



# WILL OF STEEL

SOME BELIEVE THAT  
ONE MAN CAN'T  
CHANGE THE WORLD.

ONE MAN PROVED  
THEM WRONG.

A small bucket-manufacturing unit that  
burgeoned into a multi-billion dollar business  
empire. A desire to help the poor that manifested  
itself through schools, healthcare centres and  
charitable trusts. A wish to help the nation,  
fulfilled through the right decisions as a leader.  
As an industrialist, statesman and philanthropist,  
Shri O. P. Jindal changed the lives of millions.  
And proved that all it takes to change a nation's  
future, is the right man.

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Shri Om Prakash Jindal



7th August 1930 - 31st March 2005  
*Founder and Visionary, O. P. Jindal Group*

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At JSW Steel, we have always viewed challenges as opportunities. Opportunities that allow us to raise the bar for ourselves, and fine-tune our strategies for growth. We have proven our mettle in the face of adversities since inception. In the process, we demonstrated our ability to stay the course, realise our vision and uphold the faith of our stakeholders. This has seen us emerge as India's leading steel company in a relatively short timespan of two decades. In 2014-15 too, we were tested against our resolve. In the face of a declining commodity cycle and a challenging domestic environment, we responded in the only way we know. With courage and competence. As a result, we were able to recalibrate our raw material and sales strategies. We were able to enhance our operational efficiencies and optimise our cost. We are now looking towards the future with a greater confidence, a stronger balance sheet and heightened optimism.

The strength and durability of our products are a manifestation of our determination to sustain, today and tomorrow. We call it our Will of Steel.

## JSW STEEL AT A GLANCE

**14.3 MTPA**

Steel making capacity

**6TH**

Position among world-class steel makers as per WSD in 2015

JSW Steel is the flagship company of the USD 11 billion JSW Group, part of the O. P. Jindal Group. It is one of the lowest cost steel producers globally, and was ranked as the 6th most competitive steel maker, globally by WSD's World-Class Steelmaker Rankings, 2015.

JSW Steel has integrated steel manufacturing facilities, from raw material processing plants to value-added product capacities, supported by state-of-the-art technologies. With an installed capacity of 14.3 MTPA, its facilities located across six strategic locations in South and West India. The Company has a robust pan-India distribution network and a reach of over 100 countries across 5 continents.

JSW Steel has the widest product portfolio in India that includes a strong and growing share of value added and special steel.

### HIGHLIGHTS FY 2014-15 (STANDALONE)

<b>12.63 MnT</b>	<b>₹45,352 Cr</b>	<b>₹2,166 Cr</b>	<b>₹8,872 Cr</b>
Crude Steel Production	Net Turnover	Net Profit	Operating EBITDA
<b>^4%</b>	<b>^2%</b>	<b>^62%</b>	<b>^1%</b>

## MESSAGE FROM THE CHAIRMAN & MANAGING DIRECTOR

**WE DELIVERED ROBUSTLY IN SPITE OF A FALL IN REALISATION DUE TO SURGE IN IMPORTS BY WAY OF DUMPING, AND INCREASED OUR PROFITABILITY, WHILE BEING QUICK TO CALIBRATE OUR MARKETING STRATEGY.**

SAJJAN JINDAL  
CHAIRMAN & MANAGING DIRECTOR  
JSW STEEL LIMITED



### Dear Shareholders,

The year 2014-15 was a unique year in many respects.

India elected a majority government after nearly three decades, leading to significant optimism and improved sentiment. At the same time, the global commodity cycle reversed due to a slowdown in China, and core industries such as steel faced significant challenges. Therefore, this was a year that brought us face-to-face with both the opportunity that exists for the Indian steel sector and the challenges it might face going forward.

The global steel industry is currently reeling under the impact of rising steel exports from China (due to large surplus capacities and a slowing domestic demand), weak demand conditions (largely due to falling fixed asset investments across countries caused by sharp oil price correction and fiscal adjustments) and volatile

currency movements. The year 2014 marked the first time when annualised Chinese steel exports hit the 100 million tonne mark. This, in turn, has driven an array of trade restrictive measures by several countries as the steel industry is considered strategic for development. For Indian players, therefore, the challenge was three fold – scarcity of key raw materials, moderate domestic demand and proliferation of unrestrained “dumping” of steel.

