Directors' Report

TO THE MEMBERS OF JSW STEEL LIMITED,

Your Directors take pleasure in presenting the First Integrated Report alongwith financial statements on the business and operational performance of the Company for the Financial year ended March 31, 2018.

1. FINANCIAL RESULTS

(₹ in crores)

		Standalone		Consolidated	
		FY 2017-18	FY 2016-17	FY 2017-18	FY 2016-17
I	Revenue from operations	66,234	56,913	71,503	60,536
II	Other income	213	255	167	152
III	**Total income (I + II)**	**66,447**	**57,168**	**71,670**	**60,688**
IV	**Expenses:**				
	Cost of materials consumed	35,995	28,400	38,779	29,749
	Purchases of stock-in-trade	1,063	945	2	-
	Changes in inventories of finished goods, work-in-progress and stock-in-trade	412	(1,390)	244	(1,486)
	Employee benefits expense	1,260	1,168	1,843	1,700
	Finance costs	3,591	3,643	3,701	3,768
	Depreciation and amortisation expense	3,054	3,025	3,387	3,430
	Excise duty expense	1,259	4,623	1,278	4,932
	Other expenses	12,504	11,623	14,563	13,467
	Total expenses	**59,138**	**52,037**	**63,797**	**55,560**
V	**Profit / (loss) before exceptional items and tax (III-IV)**	**7,309**	**5,131**	**7,873**	**5,128**
VI	Exceptional items	234	-	264	-
VII	**Profit / (loss) before tax (V-VI)**	**7,075**	**5,131**	**7,609**	**5,128**
VIII	**Tax expenses / (benefit):**				
	Current tax	1,578	(53)	1,826	152
	Deferred tax	872	1,607	(288)	1,522
		2,450	**1,554**	**1,538**	**1,674**
IX	**Profit / (loss) for the period (VII-VIII)**	**4,625**	**3,577**	**6,071**	**3,454**
X	Share of (loss) / profit from an associate			-	(9)
XI	Share of profit from joint ventures (net)			42	22
XII	**Total Profit / (loss) for the year (IX+X+XI)**	**4,625**	**3,577**	**6,113**	**3,467**
XIII	**Other comprehensive income**				
A	i) Items that will not be reclassified to profit or loss				
	a) Re-measurements of the defined benefit plans	(3)	(16)	(5)	(20)
	b) Equity instruments through Other Comprehensive Income	82	(63)	92	(68)
	ii) Income tax relating to items that will not be reclassified to profit or loss	1	6	2	7
	Total (A)	**80**	**(73)**	**89**	**(81)**

(₹ in crores)

			Standalone		Consolidated	
			FY 2017-18	FY 2016-17	FY 2017-18	FY 2016-17
B	i)	Items that will be reclassified to profit or loss				
		a) The effective portion of gains and loss on hedging instruments	(341)	300	(401)	347
		b) Changes in Foreign Currency Monetary Item Translation Difference account (FCMITDA)	(33)	297	(33)	297
		c) Foreign currency translation reserve (FCTR)	-	-	9	30
	ii)	Income tax relating to items that will be reclassified to profit or loss	130	(207)	150	(223)
	Total (B)		**(244)**	**390**	**(275)**	**451**
	Total Other comprehensive income / (loss) (A+B)		**(164)**	**317**	**(186)**	**370**
XIV	**Total comprehensive income / (loss) (XII+ XIII)**		**4,461**	**3,894**	**5,927**	**3,837**
	Total Profit /(loss) for the year attributable to:					
	- Owners of the company				6,214	3,523
	- Non-controlling interests				(101)	(56)
					6,113	**3,467**
	Other comprehensive income/(loss) for the year attributable to:					
	- Owners of the company				(184)	365
	- Non-controlling interests				(2)	5
					(186)	**370**
	Total comprehensive income/(loss) for the year attributable to:					
	- Owners of the company				6,030	3,888
	- Non-controlling interests				(103)	(51)
					5,927	**3,837**

The Company has adopted Indian Accounting Standard (referred to as 'Ind AS') with effect from April 1, 2016 and accordingly these financial results along with the comparatives have been prepared in accordance with the recognition and measurement principles stated therein, prescribed under Section 133 of the Companies Act, 2013 ("Act") read with the relevant Rules framed thereunder and the other accounting principles generally accepted in India.

2. RESULTS OF OPERATIONS

During the Financial Year 2017-18, the global business cycle turnaround and structural factors provided fundamental support to steel demand. The cyclical upturn for steel broadened and firmed throughout the year leading to better than expected performance from both developed and developing economies.

The structural factors such as supply reforms in China by way of continuing closure of inefficient production facilities and pollution induced production curtailments coupled with strong domestic demand in China lead to lower exports from China. This discipline along with robust steel demand helped improve global steel demand -supply balance. During the year, the steel prices rebounded due to resilient demand and improved steel demand-supply balance.

The steel spread, calculated by subtracting iron ore and coking coal prices from the benchmark HRC price has been improving throughout the year. This improved steel spread coupled with higher volumes enabled the steel industry to deliver improved results in the current year.

Indian steel consumption grew by 7.9% and there was competitive pressure in the domestic market due to a surge in domestic steel production and an elevated level of imports specifically in coated products. Steel consumption grew largely in the second half of the year on the back of the Government's push for infrastructure spending and strengthening consumer demand. In this competitive environment, the Company continued to increase its market share in the domestic market.

This robust domestic demand, focused cost reduction drive and value added special product portfolio helped the Company deliver strong profitable performance and consequently the Company's profitability improved during F.Y. 2017-18.

(A) Standalone Results

Your Company delivered its highest ever production volumes, sales volume, EBITDA and profit after tax during the F.Y. 2017-18.

The Company reported crude steel production growth of 3% YoY at 16.27 million tonnes for the full year F.Y. 2017-18. Saleable steel sales volume for the year grew by 6% YoY to 15.62 million tonnes, driven by domestic sales.

Revenue from operations for F.Y. 2017-18 stood at ₹ 66,234 crores, up 16% YoY.

This revenue was driven by sales volume growth of 6% YoY and higher realisations. The Company also progressed well on multiple performance improvement initiatives – from diversified sourcing, optimisation of logistics costs, digitalisation projects driving improvement of yields and productivity. As a result, the operating EBITDA for the year grew by 19% YoY to ₹ 13,741 crores. The Company posted a net profit of ₹ 4,625 crores for F.Y. 2017-18 as compared to the net profit of ₹ 3,577 crores for F.Y. 2016-17.

During the year, a subsidiary of the Company has surrendered one of its iron ore mines in Chile considering its economic viability. Accordingly, the Company reassessed the recoverability of the loans given to and investments made in these subsidiaries and recognised an impairment provision of ₹ 234 crores which has been disclosed as an exceptional item in the standalone financial statements.

The Company's net worth increased to ₹ 27,907 crores as on March 31, 2018 as compared to ₹ 24,098 crores as on March 31, 2017. The Company's gearing (Net Debt to Equity) at the end of the year stood at 1.27x (as against 1.53x as on March 31, 2017) and Net Debt to EBITDA stood at 2.59x (as against 3.20x as on March 31, 2017).

(B) Consolidated Results

Revenue from operations on a consolidated basis for F.Y. 2017-18 stood at ₹ 71,503 crores. The operating EBITDA stood at ₹ 14,794 crores, registering an increase of 22% YoY. Sales of value-added products grew by 13% YoY to 9 million tonnes for F.Y. 2017-18. The Company reported a net profit of ₹ 6,113 crores for F.Y. 2017-18 as compared to the net profit of ₹ 3,467 crores for F.Y. 2016-17.

The performance and financial position of the subsidiary companies and joint arrangements are included in the consolidated financial statement of the Company.

The operational performance at the US operations of both the Plate and Pipe mill at Baytown, as well as the US coal operations, have seen an improvement during the course of the year. In view of the improved operating performance and a strong economic outlook for the USA, the Company during the year ended March 31, 2018 has recognised a Deferred Tax Asset amount of ₹ 729 crores on the unutilised tax losses to the extent of temporary differences. Further during the year, pursuant to the enactment of Tax Cuts and Jobs Act by the USA on December 22, 2017, the corporate income tax rate in USA has been reduced to 21% resulting in a reversal of deferred tax liabilities amounting to ₹ 572 crores. Accordingly, the Company has recognized a Deferred Tax credit of ₹ 1,301 crores in the consolidated financial statements.

During the year, the Group has surrendered one of its iron ore mines in Chile considering its economic viability and accordingly has reassessed the recoverability of carrying amounts of Property, Plant and Equipment, Goodwill and advances pertaining to the said iron ore mine and recognised an impairment of ₹ 264 crores, which has been disclosed as an exceptional item in the consolidated financial statements.

The Company's net worth increased to ₹ 27,534 crores as on March 31, 2018 as compared to ₹ 22,401 crores as on March 31, 2017. The Company's gearing (Net Debt to Equity) at the end of the year stood at 1.38x (as against 1.85x as on March 31, 2017) and Net Debt to EBITDA stood at 2.57x (as against 3.41x as on March 31, 2017).

In terms of Section 134(3) (l) of the Companies Act, 2013, except as disclosed elsewhere in this Report, no material changes or commitments affecting the financial position of the Company have occurred between the end of the financial year and the date of this Report.

3. DIVIDEND

The Board of Directors of the Company has approved a Dividend Distribution Policy on January 31, 2017 in accordance with the Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015. The Policy is available on the Company's website: www.jsw.in/investors/investor-relations-steel.

In terms of the Policy, Equity Shareholders of the Company may expect Dividend, if the Company is having surplus funds and after taking into consideration relevant internal and external factors enumerated in the policy for declaration of dividend. The policy also enumerates that efforts will be made to maintain a dividend payout (including dividend distribution tax and dividend on preference shares, if any) in the range of 15% to 20% of the consolidated net profits of the Company after tax, in any financial year, subject to compliance of covenants stipulated by Lenders/Bond holders.

