The Company undertakes transactions denominated in foreign currencies; consequently, exposure to exchange rate fluctuations arise. Volatility in exchange rates affects the Company's revenue from export markets and the costs of imports, primarily in relation to stores and spares. The Company is exposed to exchange rate risk under its trade portfolio.

The carrying amounts of the Company's monetary assets and monetary liabilities at the end of the reporting period are as follows:

Particulars	Rs. in lacs		
	As at 31 March 2019		
	USD	INR	Total
<b>Financial assets</b>			
Non - current Investments	-	-	-
Trade receivable	-	1,934.88	1,934.88
Current Investments	-	-	-
Cash and cash equivalents	-	777.35	777.35
Other bank balances	-	39.11	39.11
Other financial assets	-	65.05	65.05
<b>Financial Liabilities</b>			
Trade payables	8.53	264.45	272.98
Other financial liabilities	-	56.67	56.67
	<b>8.53</b>	<b>321.12</b>	<b>329.65</b>



Particulars	Rs. in lacs		
	31 March 2018		
	USD	INR	Total
<b>Financial assets</b>			
Investments	-	0.10	0.10
Trade receivable	-	2,093.22	2,093.22
Current investments	-	10,314.85	10,314.85
Cash and cash equivalents	-	55.15	55.15
Other bank balances	-	39.11	39.11
Other financial assets	-	69.21	69.21
	-	12,571.64	12,571.64
<b>Financial Liabilities</b>			
Trade payables	8.57	509.31	517.88
Other financial liabilities	-	62.28	62.28
	8.57	571.59	580.16

#### Sensitivity analysis

The following table details the Company's sensitivity to a 1% increase and decrease in the INR against the relevant foreign currencies. 1% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year-end for a 1% change in foreign currency rates, with all other variables held constant. A positive number below indicates an increase in profit or equity where INR strengthens 1% against the relevant currency. For a 1% weakening of INR against the relevant currency, there would be a comparable impact on profit or equity, and the balances below would be negative.

Particulars	Rs. in lacs	
	Profit or (loss)	
	USD	
Effect in INR	Strengthening	Weakening
<b>31 March 2019</b>		
<b>1% Movement</b>		
Trade receivable	-	-
Trade Payables	(0.09)	0.09
<b>31 March 2018</b>		
<b>1% Movement</b>		
Trade receivable	-	-
Trade Payables	(0.09)	0.09

#### (ii) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults.

Company's credit risk arises principally from the trade receivables, loans, and cash & cash equivalents.

#### Trade receivables

Customer credit risk is managed centrally by the company and subject to established policy, procedures and control relating to customer credit risk management. The outstanding trade receivables are regularly monitored and appropriate action is taken for collection of overdue receivables.

Apart from JSW Steel Limited, the largest customer of the Company, the company does not have significant risk exposure to any single counterparty.



**Cash and cash equivalent**

The Company attempts to limit the credit risk by only dealing with reputable banks.

**iii) Liquidity risk**

Liquidity risk refers to the risk of financial distress or extraordinary high financing costs arising due to shortage of liquid funds in a situation where business conditions unexpectedly deteriorate and requiring financing. The Company generates sufficient cash flow for operations, which together with the available cash and cash equivalents provide liquidity in the short-term and long-term. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The following table details the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company is required to pay.

Particulars	Level	Carrying amount	Total	Rs. in lacs		
				Less than 1 year	1-5 years	More than 5 years
<b>As at 31 March 2019</b>						
Trade payables	3	272.98	272.98	272.98	-	-
Other financial liabilities	3	56.67	56.67	56.67	-	-
<b>As at 31 March 2018</b>						
Trade payables	3	517.88	517.88	517.88	-	-
Other financial liabilities	3	62.28	62.28	62.28	-	-

The following table details the Company's remaining contractual maturity for its non-derivative financial assets with agreed repayment periods.

Particulars	Level	Carrying amount	Total	Rs. in lacs		
				Less than 1 year	1-5 years	More than 5 years
<b>As at 31 March 2019</b>						
Investments		-	-	-	-	-
Trade receivables	3	1,934.88	1,934.88	1,934.88	-	-
Cash and cash equivalents	3	777.35	777.35	777.35	-	-
Other bank balances	3	39.11	39.11	-	39.11	-
Other financial assets	3	65.05	65.05	65.05	-	-
<b>As at 31 March 2018</b>						
Investments	3	10,314.95	10,314.95	10,314.85	-	0.10
Trade receivables	3	2,093.22	2,093.22	2,093.22	-	-
Cash and cash equivalents	3	55.15	55.15	55.15	-	-
Other bank balances	3	39.11	39.11	39.11	-	-
Other financial assets	3	69.21	69.21	69.21	-	-



