



**STAYING STRONG.
GROWING STRONGER.**

A portrait of Shri O.P. Jindal, a middle-aged man with dark hair, wearing glasses and a white shirt, smiling. The portrait is set against a warm, golden background and is framed by a decorative border.

IN TRIBUTE TO A MAN WHO BELIEVED IN INDIA AND ITS PEOPLE

The vision for a self-reliant India. The determination to reform and serve society. And the dream to make a difference in the lives of others. For one of India's leading industrialists, ambition held a wholly different meaning. Where setting up schools and healthcare centers was a part of every business plan. Where increasing profitability went hand-in-hand with alleviating poverty. And where building an empire never came before building a nation.

Shri O.P. Jindal

August 7, 1930 to March 31, 2005

Visionary and Founder - O. P. Jindal Group

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E-Communication Registration Form

NECS Mandate Form

6th

Position among world-class steel makers as per WSD in 2016

18^{MTPA}

Steel-making capacity

STAYING STRONG. GROWING STRONGER.

The strength of businesses is determined not by how well they do in good times, but in how courageously they sustain through periods of uncertainty and challenges. Looked at from this prism, we at JSW Steel have demonstrated our ability to withstand such challenges and adversities through our performance in FY 2015-16. At JSW Steel, we did not just hold on to our production levels in such a scenario. In fact, we increased our installed capacity to 18 MTPA and reported our highest ever sales in the last quarter. We were not just content with the cost savings that the commodity price softening allowed us. We went a step ahead to achieve further operational efficiencies and enrich our product mix. The unviability of exports did not deter us. Instead we focused on growing our domestic sales and aggressively expanding our retail network and achieve higher branded sales. Our commitment to long-term, sustainable value creation stands validated. Thus for JSW Steel, FY 2015-16 was not just a year of staying strong but also growing stronger.

Highlights FY 2015-16 (Standalone)

12.56^{MnT}

Crude Steel Production

₹ 36,202^{Cr}

Net Turnover

₹ 5,723^{Cr}

EBITDA

₹ 7.50^{per share}

Equity Dividend

JSW STEEL AT A GLANCE

JSW Steel is the flagship company of the USD 11 billion JSW Group, part of the O.P. Jindal Group. JSW Steel is among the world's most illustrious steel companies and is India's leading primary integrated steel producer.

JSW Steel has plants' located across 6 strategic locations in South and West India, namely, Karnataka, Tamil Nadu and Maharashtra. Our strategy of always staying on the leading edge of technical advancement has led to partnerships with global sector leaders and has helped our plants rank amongst the lowest-cost steel producers in the world.

We continue to strive for excellence with our strengths being our product mix, state of the art technology, excellence in execution and our unstinting focus on employee engagement.

MESSAGE FROM THE CHAIRMAN AND MANAGING DIRECTOR



Dear Shareholders,

The year 2015-16 was an eventful year for the country as a whole and for us at JSW Steel. We faced significant headwinds, but acted with resilience. We stayed strong and grew stronger, just as India did.

Against a backdrop of global turbulence and sluggish growth, India stands out as a haven of stability and an outpost of opportunity. During FY 2015-16, the country became the world's fastest growing major economy, despite contraction in exports and two consecutive years of inadequate rainfall. That's a remarkable achievement by any measure; and even by conservative estimates the economy has the potential to grow at around 8%, going forward.

The Government of India has unveiled a series of policy initiatives to enhance public investments in the infrastructure sector, especially roads, railways and ports. In this context, it would be pertinent to mention the advantages of the Government's Make in India initiative. This initiative is now acquiring the stature of a national movement to promote manufacturing expertise in India, in line with global quality benchmarks. Besides, the Government has also enhanced the ease of doing business in India, attracting enhanced foreign capital, technology and human expertise. The focus on Smart Cities with best-in-class amenities and drive to enhance rural income also deserve to be mentioned. These trajectories are acting as a force multiplier for the economy as a whole, and the steel sector in particular.

During the year, India was the only major steel consuming market globally, which saw a demand escalation. However, the country suffered from an unprecedented, unbridled and unfair inflow of steel imports from China, Japan, South Korea and Russia. These countries continued to sell their surplus steel production at predatory prices. South Korea and Japan benefited due to the free trade agreement with India. The result was that the domestic industry was forced to take a series of price cuts, leading to a severe margin squeeze for domestic steel companies.