In line with the said policy, the Board has, subject to the approval of the Members at the ensuing Annual General Meeting, recommended:

- Dividend at the stipulated rate of 10% per share on the 10% Cumulative Redeemable Preference Shares of ₹ 10 each of the Company, i.e. (i) ₹ 1 (rupee one only) per share of ₹ 10 each (prior to its part redemption on 15.12.2017), (ii) ₹ 0.75 (paise seventy five only) per share of ₹ 7.50 each (face value post redemption on 15.12.2017) and (iii) ₹ 0.50 (paise fifty only) per share on the 10% Cumulative Redeemable Preference Shares of ₹ 5 each (face value post redemption on 15.03.2018), for the year ended March 31, 2018. The aggregate amount of Dividend per share works out to ₹ 0.91506849.
- Cumulative dividend starting from October 1, 2002 at the stipulated rate of 0.01% per share on the 0.01% Cumulative Redeemable Preference Shares of ₹ 10 each. The aggregate amount of Dividend per share works out to ₹ 0.015496.
- Dividend of ₹ 3.20/- (Rupees Three & Paise Twenty only) (320%) per fully paid-up Equity Share of ₹ 1 each of the Company, for the year ended March 31, 2018.

Together with Corporate Tax on dividend, the total outflow, on account of equity dividend, will be ₹ 932.5 crores, vis-à-vis ₹ 654.6 crores paid for F.Y. 2016-17.

4. PROSPECTS

A report on the Management Discussion and Analysis covering prospects is provided as a separate section in the Annual Report.

5. INTEGRATED REPORT

The Securities and Exchange Board of India (SEBI), in its circular dated February 6, 2017, has advised the top 500 listed companies (by market capitalisation) to voluntarily adopt Integrated Reporting (IR) from the financial year 2017-18.

Your Company believes in sustainable value creation while balancing utilisation of natural resources and social development in its business decisions. In continuation with this commitment we are delighted to present the first Integrated Report (IR) for the period ended March 31, 2018. The IR framework of the Company has been developed on the Guiding Principles and Content Elements as defined by the International Integrated Reporting Council (IIRC).

IR is a concept that better articulates the broader range of measures that contribute to an organisation's long-term value creation. Central to this concept is the proposition that value is increasingly shaped by factors additional to financial performance, such as reliance on the environment, social reputation, human capital, innovation and others. This value creation concept is the backbone of IR and is the direction for future of corporate reporting. In addition to the financial capital, IR examines five additional capitals that should guide an organisation's decision-making and long-term value creation. IR starts from the position that any value created as a result of a sustainable strategy will translate into performance, thereby impacting market value.

This IR articulates the Company's unique approach to long term value creation which is a paradigm shift from the traditional compliance based reporting to governance based value creation model.

6. PROJECTS AND EXPANSION PLANS

F.Y. 2017-18 marked a turning point for the domestic steel demand growth for the country, as elasticity of steel demand growth to GDP growth went back to >1x after more than 5 years. With rising spends in infrastructure projects, the medium term demand growth outlook is quite constructive. At the same time, with a 91% utilization in F.Y. 2017-18, there is an opportunity to expand capacity to participate in the strong India growth story.

With a strategic objective of augmenting the incremental capacity creation at a low specific investment cost so that they remain returns accretive, the Board of Directors of the Company has approved certain key new projects in addition to the existing capex pipeline to achieve the following:

- expand overall steelmaking capacity from 18 MTPA to 24.7 MTPA by March 2020.
- enrich the product mix with 3.2 MTPA additional downstream capacity.
- backward integration projects to achieve cost reduction.

The major new projects so approved are:

(a) Upstream Projects – Augmenting crude steel capacity at Vijayanagar & Dolvi

i) The Company, in the last year, had announced a plan to revamp and up-grade capacity of Blast Furnace-3 at Vijayanagar, post which the higher cost BF-2 would have been ramped down keeping overall capacity at Vijayanagar at 12 MTPA. Considering the prospects of strong steel demand outlook, the Company now plans to modify and enhance the capacities of Steel Making Shop and capacities of flat and long products mills with allied facilities to utilize the additional hot metal at an estimated cost of ₹ 2300 crores.

ii) The expansion project at Dolvi to 10 MTPA is currently under implementation. In order to effectively utilise the steel making and casting capacity, the Company has decided to increase DRI capacity at its subsidiary JSW Steel Salav Limited to 1.6 MTPA (from existing 0.9 MTPA) along with augmentation and modification of Steel Melting Shop at Dolvi for hot charging of DRI. This project is expected to be commissioned by March 2020 at an estimated cost of 1,375 crores. With this, the crude steel capacity at Dolvi would increase to 10.7 MTPA.

Post completion of both these projects, the Company's overall crude steel making capacity will increase from 18 MTPA to 24.7 MTPA by March 2020.

(b) Enriching Product Mix

The Company remains strategically focused on enriching its product mix by increasing the volume and share of value added and special products in its portfolio. Considering the growth potential in these value added segments, the Company has decided to set up the following downstream facilities:

i) Setting up 0.3 MTPA colour coated line at CRM1 complex at Vijayanagar

ii) Modernisation and Capacity Enhancement at Vasind & Tarapur by 1.5 MTPA by setting up PLTCM instead of earlier planned 0.96 MTPA BCTM

iii) Installation of an additional Tin Plate line with capacity of 0.25 MTPA at Tarapur

iv) Capacity enhancement of Pre-Painted Galvalume Line (PPGL) at Kalmeshwar by 0.22 MTPA

These projects, in phases, are likely to be commissioned between September 2019 and March 2020. The overall project cost for the above new projects is expected to be ₹ 1,470 crores.

(c) Cost reduction projects and manufacturing integration

i) Setting up of 8 MTPA pellet plant and 1.5 MTPA coke oven plant at Vijayanagar:

The Company has decided to set up an 8 MTPA pellet plant at Vijayanagar to strategically reduce the dependency on more expensive lump iron ore. The Company has also decided to set up a

1.5 MTPA coke oven plant at Vijayanagar to bridge the current and expected gaps in coke availability. Both these projects are expected to provide significant cost savings and are likely to be commissioned by August 2019 and March 2020 respectively, at an estimated cost of ₹ 5,200 crores.

ii) Phase-2 Coke Oven plant of 1.5 MTPA under Dolvi Coke Projects Limited (DCPL):

The Company through DCPL would set up a second phase of 1.5 MTPA coke oven plant along with CDQ facilities to cater to the additional coke requirement for the crude steel capacity expansion to 10.7 MTPA at Dolvi. This project is expected to be commissioned by June 2020 at an estimated cost of ₹ 2,050 crores.

iii) Setting up 175 MW and 60 MW power plants at Dolvi:

The Company will set up power plants of 175 MW and 60 MW to effectively utilise flue gases and steam generated from CDQ, which will lead to savings in power costs. These power plants are expected to be commissioned in March 2020 at an estimated cost of ₹ 975 crores.

The overall estimated capex plan of ₹ 26,815 crores as approved by the Board of the Company at the start of F.Y. 2018 is expected to be enhanced by ~ ₹ 17,600 crores to implement the above new projects. Overall, the Company is now implementing a cumulative capex pipeline of ₹ 44,415 crores over a 4 year period between F.Y. 2018 to F.Y. 2021. With spend of about ₹ 4,700 crores in F.Y. 2018, the Company plans to spend the balance ₹ 39,715 crores over the next 3 years. These projects are planned to be funded by a mix of debt and internal accruals in such a manner as to keep the overall leverage ratios within the targeted threshold levels of 3.75x Net Debt / EBITDA and 1.75x Net Debt / Equity.

VIJAYANAGAR

I. Projects commissioned during F.Y. 2017-18

The following projects were commissioned at the steel melting shop to enhance capacities and improve operational efficiencies:

- A pouring station of capacity 10,000 TPD at SMS-1 to enhance melting shop productivity and casting capacity.
- Movable KR station at SMS-1 for pre-treatment (desulphurisation) of hot metal as required for producing special steel grades and silicon steel.
- HR Slitter line of 0.75 MTPA capacity at HSM-2 to cater to customer’s requirement of HR black, HRPO, HRSPO and BH grade steel in narrow width.
- Installation of the sixth strand at SMS-3 to reduce the long casting time due to submerged casting speed and to match the Electric Arc Furnace (EAF) productivity enhancement in future.
- New De-dusting systems at various areas of shops to control the level of emissions.

II. Projects under implementation

- BF-3 at Vijayanagar works is to be revamped and upgraded from 3 MTPA to 4.5 MTPA, along with the associated auxiliary units.
- Capacity expansion of the CRM-1 complex at Vijayanagar from 0.85 MTPA to 1.8 MTPA.
- A pipe conveyor system is being set up with a capacity of 20 MTPA. This solution will be environment friendly and reduce transportation costs of iron ore to the plant.
- A new water reservoir to ensure adequate supply of water for uninterrupted operations of the plant.
- Coke drying unit for Blast Furnace-1 to utilise the waste heat of Sinter Plant-1 to reduce moisture in coke.
- Maximised Emission Reduction of Sintering (MEROS) and Selective Waste Gas Recovery (SWGR) at sinter plants and installation of Bag filter with the provision for DeSOX after process ESP to meet emission norms.
- Replacement of defective Primary Gas Coolers (PGCs) in Coke Oven-4 to improve operational efficiencies.

- New Cut to Length (CTL) line is planned to be commissioned to cater to the demand of high-strength steel.

Efficiency, productivity improvement and cost-reduction initiatives

a) Edge and BAR heater at HSM-2 to enhance the quality of Auto grade steels.

b) Tailing Beneficiation Project, envisaged to facilitate recovery of useful iron ore from medium-grade tailing rejects.

c) Waste heat recovery boiler for reheating furnace for HSM-1 and 2 to recover the heat from flue gases.

d) Debottlenecking of Beneficiation Plant-2 to handle feed rate of 50,000 TPD of low-grade iron ore.

DOLVI

I. Projects commissioned during F.Y. 2017-18

- Installation of 500 TPD Vapour Pressure Swing Adsorption (VPSA) for increasing oxygen enrichment and ramp up hot metal production at blast furnace.
- Addition of the sixth strand billet caster to the existing machines to enhance the productivity with 130 X 130 sections.
- Waste heat recovery system installed at Sinter Plant-2 by utilising the waste heat from the sinter cooler.

II. Projects under implementation

The steelmaking capacity at Dolvi Works will be increased from existing 5 MTPA to 10 MTPA. The major facilities included in the project are 4.5 MTPA blast furnace, 5 MTPA steel melt shop and 5 MTPA hot strip mill.

SALEM

I. Projects commissioned during F.Y. 2017-18

- Caster III Project with 3 Strands to handle casting sections of 220 x 220 mm, 250 x 250 mm and 280 x 370 mm
- Sliding Stand at BRM to handle higher sections
- Coil Annealing with capacity of 48000 TPA for value added end products
- Second Billet grinding machine to improve quality of billets for Cold head quality and free cutting steels.