**JSW STEEL PROCESSING CENTRES LIMITED**

Notes to the Financial Statement as at and for the year ended 31 March 2019

**Note 35**

Restated Financial statement for the year ended 31 March 2018

		Rs in Lacs		
	Notes	Reported Amount as at 31 March 2018	Restatement	Restated Amount as at 31 March 2018
<b>I. ASSETS</b>				
<b>Non-current assets</b>				
(a) Property, plant and equipment	4	8,046.42	-	8,046.42
(b) Capital work in Progress		-	-	-
(b) Financial assets - Investments	5	0.10	-	0.10
(c) Current tax assets (net)		266.30	-	266.30
(d) Other non-current assets	6	13.47	-	13.47
<b>Total non - current assets</b>		<b>8,326.29</b>	<b>-</b>	<b>8,326.29</b>
<b>Current assets</b>				
(a) Inventories	7	871.61	-	871.61
(b) Financial assets				
i) Investments	8	10,314.85	-	10,314.85
ii) Trade receivables	9	2,093.22	-	2,093.22
iii) Cash and cash equivalents	10A	55.15	-	55.15
iv) Bank balances other than (iii) above	10B	39.11	-	39.11
v) Loans	10	-	-	-
v) Other financial assets	11	69.21	-	69.21
(c) Other current assets	12	133.35	-	133.35
<b>Total current assets</b>		<b>13,576.50</b>	<b>-</b>	<b>13,576.50</b>
<b>Total assets</b>		<b>21,902.79</b>	<b>-</b>	<b>21,902.79</b>
<b>II. EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
(a) Equity share capital	13	5,000.00	-	5,000.00
(b) Other equity	14	14,376.06	336.40	14,712.46
<b>Total equity</b>		<b>19,376.06</b>	<b>336.40</b>	<b>19,712.46</b>
<b>Non - current liabilities</b>				
(a) Financial liabilities - Borrowings		-	-	-
(a) Provisions	15	83.99	-	83.99
(b) Deferred tax liabilities (net)	32	1,371.46	228.57	1,142.89
<b>Total non - current liabilities</b>		<b>1,455.45</b>	<b>228.57</b>	<b>1,226.88</b>
<b>Current liabilities</b>				
(a) Financial liabilities				
i) Trade payables	16			
a) Total outstanding, dues of micro and small enterprises		9.69	-	9.69
b) Total outstanding, dues of creditors other than micro and small enterprises		508.19	-	508.19
ii) Other financial liabilities	17	62.28	-	62.28
(b) Other current liabilities	18	129.55	-	129.55
(c) Current tax liabilities (net)		357.59	107.83	249.76
(d) Provisions	19	3.98	-	3.98
<b>Total current liabilities</b>		<b>1,071.28</b>	<b>107.83</b>	<b>963.45</b>
<b>Total liabilities</b>		<b>2,526.73</b>	<b>336.40</b>	<b>2,190.33</b>
<b>Total equity and liabilities</b>		<b>21,902.79</b>	<b>672.80</b>	<b>21,902.79</b>

**Note :**

Apart from above adjustments, net difference between income tax provision as per books and income tax return filed with tax authorities amounting to Rs 90.81 lacs for the period FY 11-12 to FY 16-17 have been adjusted in Other Equity as on 01 April 2017.



**JSW STEEL PROCESSING CENTRES LIMITED**
**Notes to the Financial Statement as at and for the year ended 31 March 2019**
**Restated Financial Statements for the year ended 31 March 2018**
**Rs in Lacs**

Particulars	Notes	Reported Amt for the year ended 31 March 2018	Restatement	Restated Amt for the year ended 31 March 2018
I. Revenue from contracts with customers	20	5,635.46	-	5,635.46
II. Other income	21	502.56	-	502.56
<b>III. Total income (I+II)</b>		<b>6,138.02</b>	<b>-</b>	<b>6,138.02</b>
<b>IV. Expenses:</b>				
Changes in inventories of finished goods	22	83.88	-	83.88
Employee benefits expense	23	472.48	-	472.48
Finance costs	24	46.22	-	46.22
Depreciation and amortisation expenses	4	561.56	-	561.56
Other expenses	25	1,569.43	-	1,569.43
<b>Total expenses</b>		<b>2,733.57</b>	<b>-</b>	<b>2,733.57</b>
<b>V. Profit before tax (III-IV)</b>		<b>3,404.45</b>	<b>-</b>	<b>3,404.45</b>
<b>VI. Tax expense:</b>	32			
Current tax		1,186.41	198.94	987.47
Deferred tax		112.21	(228.24)	(116.03)
Adjustment of tax relating to earlier periods		-	-	-
		<b>1,298.62</b>	<b>(427.18)</b>	<b>871.44</b>
<b>VII Profit for the year (V-VI)</b>		<b>2,105.83</b>	<b>427.18</b>	<b>2,533.01</b>
<b>VII Other comprehensive income</b>	31			
Items that will not be reclassified to profit or loss				
(a) Remeasurements of defined benefit plans		0.53	-	0.53
(b) Income tax related to items that will not be reclassified to profit or loss		(0.18)	0.03	(0.15)
<b>Total other comprehensive income</b>		<b>0.35</b>	<b>0.03</b>	<b>0.38</b>
<b>IX. Total comprehensive income for the year (VII+VIII)</b>		<b>2,106.18</b>	<b>427.21</b>	<b>2,533.39</b>
<b>X. Earnings per equity share of Rs. 10 each</b>	36			
Basic (In Rs)		4.21	-	5.07
Diluted (In Rs)		4.21	-	5.07
<b>See accompanying notes to the financial statements</b>				

**Note:**

- 1) In the FY 2017-18, the tax expense was erroneously calculated using tax rate of 30% instead of 25% which has now been rectified by restating prior tax expenses.
- 2) Further the Company has reconciled the amount of tax provision in the books with the income tax returns filed for the respective years. The excess/ shortfall of the provisions related to the previous years have been adjusted in Other Equity as on 01 Apr 2017.