JSW Steel's performance in 2014-15 should be evaluated in this context. I am happy to report that we demonstrated our ability, agility and responsiveness, once again. This is a direct outcome of the ‘Will of Steel’ – a credo that epitomises our approach to business. We delivered robustly in spite of a fall in realisation due to surge in imports by way of dumping, and increased our profitability, while being quick to calibrate our marketing

strategy. Our financial performance despite the challenging operating environment underpins the success of our strategy.

Steel is the most crucial material in industrial development and infrastructure construction, and is, therefore, of strategic importance for national transformation. Large economies of the world have achieved their economic development, prosperity and growth strongly supported by a robust, sustainable and reliable domestic steel industry.

In India too, recognising the importance of manufacturing to foster development at a sustainable pace, a series of policy initiatives have been announced. Perhaps the most visible of these initiatives is the ‘Make-in-India’ theme, designed to facilitate investment, foster innovation, enhance skill development and job creation, and build best-in-class manufacturing



capability. The steel industry will no doubt play an important part both as an investor and as a beneficiary of this programme. It syncs well with the 'Vision 300 Million Tonnes' of the Government which entails having a steel production capacity of 300 million tonnes in India by the year 2025, a three-fold increase from current levels.

Indian steel producers, especially the large ones, are already regarded as among the globally acclaimed competitive producers. However, for the industry to perform to its potential and command a greater influence on the global stage, it must be accorded a level playing field. To illustrate, although domestic steel demand grew by 3.1% in FY2015, imports of finished steel into India surged by 71% to 9.3 million tonnes. This was effectively 'dumping' by China and Russia as well as countries like Japan and Korea who enjoy concessional rates of import duty for steel under Free Trade Agreements (FTA). This unprecedented surge in imports is hurting and causing injury to the domestic steel industry since steel is being sold at a price significantly lower than their domestic home-country prices. Besides, the Government of India's initiatives to implement 'Quality Order' to ensure safety and quality in usage are being resisted by vested interests.

Not just this, the domestic raw material availability remained bleak, and its pricing was not fully aligned to global benchmarks. This impacted our industry, despite its cost-leadership and competitiveness, and is therefore, a source of concern. While cheap imports may benefit user industries in the short-term, surely reliance on imported steel cannot be a sustainable business strategy.

In 2014, India emerged as the fourth largest producer of steel in the world with a crude steel production of over 88 million tonnes. For reasons I have

mentioned above, the outlook for the industry remains robust and the prospect of capital investments are bright, subject to, however, the timely intervention by policy makers to remove the constraints faced by the industry. As a result, India is well poised to improve its ranking even further in the coming years, growing in capacity, quality and cost leadership.

Given the capital intensive nature of the steel industry and its significant multiplier effect on the wider economy the Government's support and facilitation assume importance. While the industry is keen to create new capacities to meet the strong domestic demand, it is also important for the Government to address the bottlenecks around new capacity creation. These include ease of doing business, land acquisition, environmental clearances, resource allocation, and infrastructure bottlenecks, among others.

An important step in this direction is the Mines and Minerals Development and Regulation (MMDR) Act, recently passed by Parliament. It enables a transparent auction of iron ore mines to user industries. JSW Steel has been a long-standing votary of transparent procedures for allocation of mineral resources. It is encouraging to see this process finally being adopted, and I congratulate the Government for this, and the other initiatives that are underway.

At JSW Steel, we are pushing ourselves further, in readiness for emerging opportunities. We are ensuring that we maintain our edge as one of the country's leading steel players by improving our operating efficiencies. We have done so by enhancing yields and reducing specific energy consumption. With the new CRM II facility on-stream, we have been able to enrich our product mix further by focusing on value added and special

steel products. This has enabled us to strengthen our relationship with leading OEMs.

We continue to adopt and use innovative technologies in steel manufacturing, facilitated through our partnership with JFE Steel. Most importantly, we have remained confident in the India story and have focused our efforts to develop new markets and expand existing markets within the country. Our ability to adapt quickly to emerging market realities supports our determination to view challenges as opportunities.

At JSW Steel we look forward to consolidating our industry leading position in the year ahead. I must acknowledge the immense contribution of the entire JSW team, including JSW Foundation, who push their boundaries, rise above challenges and leave no stone unturned to grow sustainably and improve the lives of communities around our facilities. I am also grateful to all our stakeholders for their support and co-operation in building this value generating enterprise.

I look forward to your continued support in our endeavour towards nation building.