II. Projects under implementation

- Pre & Post Pickling Treatment with capacity of 84000 TPA for BRM products
- Bar Annealing of capacity 18000 TPA for further value addition
- CPP 3 of 30 MW is to cater to the power requirements under erection
- Stove upgradation in BF 1 to improve Hot Blast temperature
- Third Billet grinding machine

7. SUBSIDIARY, JOINT VENTURE (JV) AND ASSOCIATE COMPANIES

The Company had 46 direct and indirect subsidiaries and 9 JVs as on March 31, 2018. There has been no material change in the nature of the business of the subsidiaries.

During the year under review, the following 4 companies were formed as the subsidiaries of the Company:

1. JSW Utkal Steel Limited
2. Creixent Special Steels Limited
3. Hasaud Steel Limited
4. Milloret Steel Limited

As per the provisions of Section 129(3) of the Act, a statement containing the salient features of the financial statements of the Company's subsidiaries (which include associate companies and JVs) in Form AOC-1 is attached to the financial statements of the Company.

As per the provisions of Section 136 of the Act, the standalone financial statements of the Company and consolidated financial statements along with relevant documents and separate audited accounts in respect of subsidiaries are available on the website of the Company. The Company would provide the annual accounts of the subsidiaries and the related detailed information to the shareholders of the Company on specific request made to it in this regard by the shareholders.

The details of major subsidiaries, JVs and associate companies are given below:

A. INDIAN SUBSIDIARIES

1. JSW STEEL COATED PRODUCTS LIMITED (JSW STEEL COATED)

JSW Steel Coated Products Limited is the Company's wholly-owned subsidiary. It has three manufacturing facilities in the State of Maharashtra at Vasind, Tarapur and Kalmeshwar. It is engaged in the manufacture of value-added flat steel products comprising of Galvanised and Galvalume Coils/Sheets and Colour-Coated Coils/Sheets. This Company caters to both domestic and international markets. JSW Steel Coated reported a production (Galvanising/Galvalume products) of 1.70 million tonnes, a decrease by 1% YoY. The sales volume grew by 20% YoY to 2.06 million tonnes during F.Y. 2017-18, including traded goods.

The revenue from operations for the year under review was ₹ 12,553 crores. The operating EBITDA during F.Y. 2017-18 was F.Y. ₹ 638 crores as compared to the EBITDA of ₹ 630 crores in F.Y. 2016-17. The operating EBIDTA margin during F.Y. 2017-18 was 5% as compared to 7% in F.Y. 2016-17. The net profit after tax stood at ₹ 275 crores, compared to net profit after tax of ₹ 277 crores in F.Y. 2016-17.

KEY NEW PROJECTS

Tin Plate Mill:

JSW Steel Coated Products Limited is setting up a Tin Plate Mill and related facilities at its Tarapur Work to cater to the increasing demand for the tin plate. The estimated project cost is ₹ 650 crores and is expected to be commissioned in F.Y. 2018-19.

Considering the Potential Growth in demand, it is decided to set up another Tin Plate Mill with capacity of 0.25 MTPA at an estimated cost of ₹ 419 crores.

Modernisation and Capacity Enhancement at Vasind & Tarapur by 1.5 MTPA by setting up PLTCM:

Additions/modifications will be carried out at Vasind and Tarapur for net capacity enhancement of cold rolling by 1 MTPA and other down stream facilities. The project cost is estimated at ₹ 1,729 crores and is expected to be commissioned in F.Y. 2019-20.

2. AMBA RIVER COKE LIMITED (ARCL)

Amba River Coke Limited (ARCL) is a wholly-owned subsidiary of the Company. ARCL has set up a 1 MTPA coke oven plant and a 4 MTPA pellet plant. ARCL has produced 1.04 million tonnes of coke and 4.19 million tonnes of pellet during the F.Y. 2017-18, registering an increase of 3% and 6%, respectively, as compared to F.Y. 2016-17. The coke and pellets produced are primarily supplied to the Dolvi unit of the Company. The operating EBITDA during the F.Y. 2017-18 was ₹ 431 crores as compared to the EBITDA of ₹ 369 crores in F.Y. 2016-17.The profit after tax increased to ₹ 169 crores in F.Y. 2017-18 as compared to ₹ 159 crores in F.Y. 2016-17.

3. JSW STEEL (SALAV) LIMITED (JSW SALAV)

JSW Salav is a wholly owned subsidiary of JSW Steel Ltd. JSW Salav has a DRI plant with a capacity of 0.9 MTPA, along with a captive jetty and railway sliding.

During the year 2017-18, the unit has produced 0.67 MnT, an increase of 19% as compared to F.Y. 2016-17. The profit after tax for F.Y. 2017-18 was ₹ 35 crores.

JSW SALAV has decided to increase DRI capacity at Salav to 1.6 MTPA, from existing 0.9 MTPA.

4. JSW STEEL PROCESSING CENTRES LIMITED (JSWSPCL)

JSW Steel Processing Centres Limited (JSWSPCL) is the Company's wholly-owned subsidiary. JSWSPCL was set up as a steel service centre, comprising HR/ CR slitter and cut-to-length facility, with an annual slitting capacity of 6.5 lakh tonnes. The Company processed 5.68 lakh tonnes of steel during F.Y. 2017-18, compared to previous year's 5.41 lakh tonnes. JSWSPCL registered a profit after tax for F.Y. 2017-18 of ₹ 21 crores.

JSWSPCL's Board has recommended a dividend of ₹ 20 per share (at 200%) for every share of ₹ 10 each to the equity shareholders for F.Y. 2017-18.

5. **PEDDAR REALTY PRIVATE LIMITED (PRPL)**

   Peddar Realty Private Limited (PRPL) is the Company's wholly-owned subsidiary. Loss after tax for F.Y. 2017-18 was ₹ 12 crores, compared to profit after tax of ₹ 3 crores in F.Y. 2016-17.

6. **JSW BENGAL STEEL LIMITED (JSW BENGAL), ITS SUBSIDIARIES JSW NATURAL RESOURCES INDIA LIMITED, JSW ENERGY (BENGAL) LIMITED (JSWEBL) AND JSW NATURAL RESOURCES (BENGAL) LIMITED (JSWNRBL)**

   As a part of the Company's overall growth strategy, JSW Bengal Steel's Salboni project was planned to set up a 10 MTPA capacity steel plant in phases. All enabling work to take up the implementation of the project is in place.

   However, due to uncertainties in the availability of key raw materials such as iron ore and coal, post cancellation of allotted coal blocks, the implementation of the project is currently put on hold.

   Auditors in their Audit report has put up an emphasis of matter on going concern of the project due to material uncertainties relating to allocation of Coal and iron ore mines to the Company and its consequential impact on the implementation of the project.

   In the meantime, efforts are being made to secure long-term linkages of raw materials.

7. **JSW JHARKHAND STEEL LIMITED**

   JSW Jharkhand Steel Limited was incorporated for setting up a 10 million tonnes (in phases) steel plant in Jharkhand. It is pursuing for various approvals and clearances for setting up the project.

8. **JSW INDUSTRIAL GASES PRIVATE LIMITED (JIGPL) (FORMERLY KNOWN AS JSW PRAXAIR OXYGEN PRIVATE LIMITED)**

   JSW Industrial Gases Private Limited is a wholly owned subsidiary of the Company. The Company sources oxygen, nitrogen and argon gases from JIGPL for its Vijayanagar plant. The profit after tax was ₹ 33 crores in F.Y. 2017-18 as compared to profit after tax of ₹ 21crores in F.Y. 2016-17.

   JIGPL's Board has recommended a dividend of ₹ 13.50 per share (at 135%) for every share of ₹ 10 each to the equity shareholders for the F.Y. 2017-18.

9. **DOLVI MINERAL & METALS PRIVATE LIMITED (DMMPL) AND ITS SUBSIDIARY DOLVI COKE PROJECTS LIMITED (DCPL)**

   The Company holds 39.996% stake in Dolvi Minerals & Metals Private Limited (DMMPL) and Dolvi Coke Projects Limited (DCPL) is a wholly-owned subsidiary of DMMPL.

   The Company is setting up a 1.5 million tonnes per annum Coke Oven Plant (Phase-1) at Dolvi through DCPL. The total cost for this project will be about ₹ 2,000 crores and is expected to be commissioned during F.Y. 2018-19.

   DCPL has also commenced setting up of Phase II project comprising of a 1.5 MTPA coke oven plant and 2x190 TPH Coke Dry Quenching (CDQ) unit at an estimated cost of ₹ 2,133 crores during F.Y. 2017-18.

   Although the Company owns only 39.996% ownership interest, under Ind AS, the Company has concluded that it has the practical ability to direct the relevant activities of DMMPL and DCPL unilaterally and treated both these Companies as its subsidiaries and accordingly consolidated DMMPL and DCPL in its consolidated financial statements.

10. **JSW REALTY & INFRASTRUCTURE PRIVATE LIMITED (JSWRIPL)**

    JSWRIPL primarily provides housing facilities to the employees of JSW Steel Limited and its business associates at Vijayanagar plant of JSW Steel. JSW Steel holds 10% Preference Shares of ₹ 199.15 crores in JSWRIPL as on March 31, 2018.

    Though the Company does not hold any ownership interest in JSWRIPL, the Company has concluded that it has the practical ability to direct the relevant activities of JSWRIPL under Ind AS and treated the same as subsidiary and accordingly consolidated JSWRIPL as part of its consolidated financial statements.

11. **JSW UTKAL STEEL LIMITED**

JSW Steel Limited has formed a wholly-owned subsidiary by the name 'JSW Utkal Steel Limited' for setting up of an Integrated Steel Plant (ISP) of 12 MTPA capacity and a 900 MW captive power plant in the state of Odisha in phases.

B. OVERSEAS SUBSIDIARIES

1. **JSW STEEL (NETHERLANDS) B.V. (JSW NETHERLANDS)**

JSW Steel (Netherlands) B.V. is a holding company for subsidiaries based in the US, the U.K., Chile and Italy. It also has 49% equity holding of Georgia-based Geo Steel LLC, incorporated under the laws of Georgia.