With eroding profitability and worsening leverage ratios, the Government of India stepped in and undertook necessary corrective trade remedial measures. The objective was to provide a level playing field to the domestic steel industry. The Government enhanced customs duty, and introduced the minimum import price (MIP) mechanism to curb imports at prices below marginal cost of exporting nations. If not for this timely intervention, the steel industry would have been reeling under a lot more pressure than currently. Among the other measures, the Government also introduced BIS standards for steel to check sales of inferior quality steel into India.

In such a challenging operating environment, I am happy to share that team JSW Steel rose to the occasion and was able to achieve a positive consolidated operating EBITDA of ₹ 6,073 crores. We shifted our focus to the domestic market, widening our footprint to the markets in the South; we also concentrated on developing new markets in the East and North East of India. Additionally, we enriched our product mix through development of new and cutting edge steel grades, enhanced our quality benchmarks and rationalised our cost structure to minimise erosion of margins.

The year 2015-16 was the sixth year of our strategic and technical collaboration with JFE Steel Corporation. Our focus was on customer approvals and commercialisation of the auto grade steel (advanced CRCA and galvanised) produced in the state-of-the art CRM #2 complex, set up at Vijayanagar Works. With JFE's experience in value-added product market, the Company has received certification from several major auto producers for supply of auto grade steel with the Company's own substrates. Under the collaboration, we also set a 0.2 MTPA state-of-the art Annealing and Coating Line (ACL) for production of fully-processed Non Grain Oriented electrical steel grades. The major focus this year was to stabilise and sustain the international standards

in Electrical steel products. The Company aims to increase sales of these value-added products in the year 2016-17.

Our joint venture with Vallabh Tinplate has performed extremely well during the year. The Company's subsidiary, JSW Steel Coated Products Limited is setting up a 0.2 MTPA Tin Plate Mill and related facilities at its Tarapur Works to cater to the increasing demand for tinplate.

JSW Steel currently does not enjoy access to captive raw material resources. However, the new MMDR Act has called for a level playing field for industry players with a transparent allocation process of raw materials through competitive bidding. The Company will focus on this opportunity to enhance raw material security, going forward. The Company also intends to participate in the forthcoming auctions of C-category iron ore mines in Karnataka.

We initiated an array of cost-saving projects in areas like logistics, repairs and maintenance, stores and spares, improving yields, process efficiencies and so on. We have setup a "Logistics Centre of Excellence" to optimise and reduce overall logistics cost for both inward and outward freight movement.

At the same time, we completed a few very low-cost and returns-accretive capacity expansion projects at Vijayanagar, Dolvi and Salem in FY 2015-16. With a 25% enhancement in capacity, at 18 MTPA, JSW Steel is now the leading steel producer in India by installed capacity. This expansion has also enabled us to enhance the proportion of long products in our portfolio, well in time to capitalise on the upswing in infrastructure creation and construction activity.

Following the ramp-up of new facilities, we will be well positioned to deliver around 25% growth in volumes in the coming year; with a target of crude steel production of 15.75 MTPA and saleable steel sales of 15 MTPA in FY 2017. We are also confident of reducing our cost of production even further, with economies of scale and consistent focus on efficiency improvement.

Despite temporary challenges, India's long-term outlook for the steel sector continues to be bright. The Government of India is aiming to scale up the country's steel production to 300 million tonnes by 2025. It is taking relevant steps to bolster the growth of the sector. Some of the initiatives comprise setting up of the Steel Research and Technology Mission of India to spearhead research and development activities; and establishing Special Purpose Vehicles (SPVs) with four iron ore rich states to set up plants having capacity between 3 and 6 MTPA.

In the Union Budget 2016-17, the Government of India has proposed to spend ₹ 2,18,000 Crores on roads and railways. In addition, India's automobile industry witnessed a rebound in demand among emerging economies. Such a scenario augurs well for the domestic steel sector. Other initiatives of the Government such as Housing for All by 2022, Power for All by 2019, 100 Smart Cities by 2022 and Atal Mission for Rejuvenation & Urban Transformation (AMRUT) are likely to drive steel demand significantly.