**Note 36**  
**Earnings per share (EPS)**

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018*
Profit for the year for equity shareholders (A) (Rs. in lacs)	2,273.04	2,533.01
Weighted average number of shares for basic EPS (B) Nos	50,000,000	50,000,000
Weighted average number of shares for diluted EPS (C) Nos	50,000,000	50,000,000
Earning per share - basic (A/B) (Rs. per share)	4.55	5.07
Earning per share - diluted (A/C) (Rs. per share)	4.55	5.07
Nominal value of equity shares (Rs. per share)	10.00	10.00

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

\* Restated

**Note 37**

The Board of Directors of JSW Steel Limited ('Parent Company') at their meeting held on 25 October 2018, considered and approved the Scheme of Amalgamation pursuant to sections 230 - 232 and other applicable provisions of the Companies Act, 2013, providing for the merger of its wholly owned subsidiary, JSW Steel Processing Centre Limited, with the Parent Company. The Board of Directors of the Company has approved the merger in their meeting held on 30 October 2018. In accordance with the scheme the Parent Company will take over all the assets and liabilities of the Company on a going concern basis. The merger is subject to regulatory approvals.

**Note 38**

Previous year figures have been regrouped / reclassified wherever necessary.

**Note 39**

**Standards issued but not yet effective**

**New Standard Ind AS 116 Leases**

Ind AS 116 Leases was notified by MCA on 30 March 2019 and it replaces Ind AS 17 Leases, including appendices thereto. Ind AS 116 is effective for annual periods beginning on or after 1 April 2019. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under Ind AS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under Ind AS 116 is substantially unchanged from today's accounting under Ind AS 17. Lessors will continue to classify all leases using the same classification principle as in Ind AS 17 and distinguish between two types of leases: operating and finance leases.

The Company is in the process of evaluating the effect of these amendments on the financial statements.

**Amendments to other Ind ASs-**

**i) Amendments to Ind AS 109, Financial Instruments:**

The amendments notified to Ind AS 109 pertain to classification of a financial instruments with prepayment feature with negative compensation. Negative compensation arises where the terms of the contract of the financial instrument permit the holder to make repayment or permit the lender or issuer to put the instrument to the borrower for repayment before the maturity at an amount less than the unpaid amounts of principal and interest. Earlier, there was no guidance on classification of such instruments.

According to the amendments, these types of instruments can be classified as measured at amortised cost, or measured at fair value through profit or loss, or measured at fair value through other comprehensive income by the lender or issuer if the respective conditions specified under Ind AS 109 are satisfied.

**ii) Amendments to Ind AS 12, Income Taxes:**

The first amendment requires an entity to create a corresponding liability for Dividend Distribution Tax (DDT) when it recognises a liability to pay a dividend. The liability for DDT shall be recorded in statement of profit & loss, other comprehensive income or equity, as the case may be.

The second amendment relates to tax consequence of an item whose tax treatment is uncertain. Tax treatment of an item is considered as uncertain when there is uncertainty whether the relevant taxation authority will accept the tax treatment of that item or not.



**JSW Steel Processing Centres Limited**

**Notes to the Financial Statement as at and for the year ended 31 March 2019**

If there is uncertainty over tax treatment of an item an entity should predict the resolution of the uncertainty. If it is probable that the taxation authority will accept the tax treatment, there will be no impact on the amount of taxable profits/losses, tax bases, unused tax losses/credits and tax rates. In vice-versa case, the entity shall show the effect of the uncertainty for each uncertain tax treatment on amount of related items by using either the most likely outcome or the expected outcome of the uncertainty.

**iii) Amendment to Ind AS 19, Employee Benefits:**

The amendments to Ind AS 19, Employee Benefits relate to effects of plan amendment, curtailment and settlement. When an entity determines the past service cost at the time of plan amendment or curtailment, it shall remeasure the amount of net defined benefit liability/asset using the current value of plan assets and current actuarial assumptions which should reflect the benefits offered under the plan and plan assets before and after the plan amendment, curtailment and settlement.

**As per our report of even date**

**For S R B C & CO LLP**

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003



per **SURESH YADAV**  
Partner  
Membership no. 119878

Place : Mumbai  
Date: 06 May 2019



**For and on behalf of the Board of Directors**



**SANJAY JAYRAM**  
Director



**ANJANEYALU CHITLOOR**  
Chief Financial Officer

Place : Mumbai  
Date: 06 May 2019



**UMESH RAI**  
Director



**MANISH MATHUR**  
Company Secretary