(a) PERIAMA HOLDINGS LLC AND ITS SUBSIDIARIES VIZ. JSW STEEL (USA) INC – PLATE AND PIPE MILL OPERATION AND ITS SUBSIDIARIES – WEST VIRGINIA, USA-BASED COAL MINING OPERATION

Plate and pipe mill operation

During F.Y. 2017-18, the US plate and pipe mill's performance improved as compared to F.Y. 2016-17 with better capacity utilisation. This unit produced 0.25 million net tonnes of plates and 0.05 million net tonnes of pipes with capacity utilisation of 26% and 9%, respectively.

Net profit after tax for F.Y. 2017-18 was ₹ 652 crores compared to net loss after tax of ₹ 364 crores in F.Y. 2016-17.

Coal mining operation

Periama Holdings LLC has 100% equity interest in coal mining concessions in West Virginia, US along with permits for coal mining. Periama also owns a 500 TPH coal-handling and preparation plant.

During the year, the coal-handling and preparation plant was operational and it has processed 0.09 million net tonnes of coal after procuring the same from the neighbouring mines.

Loss after tax of coal mining operations for F.Y. 2017-18 was ₹ 81 crores, compared to net loss after tax of ₹ 49 crores in F.Y. 2016-17.

The operational performance at the US operations of both the Plate and Pipe mill at Baytown, as well as the US coal operations, have seen a consistent improvement during the course of the year. This has been supported by a strong economic outlook for the US. Consequently, the Company during the year ended March 31, 2018 has recognised a Deferred Tax Asset amount of ₹ 729 crores on the unused tax losses to the extent of temporary differences. Further during the year, pursuant to the enactment of Tax Cuts and Jobs Act by the USA on December 22, 2017, the corporate income tax rate in USA has been reduced to 21% resulting in a reversal of deferred tax liabilities amounting to ₹ 572 crores. Accordingly, the Company has recognized a Deferred Tax credit of ₹ 1,301 crores in the consolidated financial statements.

(b) JSW PANAMA HOLDINGS CORPORATION (JPHC) AND CHILEAN SUBSIDIARIES, NAMELY INVERSIONES EUROSH LIMITADA (IEL), SANTA FE MINING (SFM) AND SANTA FE PUERTO S.A (SFP)

Santa Fe Mining (SFM) in Chile is developing iron ore deposits in the Atacama region of Chile. The Company holds 70.0% equity interest in SFM.

SFM has developed the Bella Vista iron ore deposit, located 20 km from Copiapo, Chile. In 2010, SFM installed a 1 MTPA dry beneficiation plant.

These mines have been currently shut down for care and maintenance since May 2015 and the commencement of operations might be further delayed based on prevailing market conditions.

Loss after tax for F.Y. 2017-18 was ₹ 143 crores, compared to ₹ 77 crores in F.Y. 2016-17.

During the year, the Group has surrendered one of its iron ore mines in Chile considering its economic viability and accordingly has reassessed the recoverability of carrying amounts of Property, Plant and Equipment, Goodwill and advances pertaining to the said iron ore mine and recognised an impairment of ₹ 264 crores, which has been disclosed as an exceptional item in the consolidated financial statements.

(c) JSW STEEL UK LIMITED AND ITS ASSOCIATE ACCIATALIA S.P.A.

During the previous year, the Company has acquired 35% stake in Accitalia S.P.A. Accitalia S.P.A. which is currently in the process of voluntary liquidation.

The loss after tax was ₹ 34 crores for F.Y. 2017-18.

2. JSW NATURAL RESOURCES LIMITED (JSWNRL) AND ITS SUBSIDIARIES JSW NATURAL RESOURCES MOZAMBIQUE LIMITADA (JSWNRML) AND JSW ADMS CARVAO LIMITADA

JSW Natural Resources Limited formed a wholly-owned subsidiary – JSW Natural Resources Mozambique Limitada in Mozambique. This initiative was taken to acquire coal assets and engage in prospecting and exploring coal, iron ore and manganese. JSW Natural Resources Mozambique Limitada completed the exploration activities in Mutara district of the Tete province and is in the process of obtaining the necessary approvals for lease of certain mining assets.

JSW ADMS Carvão Limitada, a subsidiary of JSW Natural Resources Mozambique Limitada, has a coal mining licence in Zumbo district of the Tete province. The Company has completed exploration activities and it has received an award for mining concession during the year. Now, the Company is in the process of making various applications for obtaining the necessary approvals for mining operations.

3. NIPPON ISPAT SINGAPORE (PTE) LIMITED, EREBUS LIMITED, ARIMA HOLDINGS LIMITED AND LAKELAND SECURITIES LIMITED

There were no significant operations during the financial year.

4. JSW STEEL ITALY S.R.L.

JSW Steel Italy S.R.L. is a wholly-owned subsidiary through JSW Steel Netherlands B.V. The Company was formed mainly for trading in steel and steel-related products primarily to cater the European market.

The loss after tax was for F.Y. 2017-18 was ₹ 9 crores as compared to ₹ 0.28 crores for F.Y. 2016-17.

C. JOINT VENTURE COMPANIES

1. GEO STEEL LLC

Georgia-based JV, Geo Steel LLC, in which the Company holds 49% equity through JSW Steel (Netherlands) B.V., has set up a steel rolling mill in Georgia, with 175,000 tonnes production capacity. Geo Steel produced 1.58 lakh tonnes of rebars and 1.54 lakh tonnes of billets during F.Y. 2017-18. Profit after tax for F.Y. 2017-18 was ₹ 76 crores, compared to ₹ 41 crores in F.Y. 2016-17.

2. ROHNE COAL COMPANY PRIVATE LIMITED

Rohne Coal Company Pvt. Ltd. is a JV for developing Rohne coal block. While Rohne coal block was under development, the Hon'ble Supreme Court of India cancelled the allocation of coal blocks by the Government of India to the state and private sectors during F.Y. 2014-15. Consequently, the allocation of Rohne coal block to Rohne Coal Company Private Limited stood cancelled.

3. MJSJ COAL LIMITED (MJSJ)

The Company, along with other partners, agreed to participate in the 11% equity of MJSJ Coal Limited, Odisha. This was in accordance with the JV agreement to develop Utkal-A and Gopal Prasad (West) thermal coal block in Odisha.

The Hon'ble Supreme Court of India cancelled the allocation of coal blocks by the Government of India to the state and private sectors during F.Y. 2014-15. Consequently, the allocation of coal block to MJSJ stood cancelled.

The Ministry of Coal, Government of India, has not yet commenced the auction of these coal blocks.

4. **GOURANGDIH COAL LIMITED**

Gourangdih Coal Ltd. (GCL) is a 50:50 JV between JSW Steel Limited and Himachal EMTA Power Corporation Ltd. (HEPL). It was incorporated to develop and mine coal from West Bengal's Gourangdih, ABC thermal coal block. The Hon'ble Supreme Court of India cancelled the allocation of coal blocks by the Government of India to the state and private sectors during F.Y. 2014-15. Consequently, the allocation of the coal block to GCL stood cancelled. The Gourangdih coal block has been re-allocated to West Bengal Mineral Development and Trading Corporation by the Ministry of Coal vide its notice dated March 16, 2016.

5. **VIJAYANAGAR MINERALS PRIVATE LIMITED (VMPL)**

According to the Hon'ble Supreme Court's order to stop all mining operations in the Bellary district in Karnataka, activities from Thimmappanagudi Iron Ore Mines (TIOM), operated by VMPL, were halted since July 2011.

As per the Apex Court direction, the mines are being operated by Mysore Minerals Limited directly.

6. **JSW SEVERFIELD STRUCTURES LIMITED AND ITS SUBSIDIARY JSW STRUCTURAL METAL DECKING LIMITED**

JSW Severfield Structures Limited (JSSL) is operating a facility to design, fabricate and erect structural steel work and ancillaries for construction projects.

These projects have a total capacity of 55,000 TPA at Bellary, Karnataka. JSSL produced 46,385 tonnes during F.Y. 2017-18. Its order book stood at ₹ 598 crores (53,953 tonnes), as on March 31, 2018. The profit after tax for F.Y. 2017-18 was ₹ 11 crores, as compared to ₹ 1 crores in F.Y. 2016-17.

JSW Structural Metal Decking Limited (JSWSMD), a subsidiary company of JSSL, is engaged in the business of designing and roll forming of structural metal decking and accessories such as edge trims and shear studs. The plant's total capacity is 10,000 TPA. The profit after tax for F.Y. 2017-18 was ₹ 0.1 crores, compared to ₹ 2 crores in F.Y. 2016-17.

7. **JSW MI STEEL SERVICE CENTRE PRIVATE LIMITED (MISI JV)**

JSW Steel and Marubeni-Itochu Steel signed a JV agreement on September 23, 2011, to set up steel service centres in India.

The JV Company had started the commercial operation of its steel service centre in western India (near Pune), with 0.18 MTPA initial installed capacity in March 2015. MISI JV has also started the project work for its steel service centre in Palval, Haryana, with 0.18 MTPA initial capacity. This facility is expected to be commissioned by end of May 2018. The service centre is equipped to process flat steel products, such as hot-rolled, cold-rolled and coated products. Such products offer just-in-time solutions to automotive, white goods, construction and other value-added segments.

MISI JV earned a profit after tax of ₹ 12 crores during F.Y. 2017-18.

8. **JSW VALLABH TINPLATE PRIVATE LIMITED (JSWVTPL)**

JSW Steel holds 50% stake in JSWVTPL, which is into tin plate business and has a capacity of 1.0 lakh tonnes. JSWVTPL produced 0.85 lakh tonnes during F.Y. 2017-18. Net loss after tax for F.Y. 2017-18 was ₹ 2 crores.

9. **COAL BLOCK**

The Company had entered into three separate JV agreements for the development of Rohne Coal Block, Gopal Prasad (West) and Utkal (A) Coal Block and Gourangdih Coal Block. While the coal blocks were under development, the Hon'ble Supreme Court of India cancelled the allocation of coal blocks by the Government of India to the states and private sectors. Consequently, the allocation of coal blocks to these three JVs stood cancelled. Subsequently, the Government of India promulgated the Coal Mines (Special

Provision) Act 2015. As per the provisions of the Act, the investment made in the block by the prior allottee, to the extent permitted under the said provisions, will be reimbursed by the successful bidder of the coal block. The Company has made an assessment of recoverable amounts of investments and other assets, impacted by the said order. It has also recognised a provision of ₹ 32 crores as on March 31, 2018, (₹ 30 crores as on March 31, 2017) considering the principle of conservatism.