From the fledgling one million tonne industry at the time of Independence, India's steel sector has now risen to be the third largest producer of crude steel in the world. This is a proud moment for all of us. At JSW Steel, we are committed to partner the nation's journey from strength to strength. Our vision at JSW Steel is to touch 40 MTPA capacity in the next decade. However, our growth trajectory shall be calibrated in such a manner, so that we can continue to maintain financial prudence and a strong balance sheet sustainably. We are committed to retaining our leadership position as an efficient allocator of capital and industry-leading return ratios, despite industry cycles, in both the quantum as well as timing of future growth projects – both organic as well as inorganic.

As we look forward to a period of higher volumes and improving margins, we are confident of improving profitability and strengthening cash flows in the coming years.

I am thankful to the team for working hard and for helping make JSW Steel one of the leading steel companies in India and the world. We will also continue to support JSW Foundation in its mission to empower communities with sustainable livelihoods. Besides, our interventions in conserving the environment and reducing the carbon footprint continue to be a priority for us.

I look forward to your continued support in our collective journey to build a sustainable and value creating enterprise.

Best Wishes,
Sajjan Jindal
Chairman & Managing Director

SUSTAINABILITY AT JSW STEEL

JSW Steel believes in pursuing its business objectives ethically, transparently and with accountability to its stakeholders across the value chain. The Company is committed to promoting integrated responsible behaviour and value for social and environmental well-being.

Our commitment to doing business responsibly is built in our core values.

We rely on:

- A dynamic leadership
- Adherence to core values
- A well-articulated Enterprise Risk Management framework
- Practices that seek to sustain and enhance the long-term competitive advantage of JSW steel with care for the society and environment

Improvement in Safety Performance

In FY 2015-16, 11,178 employees at the plants, including associate employees were trained in various internal safety standards to inculcate the good practices in safety. Consequently, a Lost Time Injury Frequency Rate of 0.5 was achieved - an improvement of 9% over FY 2014-15 and an improvement of 49% over FY 2013-14.

Engaging with Key Stakeholders

Interactions with around 300 internal and external stakeholders were held across all locations, including the corporate office. Risks and opportunities that were significant to the respective functions were compiled and analysed to arrive at the top positive and negative issues.

Developing Sustainable Products

One significant development made by JSW Steel has been manufacturing customised products for the passenger vehicles sector, and becoming a market leader. These products were earlier



Model Anganwadi

imported due to the deficit of quality suppliers in India. This development led to several positive effect for the economy, customer and the environment.

Community Development

JSW Steel recognises the potential outcomes of investing in the community, and consequent mutual benefits that accrue through community cooperation and collaboration. Our community initiatives are increasingly becoming strategic, and leveraging access to larger resources by linking up with communities and the Government, as well as their effective deployment. Our community initiatives are focused around Nutrition and Healthcare, Water and Sanitation, Education, Skill Development, and Art, Culture & Sports.



Field Bunds

Highlights of the sustainability performance in FY 2015-16

71%	98.5%
Waste heat utilisation	Waste gases utilisation
958 MT	1,897 MT
Scrap recycled	Waste (non-hazardous & hazardous) recycled
30%	76%
Recycled and reused wastewater	Inbound and outbound logistics by rail
7,515 GJ	3.51mn
Reduction of indirect energy consumption from FY 2014-15	Total energy saved
18%	9%
Increase in CSR expenditure from FY 2014-15	Decrease in lost time injury frequency rate since FY 2014-15
3,496 tCO₂e GJ	
Reduction in indirect GHG emissions from FY 2014-15	

Notes:
MT - Metric Tonnes
GJ - Gigajoules
CO₂e - Carbon Dioxide Equivalent

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

Mr. Malay Mukherjee

Independent Director

Dr. Vijay Kelkar

Independent Director

Mr. Uday M. Chitale

Independent Director

Dr. (Mrs.) Punita Kumar Sinha

Independent Director

Mr. Kannan Vijayaraghavan

Independent Director

Mr. Haigreave Khaitan

Independent 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
Vijaya Bank

Registered Office

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Bandra (East), Mumbai - 400 051.
Tel. No. + 91 22 42861000
Fax No. + 91 22 42863000
Website: 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 - 277502 to 15
Fax: + 91 2143 - 277533 to 42

Salem Works

Pottaneri,
M. Kalipatti Village,
Mecheri Post, Mettur Taluk,
Salem District,
Tamil Nadu - 636 453.
Tel: + 91 4298 - 272000
Fax: + 91 4298 - 272272