Best Wishes



**Sajjan Jindal**

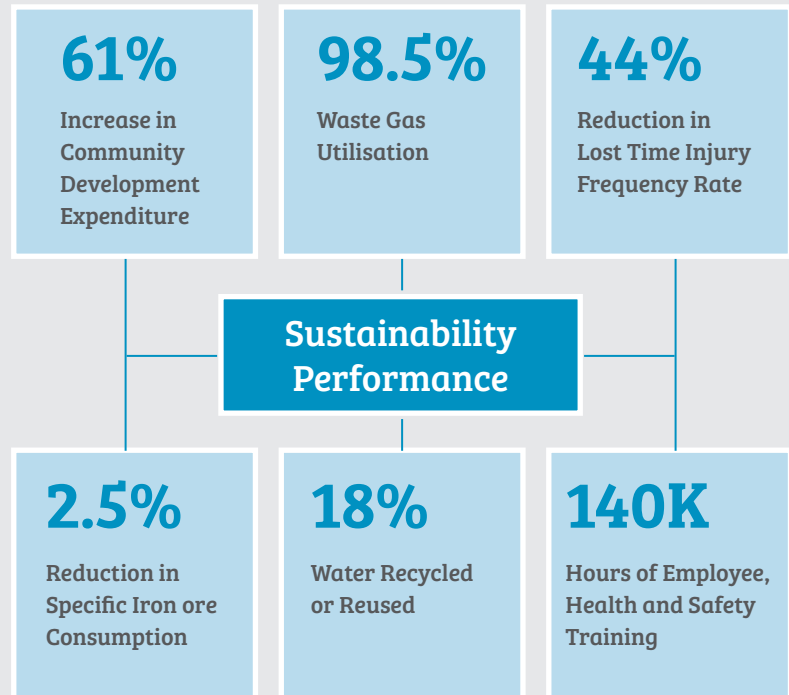
Chairman & Managing Director

## SUSTAINABILITY AT JSW STEEL

JSW Steel believes that sustainable business is a successful business. Social and environmental issues are integrated into our long-term strategy – in developing facilities, in expansion and upgrade plans, development of new capacities and penetration of markets and in deployment of new technologies.

Sustainability is all about finding solutions, thereby enhancing stakeholder value. JSW Steel has worked tirelessly to implement an array of initiatives that demonstrate its leadership position in the steel sector in the national and international context. In the face of challenges ranging from market pressures to sourcing to waste management to empowering communities, integrated thinking has led to solutions that are sustainable.

### SUSTAINABILITY HIGHLIGHTS FY 2014-15



Educational initiatives by JSW Steel

JSW Steel has been making consistent efforts to maximise its positive impact on the communities it operates in and to reduce the environmental footprint of each of its manufacturing units. The Company, through a dedicated team of development professionals, undertakes several community development and women empowerment initiatives.



O. P. Jindal Centre: Training to build the future

### COMMUNITY DEVELOPMENT INITIATIVES

JSW Steel supported 29 Industrial Training Institutes under the public-private partnership route to enhance the skill set of local communities and to provide employment opportunities. The Company also closely worked with the Government to tackle the issue of malnutrition in the states of Maharashtra and Karnataka.



Data Halli: The all-woman rural BPO at Vijayanagar

### WOMEN EMPOWERMENT INITIATIVES

**Women Empowerment Initiatives**  
The Company ensures an access to school-level learning and vocational training to rural women. The Company also runs an all-woman rural BPO at Vijayanagar called Data Halli. The centre was awarded by NASSCOM.

## CORPORATE INFORMATION

### Chairperson Emeritus

Mrs. Savitri Devi Jindal

### Board of Directors

Mr. Sajjan Jindal  
Chairman & Managing Director

Mr. Seshagiri Rao M.V.S.  
Jt. Managing Director & Group CFO

Dr. Vinod Nowal  
Dy. Managing Director

Mr. Jayant Acharya  
Director [Commercial & Marketing]