8. ACQUISITION

Monnet Ispat & Energy Limited (MIEL)

The Company and Aion Investments Private Limited (together as a consortium) had submitted a bid for Monnet Ispat & Energy Limited (MIEL) under the corporate insolvency process of the Insolvency and Bankruptcy code 2016. MIEL was referred to the National Company Law Tribunal (NCLT) under the Insolvency and Bankruptcy Code. MIEL has a steel plant in Chhattisgarh, with a steel making and rolling capacity of 1.5 MTPA when the facilities are fully commissioned. The Company proposes to hold a minority stake in their venture.

The consortium has been declared as a successful resolution applicant by the Committee of creditors of MIEL on April 10, 2018 and has received a Letter of Intent (LOI). The consortium has accepted the terms of the LOI.

The consortium has also received approval from the Competition Commission of India for the proposed acquisition of MIEL. The closure of the transaction is subject to obtaining necessary regulatory approval including the National Company Law Tribunal, which is in progress.

Acero Holdings Limited and its wholly-owned subsidiary Acero Junction Inc (ACERO)

On March 28, 2018, the Company entered into a stock purchase agreement with JSM International Limited, Acero Junction Holdings Inc. and Acero Junction Inc. for acquisition of 100% shares of Delaware-based steel manufacturer, Acero Junction Holdings Inc. for a cash consideration of up to USD 80.85 million.

The proposed acquisition is subject to the fulfilment of certain conditions precedent and other terms as per the stock purchase agreement with a long stop date of May 31, 2018. The Company expects that this acquisition will allow it to gain increased access to the North American steel market. The total enterprise value of the transaction is about USD 180.35 million, with equity value of USD 80.85 million and liabilities of USD 99.50 million, subject to closing adjustments.

Acero Junction Inc has a steel-manufacturing facility, which includes an Electric Arc Furnace of 1.5 million tonne per annum, a ladle metallurgy furnace, a slab continuous casting machine and a 3 million tonne per annum hot strip mill.

The Company has also planned an investment program to complete backward integration project to restart the EAF and Caster, which will need an additional investment of up to USD 50 million. On completion of this capital expenditure, estimated in about 6 months from completion of the transaction, there shall be a 1.5 MTPA fully integrated steel making facility, with HSM rolling capacity up to 3 MTPA.

9. TECHNICAL COLLABORATION WITH JFE STEEL CORPORATION, JAPAN (JFE)

The financial year under review was the 8th year of strategic collaboration between the Company and JFE Steel Corporation. During the year the Company has been able to enhance its business share in the Automotive and Electrical Steel segments.

The Strategic Technical collaboration with JFE Steel has added significant value to the Company, both in terms of products and services, thereby enriching the product mix of the Company. The Company has developed a wide range of steel for critical auto end use applications such as outer body panels, bumper beams and other crash resistant components with strength levels up to 980 mPA. The continuous support received from JFE in the form of technical assistance has resulted in expeditious resolution of issues observed during the commercial production/ approval of stipulated licensed grades.

Our strategic collaboration agreement with JFE has added significant value to the Company in business processes, products and customers over the years.

The partnership has helped the Company achieve a "PREFERRED STEEL SUPPLIER STATUS" with certain major customers in the auto and electrical steel segments in India. The systems and methods that have been deployed under the guidance from JFE has enabled the Company to re-define customer relationship and has paved the way for a better understanding to meet customer expectations.

The Company by virtue of its partnership has been able to create a formidable position in the market place to take on the challenges of the future.

In addition to the technical assistance, JFE continues to provide key inputs to improve quality parameters at downstream facilities and for manufacture of Electrical steel.

10. RISK MANAGEMENT

JSW Steel follows the globally recognised 'COSO' framework. The Company's robust risk management framework identifies and evaluates business risks and opportunities.

The Company recognises that the emerging and identified risks need to be managed and mitigated to:

- Protect its shareholders and other stakeholder's interests
- Achieve its business objective
- Enable sustainable growth

The risk frame work is aimed at effectively mitigating the Company's various business and operational risks, through strategic actions. Risk management is embedded in our critical business activities, functions and processes. The risks are reviewed for the change in the nature and extent of the major risks identified since the last assessment. It also provides control measures for risks and future action plans.

Pursuant to the requirement of Regulation 21 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Clause 49 of the erstwhile Listing Agreement, the Company has constituted a sub-committee of Directors to oversee the Enterprise Risk Management framework to ensure that execution of decided strategies with focus on action and monitoring risks arising out of unintended consequences of decisions or actions related to performance, operations, compliance, incidents, processes and systems and transactions are monitored and managed appropriately.

The Company believes that the overall risk exposure of present and future risks remains within risk capacity.

Key risks and response strategies

- Competitive dynamics and industrial cyclicality – managed through widening and deepening customer reach and broadening product range.

- Raw material availability and cost– broad–basing vendors from different geographies, exploring various contract options such as long term / spot / indexing and relationship management with vendors.

- Logistics and infrastructure – a centralised logistics cell to ensure end-to-end integration, optimisation of infrastructure spend and digitisation initiatives such as last mile connectivity tracking.

- Technology and operational disruptions – effective management of automation systems, spares management, maintenance scheduling, R & D infrastructure and insurance cover for plant interruptions and loss of profit.

- Environment, health and safety – compliance with norms through the right selection of equipment, processes, inputs and tracking emissions; preserving bio-diversity in eco-sensitive area; tracking changing technology and future norms for advance planning and safety training and providing medical facilities and Mediclaim policy cover for employees and their families.

- Manpower availability with desired skill-sets – manpower planning in line with growth strategy, on-the-job / online trainings to develop competencies and soft skills and leadership programmes to develop future fit leaders.

- Reputation – value-driven leadership; adhering to the highest standards of governance and code of conduct, extending even to business partners.

- Finance - proactive tracking of funding and covenants, regular review of hedging strategy, close monitoring of plant operations, cost optimisation, inventory, collections and vendor credit.

- Confidentiality, integrity and security of data and systems - security policies and procedures, antivirus / endpoint security deployment, operationalisation of disaster recovery site and implementation of disaster recovery plan and regular training on IT security.

11. INTERNAL CONTROLS, AUDIT AND INTERNAL FINANCIAL CONTROLS

Overview

A robust system of internal control, commensurate with the size and nature of its business, forms an integral part of the Company's corporate governance policies.

Internal control

The Company has a proper and adequate system of internal control, commensurate with the size and nature of its business. Internal control systems are integral to JSW Steel's corporate governance. Some significant features of the internal control systems are:

- Adequate documentation of policies, guidelines, authorities and approval procedures covering all the important functions of the Company.
- Deployment of an ERP system that covers most of its operations and is supported by a defined on-line authorisation protocol.
- Ensuring complete compliance with laws, regulations, standards and internal procedures and systems.
- De-risking the Company's assets/ resources and protecting them from any loss.
- Ensuring the integrity of the accounting system and a proper and authorised recording and reporting of all transactions.
- Preparation and monitoring of annual budgets for all operating and service functions.
- Ensuring a reliability of all financial and operational information.
- Audit Committee, a sub-committee of the Board of Directors, comprising of Independent Directors. The Audit Committee regularly reviews audit plans, significant audit findings, adequacy of internal controls, compliance with Accounting Standards, etc.
- A comprehensive Information Security Policy and continuous updation of IT systems.

The internal control systems and procedures are designed to assist in the identification and management of risks, the procedure-led verification of all compliances as well as an enhanced control consciousness.

Internal audit

JSW Steel has an internal audit function that inculcates global best standards and practices of international majors into the Indian operations. The Company has a strong internal audit department reporting to the Audit Committee comprising Independent Directors who are experts in their fields. The Company successfully integrated the COSO framework in its audit process to enhance the quality of its financial reporting, compatible with business ethics, effective controls and governance.

The Company extensively practices delegation of authority across its team, which creates effective checks and balances within the system to arrest all possible gaps. The internal audit team has access to all information in the organisation – this is largely facilitated by ERP implementation across the organisation.

Audit plan and execution

The Internal Audit function prepares a risk-based audit plan. The frequency of the audit is decided by risk ratings of areas/functions. The audit plan is carried out by the internal team and reviewed periodically to include areas that have assumed significant importance in line with the emerging industry trend and the aggressive growth of the Company. In addition, the audit committee also places reliance on internal customer feedback and other external events for inclusion into the audit plan.

Internal financial controls

As per Section 134(5)(e) of the Companies Act 2013, the Directors have an overall responsibility for ensuring that the Company has implemented a robust system and framework of internal financial controls. This provides the Directors with reasonable assurance regarding the adequacy and operating effectiveness of controls with regards to reporting, operational and compliance risks. The Company has devised appropriate systems and framework, including proper delegation of authority, policies and procedures; effective IT systems aligned to business requirements; risk-based internal audits; risk management framework and a whistle blower mechanism.

The Company had already developed and implemented a framework for ensuring internal controls over financial reporting. This framework includes entity-level policies, processes and Standard Operating Procedures (SOP).

The entity-level policies include antifraud policies (such as code of conduct, conflict of interest, confidentiality and whistle blower policy) and other polices (such as organisation structure, insider trading policy, HR policy, IT security policy, treasury policy and business continuity and disaster recovery plan). The Company has also prepared SOP for each of its processes such as procure to pay, order to cash, hire to retire, treasury, fixed assets, inventory, manufacturing operations, etc.

During the year, controls were tested and no reportable material weakness in design and effectiveness was observed.

12. CREDIT RATING

During the year, Moody's Investors Service has upgraded the Corporate Family Rating and Senior Unsecured Bond Rating due in 2019 and 2022, respectively, to Ba2 from Ba3 while maintaining the outlook at stable.

Also, Fitch Ratings retained the Company's long-term Issuer Default Rating (IDR) and Senior Unsecured Bond rating due in 2019 and 2022, respectively, to BB, upgrading the outlook to stable from negative.

The domestic credit rating for long-term debt/ facilities/ Non-Convertible Debentures (NCDs) by Credit Analysis and Research Ltd (CARE) and ICRA were retained at AA-, while the short-term debt/ facilities continues to be rated at the highest level of A1+. CARE has assigned a stable outlook on the long-term rating, while ICRA has upgraded the outlook to stable from negative. India Ratings has assigned a long-term issuer rating and rating for the outstanding NCDs of the Company is AA- while upgrading the outlook to stable from negative.