Registrar & Share Transfer Agents

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Karvy Selenium Tower B, Plot 31-32,
Gachibowli,
Financial District, Nanakramguda,
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Tel. No. 040 - 67161500
Fax. No. 040 - 23001153
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Website: www.karvy.com
Toll Free No. of exclusive Call Centre:
1-800-345001

MANAGEMENT DISCUSSION AND ANALYSIS

1. JSW STEEL – AN OVERVIEW

JSW Steel, the flagship company of the JSW Group, is among the world's iconic steel enterprises, and has emerged as a leading manufacturer of steel in India. JSW Steel is the only TMT Rebar producer through integrated route in the western India. The Company has an installed capacity of 18 MTPA. It has six manufacturing facilities across Southern and Western India. Its Vijayanagar Works represents largest capacity at a single location in the country. Primarily banking on domestic demand, its global footprint extends to the US, South America, Middle East and Africa.

COMPETITIVE EDGE

- Project execution capabilities
- One of the **lowest-cost** steel producers globally
- Wide product portfolio with customisation to suit evolving customer requirements
- Use of **cutting-edge** innovative technology
- Strategic **focus** on value-added and special steel products
- Flexible sourcing of inputs and dynamic marketing strategies
- **Export reach** to over 100 countries, strong domestic presence

WIDE PRODUCT CANVAS

Our product canvas in case of flat and long steel products includes:

FLATS

- Hot Rolled (HR) coils, sheets and plates
- Cold Rolled coils and sheets
- Galvanised products
- Galvalume products
- Non-grain oriented Electrical steel (CRNGO)
- Pre-painted galvanised products (Colour Coated Sheets / Coils)
- Pre-painted Galvalume products

LONGS

- TMT bars
- Wire rods
- Special steel bars / wires
- Rounds and blooms
- Angles

3.1%

The global economic growth remained largely subdued at 3.1% in CY2015 as against 3.4% in CY2014.



Panoramic view of Vijayanagar Works

MANUFACTURING FACILITIES

Location	Capacity	Products
Vijayanagar, Karnataka	12 MTPA	Slabs, Billets, HR coils and sheets, Cold Rolled Close Annealed (CRCA) coils and sheets, Galvanised products, Non-grain Oriented Electrical Steel, Wire Rods, Bar Rods and Angles
Dolvi, Maharashtra	5 MTPA	Hot Rolled coils (HRC) and Bar Rods
Salem, Tamil Nadu	1 MTPA	Special steel long products
Vasind, Maharashtra (*)	0.42 MTPA	Galvanised, Galvalume & Colour Coated products
Tarapur, Maharashtra (*)	0.76 MTPA	Galvanised, Galvalume & Colour Coated products
Kalmeshwar, Maharashtra (*)	0.58 MTPA	Galvanised, Galvalume & Colour Coated products

(*) Belongs to JSW Coated Products Steel, a wholly owned Subsidiary. Capacity w.r.t. GI/GL

2. ECONOMIC SCENARIO

2.1 GLOBAL

The global economic growth remained largely subdued at 3.1% in CY2015 as against 3.4% in CY2014. The emerging markets and developing economies' growth which still accounts for over 70% of global growth, declined for the fifth consecutive year and the advanced economies witnessed a modest but uneven recovery. However, the global economy saw a sizeable leg down in the last quarter of CY2015 – in both advanced and emerging markets and developing economies. During the year, the global economic activities were negatively impacted by: a) a gradual slowdown and



rebalancing in China leading to lower investments and negative impact on global trade flows and export dependent economies, b) overcapacities and higher output gap leading to worldwide depressed investment, c) a downward pressure on prices of energy and commodities, d) a hawkish US Fed commentary which added to the volatility in the financial, currencies as well as commodity markets and e) depressed domestic demand with growing disorder of global trade has resulted in increasing trade remedial actions by various economies.

SNAPSHOT

- The US is transitioning to a new normal, its economic growth stood at 2.4% in CY2015 – similar to CY2014. During the year, the benefits of strengthening corporate balance sheets, contained fiscal drag, and an improving housing and labour market were offset by weaker than expected domestic demand and weak performance of the manufacturing sector as well as declining exports due to stronger dollar/adverse external trade environment.
- The Euro area economy grew by 1.6% in CY 2015 – faster than CY 2014. Its business cycle continued to largely shrug off global growth concerns with support from three tailwinds: a) lower oil prices (boosting consumer expenditure/domestic demand), b) expansionary fiscal policies, and c) an accommodative ECB. However, sub-zero inflation, high non-performing loans and debt trajectories, low investment, and eroding skills due to high long-term unemployment remained key challenges for the area.