Mr. Naveen Raj Singh, IAS  
Nominee Director, KSIIDC

Mr. Kyoichi Kameyama  
Nominee Director,  
JFE Steel Corporation, Japan

Dr. S. K. Gupta  
Director

Dr. Vijay Kelkar  
Director

Mr. Uday M. Chitale  
Director

Mr. Sudipto Sarkar  
Director

Mr. Kannan Vijayaraghavan  
Director

Dr. (Mrs.) Punita Kumar Sinha  
Director

### Company Secretary

Mr. Lancy Varghese

### Auditors

M/s. Deloitte Haskins & Sells LLP  
Chartered Accountants

### Bankers

Allahabad Bank  
Bank of Baroda  
Bank of India  
ICICI Bank Limited  
IDBI Bank Limited  
Indian Bank  
Indian Overseas Bank  
Punjab National Bank  
State Bank of India  
State Bank of Mysore  
State Bank of Patiala  
Union Bank of India  
UCO Bank  
Vijaya Bank

### Registered Office

JSW Centre, Bandra Kurla Complex,  
Bandra (East), Mumbai - 400 051.  
Tel. No. +91 22 42861000  
Fax No. +91 22 42863000  
Website: [www.jsw.in](http://www.jsw.in)

### Works

#### Vijayanagar Works

P.O. Vidyanagar, Toranagallu  
Village, Sandur Taluk, Bellary  
District, Karnataka – 583 275.  
Tel: +91 8395-250120 to 30  
Fax: +91 8395-250138/250665

#### Dolvi Works

Geetapuram, Dolvi Village,  
Pen Taluk, Raigad District,  
Maharashtra – 402 107.  
Tel: +91 2143 277501-15  
Fax: +91 2143 277605

#### Salem Works

Pottaneri,  
M. Kalipatti Village,  
Mecheri Post, Mettur Taluk,  
Salem District,  
Tamil Nadu – 636 453.  
Tel: +91 4298 – 278400 to 404  
Fax: +91 4298 – 278618

### Registrar & Share Transfer Agents

Karvy Computershare Private  
Limited  
Karvy Selenium Tower B, Plot 31-32,  
Gachibowli,  
Financial District, Nanakramguda,  
Hyderabad – 500 032  
Tel. No. 040 67161500  
Fax. No. 040 23001153  
E-mail: [einward.ris@karvy.com](mailto:einward.ris@karvy.com)  
Website: [www.karvy.com](http://www.karvy.com)  
Toll Free No. of exclusive Call  
Centre: 1-800-345001

# MANAGEMENT DISCUSSION AND ANALYSIS



Bird's eye view of the Vijayanagar plant

## 1. JSW STEEL – AN OVERVIEW

A flagship company of the JSW Group (Part of O P Jindal Group), JSW Steel is India's leading private sector steel company with an installed capacity of 14.3 MTPA. We have six manufacturing plants located across India and our global footprints extend to the US, South America and Africa.

### COMPETITIVE EDGE

- One of the lowest-cost steel producers globally
- Strategically located manufacturing capacities
- Modern and highly integrated plants providing high level of cost and operational efficiencies

- Wide product portfolio with a strategic focus on value added and special steel products
- Wide global & domestic distribution reach, leadership position in domestic market and export reach over 100 countries
- Ability to re-align sales effort and shift between domestic and export market as per the prevailing market conditions
- Proven track record of acquiring troubled assets and turning them around

### WIDE PRODUCT PORTFOLIO

Our product portfolio across flat and long steel products includes:

Flats	Longs
• Hot Rolled (HR) coils, sheets and plates	• TMT bars
• Cold Rolled coils and sheets	• Wire rods and special steel bars
• Galvanised products	• Rounds and blooms
• Galvalume products	• Angles
• Pre-painted Galvanised products	
• Pre-painted Galvalume products	

### KEY MANUFACTURING FACILITIES

Location	Products
Vijayanagar, Karnataka	Slabs, Billets, Blooms, HR Coils and Sheets, Cold Rolled Close Annealed (CRCA) Coils and Sheets, Galvanised products, Wire Rods, Bar Rods and Angles
Dolvi, Maharashtra	Hot Rolled Coils (HRC)
Salem, Tamil Nadu	Special Steel long products
Vasind, Maharashtra (*)	Galvanised & Colour Coated products
Tarapur, Maharashtra (*)	Galvanised, Galvalume & Colour Coated products
Kalmeshwar, Maharashtra (*)	Galvanised, Galvalume & Colour Coated products

(\*) Belongs to JSW Coated Products Steel, a 100% Subsidiary





DURING CY 2014 SLOWING DEMAND IN SOME OF THE MAJOR DEVELOPING ECONOMIES LED TO THE SOFTENING IN CRUDE AND OTHER GLOBAL COMMODITY PRICES. **THOUGH THE PRICE CORRECTION CREATED FINANCIAL STRESS IN OIL EXPORTING COUNTRIES AND ALSO RESULTED IN DISINFLATIONARY ENVIRONMENT IN MANY OIL IMPORTING ECONOMIES.**

## 2. ECONOMIC SCENARIO

### 2.1 GLOBAL

The world economic growth remained modest at 3.4% in CY 2014 amidst divergent growth trend in advanced and emerging economies. While the developed economies led by the US & UK continued to strengthen the growth in most emerging economies slowed down during the year. Many oil exporting economies were under stress due to a sharp drop in oil prices. Despite their slower growth, emerging markets and developing economies still accounted for three-fourths of global growth in CY 2014.