13. FIXED DEPOSITS

The Company has not accepted any fixed deposits from the public. Therefore, it is not required to furnish information in respect of outstanding deposits under Non-banking, Non-financial Companies (Reserve Bank) Directions, 1966 and Companies (Accounts) Rules, 2014.

14. SHARE CAPITAL

The Company's Authorised Share capital during the financial year ended March 31, 2018 remained at ₹ 9015,00,00,000 (Rupees Nine Thousand Fifteen crores only) consisting of ₹ 6015,00,00,000 (Rupees Six Thousand Fifteen crores only) equity shares of ₹ 1/- (Rupee One only) each and 300,00,00,000 (Three Hundred crores) preference shares of ₹ 10/- (Rupees Ten only) each.

The Company's paid-up equity share capital remained at ₹ 241,72,20,440 comprising of 241,72,20,440 equity shares of ₹ 1 each.

During the financial year, the Company partially redeemed its 27,90,34,907, 10% cumulative redeemable preference shares of ₹ 10 each fully paid up, in two equal instalments of ₹ 2.5 per share on December 15, 2017 and March 15, 2018.

Thereby, the aggregate preference share capital as at the financial year ended March 31, 2018 is ₹ 624,93,20,575 comprising of 27,90,34,907, 10% cumulative redeemable preference shares of ₹ 5 each paid up and 48,54,14,604, 0.01% cumulative redeemable preference shares of ₹ 10 each fully paid up.

15. FOREIGN CURRENCY BONDS (FCBS)

During F.Y. 2014-15, the Company had allotted 2,500, 4.75% Fixed Rate Senior Unsecured Notes of USD 2,00,000 each of the Company due 2019, aggregating to USD 500 million, to eligible investors. In April 2017, the Company further allotted 2,500, 5.25% Fixed Rate Senior Unsecured Notes of USD 2,00,000 each of the Company due 2022 aggregating to USD 500 million, to eligible investors. These Bonds issued by the Company in the International Market are listed on the Singapore Exchange Securities Trading Limited (the "SGX-ST").

16. CORPORATE GOVERNANCE

The Company constantly endeavours to follow the corporate governance guidelines and best practices sincerely and disclose the same transparently. The Board is conscious of its inherent responsibility to disclose timely and accurate information on the Company's operations, performance, material corporate events as well as on the leadership and governance matters relating to the Company.

Your Company has complied with the requirements of Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015 regarding corporate governance. A report on the Corporate Governance practices and the Auditors' Certificate on compliance of mandatory requirements thereof are given as an annexure to this report.

17. MANAGEMENT DISCUSSION & ANALYSIS

A detailed report on the Management Discussion & Analysis is provided as a separate section in the Annual Report.

18. BUSINESS RESPONSIBILITY/ SUSTAINABILITY REPORTING

JSW Steel Ltd. is committed to pursuing its business objectives ethically, transparently and with accountability to all its stakeholders. The Company believes in demonstrating responsible behaviour while adding value to the society and the community, as well as ensuring environmental well-being with a long-term perspective.

The Business Responsibility Report (BRR) of the Company was being presented to the stakeholders as per the requirements of Regulation 34 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015 describing the environmental, social and governance initiatives taken by the Company. Further SEBI vide its circular dated February 6, 2017, has advised the top 500 listed companies (by market capitalization) to voluntarily adopt Integrated Reporting (IR) from F.Y. 2017-18.

As stated earlier in the report, the current financial year marks an important milestone in its corporate reporting journey as the Company is transitioning towards Integrated Reporting, focussing on the six 'capitals' in its imparatives of value creation. The Company's maiden Integrated Report discloses performance as per the IR framework for the period April 01, 2017 to March 31, 2018.

The Company was recognised in 2018 as the 'Industry Mover' in the Dow Jones Sustainability Indices under their Corporate Sustainability Assessment for achieving the largest improvement in sustainability performance compared to the previous year. The Company also features in the Vigeo Eiris Emerging 70 group.

In F.Y. 2017-18, among several other initiatives, the Company has put in significant efforts to ensure a positive impact on its surrounding flora and fauna that are part of the local ecosystems. The Company was among the pioneers to sign up and commit to the Indian Business and Biodiversity Initiative (IBBI), a pioneering effort by the Confederation of Indian Industry (CII) in partnership with India's Ministry of Environment, Forest & Climate Change. This has helped to learn from peers about their efforts to manage biological diversity at their sites and to demonstrate to stakeholders the Company's commitment and efforts towards a sustainable future.

The Company has also provided the requisite mapping of principles of the National Voluntary Guidelines to fulfill the requirements of the Business Responsibility Report as per the directive of SEBI, as well as between the Integrated Report and the Global Reporting Initiative ('GRI'). The Report, along with all the related policies, can be viewed on the Company's website (http://www.jsw.in/investors/investor-relations-steel).

19. DIRECTORS AND KEY MANAGERIAL PERSONNEL

In accordance with the provisions of Section 152 of the Companies Act, 2013 and in terms of the Articles of Association of the Company, Mr. Seshagiri Rao M.V.S. (DIN 00029136) retires by rotation at the forthcoming Annual General Meeting and, being eligible, offers himself for re-appointment.

Dr.(Mrs.) Punita Kumar Sinha (DIN 05229262) who was appointed as a Director of the Company in the category of Independent Director, holds office up to the conclusion of the ensuing Annual General Meeting of the Company ("first term" in terms of Sections 149(10) of the Companies Act, 2013). Your Company has received a notice under Section 160 of the Companies Act, 2013 from a shareholder of your Company proposing the re-appointment of Dr.(Mrs.) Punita Kumar Sinha for the Office of Director of your Company in the category of Independent Director for a second term of upto July 23, 2023 or upto the conclusion of the 29th Annual General Meeting (AGM) of the Company in the calendar year 2023, whichever is earlier. A brief profile of Dr. (Mrs.) Punita Kumar Sinha is given in the notice convening the 24th AGM, for the reference of the shareholders. The Board taking into account the recommendation of the Nomination and Remuneration Committee and on the basis of the report of performance evaluation of Independent Directors, has recommended the re-appointment of Dr.(Mrs.) Punita Kumar Sinha as a Director of the Company in the category of Independent Director, for the aforesaid term.

The proposals regarding the re-appointment of the aforesaid Directors are placed for your approval.

Mr. Vijay Kelkar and Mr. Kannan Vijayraghavan who were appointed as Independent Directors in the Company's 20th Annual General Meeting held on July 31, 2014 would complete their term upon the conclusion of the ensuing 24th Annual General Meeting of the Company and having been on the Board for a tenure of 10 years and not being eligible for re-appointment in terms of the Company's policy for appointment/reappointment of Independent Directors, have not offered themselves for re-appointment.

Other changes in the Board of Directors of your Company, during the year under review, are as follows:

Karnataka State Industrial Infrastructure and Development Corporation Limited (KSIIDC) had nominated Mrs. P. Hemlatha, IAS (DIN 06537451) as its nominee on your Company's Board in place of Mr. Naveen Raj Singh, IAS, (DIN 06854287) with effect from April 20, 2017. However, it withdrew the nomination of Mrs. P. Hemlatha, IAS and nominated, Mr. N Jayaram, IAS (DIN 03302626) as its nominee on your Company's Board with effect from October 31, 2017.

Your Directors place on record their deep appreciation of the valuable services rendered by Mr. Vijay Kelkar, Mr. Kannan Vijayaraghavan, Mr. Naveen Raj Singh, IAS and Mrs. P. Hemlatha, IAS during thier tenure as Directors of the Company.

There were no changes in the Key Managerial Personnel of the Company during the year under review.

POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION

Matching the needs of the Company and enhancing the competencies of the Board are the basis for the Nomination and Remuneration Committee to select a candidate for appointment to the Board.

The current policy is to have a balanced mix of executive and non-executive Independent Directors to maintain the independence of the Board and separate its functions of governance and management. As at 31.03.2018, the Board of Directors comprises 12 Directors, of which eight are non-executive, including one woman director. The number of Independent Directors is six, which is one half of the total number of Directors.

The policy of the Company on directors' appointment, including criteria for determining qualifications, positive attributes, independence of a director and other matters, as required under sub-section (3) of Section 178 of the Companies Act, 2013, is governed by the Nomination Policy read with the Company's policy on appointment/re- appointment of Independent Directors. The remuneration paid to the directors is in accordance with the remuneration policy of the Company.

20. DECLARATION BY INDEPENDENT DIRECTORS

The Company has received necessary declaration from each of the independent directors, under Section 149(7) of the Companies Act, 2013, that he/she meets the criteria of independence laid down in Section 149(6) of the Companies Act, 2013 and Regulation 25 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

21. BOARD EVALUATION

The Board carried out an annual performance evaluation of its own performance, the performance of the Independent Directors individually as well as the evaluation of the working of the Committees of the Board. The performance evaluation of all the Directors was carried out by the Nomination and Remuneration Committee. The performance evaluation of the Chairman and the Non-Independent Directors was carried out by the Independent Directors. Details of the same are given in the Report on Corporate Governance annexed hereto.

22. AUDITORS AND AUDITOR'S REPORT

STATUTORY AUDITORS

At the Company's 23rd AGM held on June 29, 2017, M/s S R B C & CO LLP (324982E/E300003), Chartered Accountants, has been appointed as the Statutory Auditor of the Company for a term of 5 years (subject to ratification by members at every AGM if required under the prevailing law at that time), to hold office from the conclusion of the 23rd Annual General Meeting until the conclusion of the 28th Annual General Meeting of the Company.

Vide Section 40 of the Companies (Amendment) Act, 2017 notified by the Ministry of Corporate Affairs on May 7, 2018, the requirement for ratification of the appointment of Statutory Auditors by the members at every Annual General Meeting has been done away with. Accordingly, no resolution has been proposed for ratification of the Statutory Auditors, who were appointed in the 23rd Annual General Meeting held on June 29, 2017.

The Notes on financial statements referred to in the Auditors' Report are self-explanatory and do not call for any further comments. The Auditors' Report does not contain any qualification, reservation, adverse remark, or disclaimer.

No fraud has been reported by the Auditors under Section 143(12) of the Companies Act, 2013 requiring disclosure in the Board's Report.

COST AUDITORS

Pursuant to Section 148(2) of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Amendment Rules, 2014, your Company is required to get its cost accounting records audited by a Cost Auditor.