DURING THE YEAR, THE GLOBAL ECONOMIC ACTIVITIES WERE NEGATIVELY IMPACTED BY A GRADUAL SLOWDOWN AND REBALANCING IN CHINA LEADING TO LOWER INVESTMENTS AND NEGATIVE IMPACT ON GLOBAL TRADE FLOWS AND EXPORT DEPENDENT ECONOMIES.

DEPRESSED DOMESTIC DEMAND WITH GROWING DISORDER OF GLOBAL TRADE HAS RESULTED IN INCREASING TRADE REMEDIAL ACTIONS BY VARIOUS ECONOMIES.

- In CY 2015, Japan's economic growth at 0.5% was weaker than expectations from the benefits of Abenomics. The corporate profits improved but they were driven by JPY depreciation and lower oil prices. The capacity-boosting investments remained muted with lower capacity utilization as sales growth failed to pick-up.
- Economic activity in other Asian advanced economies (Hong Kong Special Administrative Region and Taiwan Province of China) closely integrated with China weakened sharply during the first half of 2015, owing in part to a steep decline in exports. Economic activity picked up by less than expected during the second half of the year, as domestic demand remained weak; and the pace of recovery in exports was relatively modest.
- The Chinese economic growth moderated to 6.9% in CY 2015. The slowdown and rebalancing of the economy led to a decline in investment in real estate, manufacturing and allied industries. The emerging and export market economies were negatively impacted by China's rebalancing as it resulted in a broad-based slowdown in global trade, and volatility in commodity as well as financial markets.
- The economic performance of many African countries was also disappointing. Resource-intensive countries in Africa suffered a two-fold blow. First owing to a decline in the prices of commodities; and second because their frontier markets were adversely affected by tighter global financing conditions.

6.9%

The Chinese economic growth moderated to 6.9% in CY 2015. The slowdown and rebalancing of the economy led to a decline in investment.



Bar Rod Mill

GLOBAL GROWTH TREND (%)

	2015	2016 (P)	2017 (P)
World Output	3.1	3.2	3.5
Advanced Economies	1.9	1.9	2.0
United States	2.4	2.4	2.5
Euro Area	1.6	1.5	1.6
Japan	0.5	0.5	-0.1
United Kingdom	2.2	1.9	2.2
Other Advanced Economies *	2.0	2.1	2.4
Emerging and Developing Economies	4.0	4.1	4.6
China	6.9	6.5	6.2
Sub-Saharan Africa	3.4	3.0	4.0

P: Projections *(Excludes the G7 - Canada, France, Germany, Italy, Japan, United Kingdom, United States and euro area countries)
 (Source: International Monetary Fund, 2016)

2.2 INDIA

India's GDP grew by 7.6% in FY2016, registering a stellar performance in a world battered by sluggish growth as well as turbulent financial and commodity markets. The Government

of India has ushered in various reforms in agriculture, manufacturing and services sectors to help the economy realise its full potential. The economy also benefited from declining fiscal deficit, moderating inflation, lower oil prices and an easing interest rate trajectory.

INDIAN GDP GROWTH (%)

Particulars	2013-14	2014-15	2015-16*
Private Consumption	6.8	6.2	7.4
Public Consumption	0.4	12.8	2.2
GFCF	3.4	4.9	3.9
Exports	7.8	1.7	-5.2
Imports	-8.2	0.8	-2.8
GDP	6.6	7.2	7.6

(Source: Advance CSO Estimates)

The Indian economy, however, also faced major headwinds during the year in the form of : a) slow agricultural growth due to two consecutive years of poor monsoons, b) disappointing manufacturing output owing to weak demand and low commodity prices, c) sharp contraction in exports due to weak global demand and low commodity prices and d) growing NPA's and stressed assets.

India's trade deficit declined to US\$ 5.1 billion in March 2016. This was the result of a fall in net imports by 21.6%. Stability in the political environment and the Government's pro-reform approach continued to strengthen the confidence of entrepreneurs and investors. Higher infrastructure spending, increased fiscal devolution to states, and the

THE GOVERNMENT OF INDIA HAS USHERED IN VARIOUS REFORMS IN AGRICULTURE, MANUFACTURING AND SERVICES SECTORS TO HELP THE ECONOMY REALISE ITS FULL POTENTIAL