#### A SNAPSHOT

- The world economy grew at a lacklustre 3.4% in CY 2014.
- US economic growth outlook improved on the back of a higher domestic consumption supported by lower oil prices, steady job creation and income growth.
- Europe showed initial signs of growth pick-up in 4Q FY2015 on back of the increase in

consumption supported by steep fall in oil prices, higher exports aided by weaker currency and due to an aggressive ECB monetary stimulus.

- The impact of Abenomics is yet to translate into positive economic growth prospect for Japan as the economy marginally contracted during the year, due to weak consumption and residential investment.
- China's economy continued to moderate as the pace of investments slowed down impacting the growth in the economy.

- The world economy continued to face risks related to geopolitical tensions, disruptive asset price shifts in financial markets, and stagnation/deflation in advanced economies during CY 2014
- The world economic growth in CY 2015 is likely to see moderate improvement. The improvement is expected to be driven mainly by the advanced economies rather than by emerging markets and developing economies.

During CY 2014 slowing demand in some of the major developing economies led to the softening in crude and other global commodity prices. Though the price correction created financial stress in oil exporting countries and also resulted in disinflationary environment in many oil importing economies, it is expected to be a net positive to world economy in the short to medium term – especially for oil/commodity importing economies like India.

#### IMF GLOBAL GROWTH RATE

	2013	2014	2015*	2016*
World Output	3.4	3.4	3.5	3.8
Advanced Economies	1.4	1.8	2.4	2.4
United States	2.2	2.4	3.1	3.1
Europe	-0.5	0.9	1.5	1.6
Japan	1.6	-0.1	1.0	1.2
Emerging Markets and Developing Economies	5.0	4.6	4.3	4.7
China	7.8	7.4	6.8	6.3

Source: IMF, World Economic Outlook, April 2015.

\* Estimated



## 2.2 INDIA

The Indian economy, supported by lower oil prices, improved FDI inflows and pro-growth economic reforms initiated by new Government saw a moderate improvement in growth momentum during FY 2014-15; some of the key macroeconomic indicators also strengthened over the year.

### A SNAPSHOT

- The Indian economic growth improved to 7.3% in FY 2014-15 as compared to 6.9% in FY 2013-14. While the agriculture sector grew at 0.2%, it is manufacturing that leads the growth at 7.1% during FY 2014-15.
- Several policy measures taken by the Reserve Bank of India (RBI) and the Government, supported by lower global crude oil prices, resulted in:
  - Decline in inflation during the year; consumer price inflation is expected to be between 5.0-5.5% range during 2015-16.
  - The Current Account Deficit (CAD) narrowed to 1.3% of GDP

during FY 2014-15 compared to 1.7% in FY 2013-14.

- The Government had strong focus on fiscal consolidation. As a result, the Gross Fiscal Deficit (GFD) declined to 4.1% in FY 2014-15 and is budgeted to decline further to 3.9% in FY 2015-16.

The Government in order to enhance is of doing business and attract new investment, took several policies measures. These includes hiking the foreign direct investment limits in defence, Railways and Insurance, labour reforms, transparent and faster environment clearances, transparent auction-based natural resources allocation policy and rationalisation/simplification of tax regime. The other important reform measures taken by the new Government such as deregulation of diesel and petrol prices, direct transfer of subsidies and initiatives for employment growth ("Make in India, Skill India and Digital India" campaigns) are the steps taken to create a framework for sustainable growth.

### THE GOVERNMENT HAD STRONG FOCUS ON FISCAL CONSOLIDATION.

AS A RESULT, THE GROSS FISCAL DEFICIT (GFD) DECLINED TO 4.1% IN FY 2014-15 AND IS BUDGETED TO DECLINE FURTHER TO 3.9% IN FY 2015-16.