Accordingly, the Board, at its meeting held on May 16, 2018, has on the recommendation of the Audit Committee, re-appointed M/s. Shome & Banerjee, Cost Accountants to conduct the audit of the cost accounting records of the Company for F.Y. 2018-19 on a remuneration of ₹15 lacs plus taxes as applicable and reimbursement of actual travel and out-of-pocket expenses. The remuneration is subject to the ratification of the Members in terms of Section 148 read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014 and is accordingly placed for your ratification. The due date for filing the Cost Audit Report of the Company for the Financial Year ended March 31, 2017 was September 30, 2017 and the Cost Audit Report was filed in XBRL mode on August 30, 2017.

SECRETARIAL AUDITOR

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company had appointed M/s. S. Srinivasan & Co., a firm of Company Secretaries in Practice, to undertake the Secretarial Audit of the Company. The Report of the Secretarial Audit carried out is annexed herewith as Annexure 'C'. The Report does not contain any observation or qualification requiring explanation or comments from the Board under Section 134(3) of the Companies Act, 2013.

The Board, at its meeting held on May 16, 2018, has re-appointed M/s. Srinivasan & Co., Practicing Company Secretaries, as Secretarial Auditor, for conducting Secretarial Audit of the Company for F.Y. 2018-19.

23. RELATED PARTY TRANSACTIONS

All Related Party Transactions (RPT) that were entered into during the financial year were on an arm's length basis and in the ordinary course of business.

The Company has obtained approval of the shareholders by way of a postal ballot on December 17, 2016 for RPT with JSW International Tradecorp Pte Limited (JITPL) for an aggregate value of USD 7,480 million over a period of 36 months starting from April 1, 2016 for procuring iron ore, coking coal, coke and other raw materials being considered material in terms of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015. Total value of raw material purchased from JITPL during F.Y. 2017-18 was ₹ 16,369 crores.

The policy on dealing with RPT as approved by the Board is uploaded on the Company's website (http://www.jsw.in/investors/steel/related-party-policy). The Policy intends to ensure that proper reporting, approval and disclosure processes are in place for all transactions between the Company and Related Parties. This Policy specifically deals with the review and approval of RPT, keeping in mind the potential or actual conflicts of interest that may arise because of entering into these transactions. All RPT are placed before the Audit Committee for review and approval. Prior omnibus approval is obtained for RPT that are of repetitive nature and / or entered in the ordinary course of business and are at arm's length. All RPT are subjected to independent review by a reputed accounting firm to establish compliance with the requirements of RPT under the Companies Act, 2013 and Regulation 23 of the Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015.

The disclosure of material RPT is required to be made under Section 134(3) (h) read with Section 188(2) of the Companies Act, 2013 in Form AOC 2. Accordingly, RPTs that individually or taken together with previous transactions during a financial year, that exceed 10% of the annual consolidated turnover as per the last audited financial statements, which were entered into during the year by your Company, are given in Annexure E to this Report.

Your Directors draw your attention to Note No. 8 to the Abridged Standalone financial statements and Note No. 44 to the Standalone financial statements, which set out related party disclosures.

24. EMPLOYEE STOCK OPTION PLAN (ESOP):

The Board of Directors of the Company, at its meeting held on January 29, 2016, formulated the JSWSL Employees Stock Ownership Plan – 2016 (ESOP Plan), to be implemented through the JSW Steel Employees Welfare Trust (Trust), with an objective of enabling the Company to attract and retain talented human resources by offering them the opportunity to acquire a continuing equity interest in the Company, which will reflect their efforts in building the growth and the profitability of the Company. The ESOP Plan involves acquisition of shares from the secondary market.

A total of 2,86,87,000 (Two Crores Eighty Six Lakhs Eighty Seven Thousand) options would be available for grant to the eligible employees of the Company and its director(s), excluding independent directors, and a total of 31,63,000 (Thirty One Lakh Sixty Three Thousand) options would be available for grant to the eligible employees of the Indian Subsidiaries of the Company and their director(s), excluding independent directors, under the ESOP Plan.

74,36,850 options have been granted under this plan by the JSWSL ESOP Committee in its meeting held on May 17, 2016 under the first grant to the eligible employees of the Company and its Indian Subsidiaries, including the Whole-time Directors of the Company. The grant of ESOPs to the Whole-time Directors of the Company has been approved by the Nomination and Remuneration Committee and the Board. Mr. Seshagiri Rao M.V.S, Dr. Vinod Nowal and Mr. Jayant Acharya, Whole-time Directors of the Company, have been granted 1,92,680, 1,79,830 and 1,79,830 options, respectively, towards the first grant under the ESOP Plan.

51,18,977 options have been granted under this plan by the JSWSL ESOP Committee in its meeting held on May 16, 2017 under the second grant to the eligible employees of the Company and its Indian Subsidiaries, including the Whole-time Directors of the Company. The Grant of ESOPs to the Whole-time Directors of the Company has been approved by the Nomination and Remuneration Committee and the Board. Mr. Seshagiri Rao M.V.S, Dr. Vinod Nowal and Mr. Jayant Acharya, Whole-time Directors of the Company, have been granted 1,27,968, 1,27,968 and 1,19,436 options, respectively, towards the second grant under the ESOP Plan.

33,88,444 options have been granted under this plan by the JSWSL ESOP Committee in its meeting held on May 15, 2018 under the third and final grant to the eligible employees of the Company and its Indian Subsidiaries, including the Whole-time Directors of the Company. The Grant of ESOPs to the Whole-time Directors of the Company has been approved by the Nomination and Remuneration Committee and the Board. Mr. Seshagiri Rao M.V.S, Dr. Vinod Nowal and Mr. Jayant Acharya, Whole-time Directors of the Company, have been granted 87,841, 87,841 and 81,985 options, respectively, towards the third grant under the ESOP Plan.

As per the ESOP Plan, 50% of these options will vest at the end of the third year and the balance 50% at the end of the fourth year.

In terms of clause 4.2 of the "JSWSL Employees Stock Ownership Plan – 2012" ("ESOP-2012 Plan") that came into force on the July 26, 2012, the ESOP-2012 Plan was terminated on the Closing Date of September 30, 2017 and any Stock Options that remained unexercised after the Closing Date, has automatically lapsed.

The applicable disclosures relating to the earlier ESOP–2012 Plan as well as the current ESOP plan of 2016, as stipulated under the ESOP Regulations, pertaining to the year ended March 31, 2018, is hosted on the Company's website at http://www.jsw.in/investors/investor-relations-steel and forms a part of this Report.

Voting rights on the shares, if any, as may be issued to employees under the aforesaid ESOP Plans are to be exercised by them directly or through their appointed proxy; hence, the disclosure stipulated under Section 67(3) of the Companies Act, 2013 is not applicable.

There is no material change in the aforesaid ESOP Plans and the same are in compliance with the ESOP Regulations.

The Certificate from the Statutory Auditors of the Company certifying that the Company's Stock Option Plans are being implemented in accordance with the ESOP Regulations and the resolution passed by the Members, would be placed at the AGM for inspection by Members.

25. CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

The Company firmly believes that in order to be a responsible corporate citizen in its true sense, its role is much more than producing steel. As such, the Company aims to continuously foster inclusive growth and a value-based empowered society. For this, the Company engages through the JSW Foundation to carry out a consultative needs assessment, ascertain joint action with a range of stakeholders and bring in strategic partnerships.

The Company continues to strengthen its relationships with the communities in the Direct Influence Zone (DIZ) of its plant locations and beyond, through a meaningful and purposeful engagement, implementation of a range of programs covering all important aspects of their lives from education, health and sanitation to skill development, livelihoods, environment and water management and augmenting arts and cultural heritage.

The Company is committed to not only continue to allocate resources towards special corpus for Corporate Social Responsibility (CSR) as per the categories of the Companies Act, 2013 but also to:

- Assess the programs and their impact through external agencies for culling out learnings and also continually evolve its own monitoring processes
- Continue its stakeholder engagement in a mutually respectful manner and through social processes that help identify essential needs of the community for its overall growth
- Spread the culture of volunteerism through the process of social engagement
- Align its actions to achieve not only the desired results at the grassroots level but to also contribute towards the attainment of Sustainable Development Goals (SDGs)

STRATEGY

- The JSW Foundation administers the planning and implementation of all the CSR interventions. It is guided by the CSR Committee appointed by the Board, which reviews the progress from time to time and provides guidance as necessary.
- Taking a note of the importance of synergy and interdependence at various levels, the CSR programs are carried out directly as well as through strategic partnerships and in close coordination with the concerned State Governments.
- While priority is given to the villages in the immediate vicinity of the plant locations defined as DIZ, in order to get maximum effectiveness, at times, activities are also taken up in related villages too. This context is defined as Indirect Influence Zone (IIZ).
- Convergence with Government schemes and programmes and regular dialogue with the functionaries is the cornerstone of the CSR activities of the company.
- The programmes are collated under various themes for bringing in best practices and the thematic heads at the head office of the Foundation regularly and closely work with the location-specific teams to achieve more focused results.

THEMATIC AREAS

The Company has aligned its CSR programs under Education, Health & Nutrition, Agriculture, Environment & Water, Skill Enhancement, Rural Women's BPO, Sports and Art & Culture. This helps the Company cover the following thematic interventions as per Schedule VII of the Companies Act, 2013:

- Improving living conditions (eradication of hunger, poverty, malnutrition, etc.)
- Promoting social development (education, skill development, livelihood enhancements, etc.)
- Addressing social inequalities (gender equality, women empowerment. etc.)
- Ensuring environmental sustainability
- Promotion of sports
- Swachh Bharat Mission

The disclosure as per Rule 9 of Companies (Corporate Social Responsibility Policy) Rules, 2014 is annexed to this Report as Annexure D.

26. ENVIRONMENTAL INITIATIVES

Your Company is firmly committed to conservation of natural resources; reduction of emissions and discharges to the environment and preservation of biodiversity in all its operations. The Company recognises the need to be proactive and integrate thoughts into processes, to reduce risks and harness opportunities, and set targets beyond compliance considering the future changes and carrying out the required changes in the processes focussing on social and environmental concerns to better manage the long term expectations of the stakeholders.

This approach demonstrates sensitivity to the environment in the areas of conserving resources such as water, energy and input materials; minimising waste while maximising recirculation, reuse and recycling and enhancing local biodiversity. The awareness of the environment complemented with decisions and actions that the Company take towards a responsible behaviour leads to innovation and value creation for the Company.

The following actions were taken in 2017-18 to improve environment

Conservation of natural resources:

- Efficient operation as well as effective monitoring of pollution control equipment ultimately leads to reduced wastage of materials. During the year, stack emission monitoring systems, dust analysers, gas monitors on stacks, CCTVs and effluent monitors were installed across the steel complex.

- Enhancing steam generation through additional waste heat recovery boilers at Salem (WHRB #4 and #5) resulted in reduction of coal consumption (about 22,000 MT/Annum) in coal-based boilers, thereby minimising the fossil fuel consumption.

Water conservation: Water security is essential for un-interrupted operations of steel plant units. Vijayanagar & Salem plants are located in water scares areas. During the year several measures were taken to conserve water by improving water use efficiency; recycling treated waste water; treated sewage and recovering high quality water through reverse osmosis plants.

The following initiatives for water conversation has been carried out during the year:

- Treatment of sewage and recovering quality water through reverse osmosis.

- Installation of Roof-top rain water harvesting system at 12 plant buildings at Dolvi and the collected rain water is stored in nearby water utility system for reuse.

- Increased the cycles of concentration in all cooling towers across all plant locations resulting in reduced waste water generation.

- Installation of an RO system in the upstream water system instead of downstream (high TDS water), resulting in elimination of softening systems, which generates high Total Dissolved Solids (TDS) effluents and reduction in energy consumption.

Recycle of Solid Waste: Solid waste materials such as sludge and collected dust are generated during the operation of air and water pollution control system. During the year at Vijayanagar, Biogas plant for food waste and sewage waste was installed. Gas produced in the process is being transferred to the central canteen and the solids generated were composted. Pilot trial for treatability study of ammonia and cyanide has been completed at Vijayanagar.

Slag sand:

During the year, the Company sold 2.87 lakhs tonnes of slag sand for use as fine aggregates in construction replacing natural river sand, thereby helping conserve the river beds. Granulated slag sold during the year was 45.6 lakhs tonnes. The Company has installed second line of granulated slag crusher of 40 TPH capacity resulting in doubling the daily production of slag sand.

Steel Slag:

The Company has developed an innovative technology which can convert the steel slag as a useful product as construction aggregate, especially in roads and pavements. The technology is being patented and is expected to increase steel slag utilisation substantially in the future years. 2023 tons of granulated BF slag, 33302 tons of slag sand, 1,78,575 tons of dry pit slag and 60,617 tons of steel slag was sold during the year for NHAI project Ballari-Hospet. This highway is termed as "Green Highway".

Reduction of emissions and discharges:

Air emissions: Owing to handling of large volume of solid materials, emissions of dust remain a major area of concern in all integrated iron and steel plants. During the year, several measures were taken to reduce emissions by installing bag filters in high dust areas. Some of the other measures includes:

- At Dolvi, 13 Dust Extraction (DE) systems at junction houses were installed to control fugitive emission during the material transfer through conveyors.

- The Company also has established Pneumatic conveying for dust transfer to feeding bin and a new DE system at pellet discharge junction house. The other initiatives to reduce emissions include installation of Electro Static Precipitator for discharge end of the pellet making process and construction of 0.5 km of concrete road in the raw material handling area to minimise fugitive emission and easy vehicular movement.

- Installation of water sprinklers / wind nets and dry fog and wet fog systems in the raw material handling areas to reduce the fugitive emission, which leads to improvement in ambient air quality in the plant premises.

- Established two telescopic chutes and replacement of trucks with bulkers resulted in curbing the fugitive emissions during loading of GCP dust.

Zero Liquid Discharge:
All the units of Company have installed requisite facilities to maximise the utilisation of water. These include cascaded water use, recycling in less critical applications, use for greenery development etc. These actions has facilitated in ensuring zero liquid discharge from all the steel plants.

Biodiversity:
The steel plant at Vijayanagar is in an arid area, with poor rainfall and devoid of vegetation. With the continued efforts on tree plantation over the years by the Company and surrounding community, the micro climate in the surrounding area has improved substantially facilitating improved bio diversity.

With an effort to improve the greenery beyond the steel plant area, tree plantation has been carried out over an area of 450 acres belonging to the forest department at Vijayanagar. 4,29,497 sq. ft. area has been added under green cover inclusive of lawns, planting local species of trees, shrubs and herbs.

Million Trees Plantation Mission:
The million tree plantation project has been initiated in nearly 127 acres of degraded forest areas at Dolvi and Karav with a vision to plant 1 million trees by F.Y. 2021-22.

27. AWARDS AND ACCOLADES

Vijayanagar Works

1) Ranked sixth among the best operating steel plant in the world by World Steel Dynamics in June 2017.

2) Vijayanagar Works has been recognised as the second best integrated steel plant in the country for the performance. It was awarded the Steel Minister's Trophy for the years 2014-15 and 2015-16.

3) JSW Steel (Vijayanagar Works) has been awarded the prestigious Ispat Suraksha Puraskar - 2017 by the Joint Committee on Safety, Health & Environment in the steel industry for zero fatalities during the calendar years 2015 and 2016 in the following zones:

   - Steel melting shops and continuous casting shops

   - Blast furnaces, slag granulation plant, sinter plants and the raw material department

4) Water Management Excellence Award 2017 by ASSOCHAM on June 30, 2017 at Hotel Le Meridian, New Delhi

5) National Sustainability Award-2017: First Prize among the Integrated Steel Plants Category by the Indian Institute of Metals

6) Winner of the International and Best CSR Practice award 2018 at International NGO and CSR Summit February 28, 2018, Bengaluru.

7) Awarded the India CSR Project of the Year award for Mission against Malnutrition (MAM) in the state of Karnataka on May 26, 2017

8) JSW Steel Ltd., Vijayanagar Works awarded as "MODEL EMPLOYER" felicitated by Ministry of Labour and Employment, Sri Bandaru Dattatreya May 16, 2017

Dolvi Works

1) PM's Trophy 2013-14: Certificate of Appreciation for Maximum Incremental Improvement amongst ISP

2) CII Exim Bank Award 2017 for Significant Achievement in Nov'17

3) CoRe program stood 1st Runner up in Frost & Sullivan PERP 2017 Award in Dec'17

4) Ispat Suraksha Puraskar for zero fatal in 2018

Salem Works

1) **Best ITI - Skill Development through the PPP Model:**
JSW Steel Salem won the Silver Trophy by ASSOCHAM, India, in recognition of outstanding contribution in Best ITI – Skill Development

2) **IIM Sustainability Award:**
Won the second prize in the alloy steel category by the Indian Institute of Metals

28. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirements under Section 134, sub-section 3(c) and sub-section 5 of the Companies Act, 2013, your Directors hereby state and confirm that:

a) In the preparation of the annual accounts, the applicable accounting standards have been followed, along with proper explanation relating to material departures.

b) Such accounting policies have been selected and applied consistently and judgements and estimates have been made that are reasonable and prudent to give a true and fair view of the Company's state of affairs as on March 31, 2018 and of the Company's profit or loss for the year ended on that date.

c) Proper and sufficient care has been taken for the maintenance of adequate accounting records, in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

d) The annual financial statements have been prepared on a going concern basis.

e) Internal financial controls were laid down to be followed and that such internal financial controls were adequate and were operating effectively.

f) Proper systems were devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and were operating effectively.

29. DISCLOSURES

NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS

During the year, eight Board Meetings were convened and held, the details of which are given in the Corporate Governance Report. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013 and Regulations 17 of the Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulation, 2015.

AUDIT COMMITTEE

The Audit Committee comprises of three Non-Executive Directors, all of whom are Independent Directors. Mr. K. Vijayaraghavan is the Chairman of the Audit Committee. The Members possess adequate knowledge of Accounts, Audit, Finance, etc. The composition of the Audit Committee meets the requirements of Section 177 of the Companies Act, 2013 and Regulation 18 of the Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015.

There are no recommendations of the Audit Committee that have not been accepted by the Board.

EXTRACT OF ANNUAL RETURN

In accordance with the provisions of Section 134(3) (a) of the Companies Act, 2013, the extract of the annual return in Form No. MGT–9 is annexed (Annexure B) hereto and forms a part of this Report.

WHISTLE BLOWER POLICY / VIGIL MECHANISM

The Company has a vigil mechanism named Whistle Blower Policy / Vigil Mechanism to deal with instances of fraud and mismanagement, if any. Details of the same are given in the Corporate Governance Report.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SEC. 186

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the notes to the Financial Statements.

DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE

There are no significant or material orders passed by the Regulators/ Courts/ Tribunals that could impact the going concern status of the Company and its future operations.

However, Members' attention is drawn to the statement on contingent liabilities, commitments in the notes forming part of the Financial Statements.

PARTICULARS REGARDING CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Information in accordance with the provisions of Section 134(3)(m) of the Companies Act, 2013, read with Rule 8 of the Companies (Accounts) Rules, 2014 regarding conservation of energy, technology absorption and foreign exchange earnings and outgo, is given in the statement annexed (Annexure A) hereto and forms a part of this Report.

PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

The information required to be disclosed in the Directors' Report pursuant to Section 197 of the Companies Act, 2013, read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is set out as Annexure F to this Report.

Having regard to the provisions of the first proviso to Section 136(1) of the Companies Act, 2013, an abridged version of the Annual Report, excluding the aforesaid information, is being sent to the members of the Company and others entitled thereto. For those persons who have registered their e-mail addresses with the Company, the full version of the Annual Report containing the aforesaid information is being sent to them electronically. Members and other entitled persons who have not registered their e-mail addresses with the Company may access the full version of the Annual Report up to the date of the ensuing AGM on the website of the Company; or by physically inspecting the full version of the Annual Report at the Registered Office of the Company on all working days of the Company, between 10.00 a.m. and 1.00 p.m.; or by requesting a physical copy by writing to the Company Secretary.

DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has in place an Anti-Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. An Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary and trainees) are covered under this policy. No complaints pertaining to sexual harassment were received during F.Y. 2017-18.

OTHER DISCLOSURES / REPORTING

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions pertaining to these items during the year under review:

1. Details relating to deposits covered under Chapter V of the Companies Act, 2013.
2. Issue of equity shares with differential rights as to dividend, voting or otherwise.
3. Issue of shares (including sweat equity shares) to employees of the Company under any scheme save and except ESOPs referred to in this Report.
4. Neither the Managing Director nor the Whole-time Directors of the Company receive any remuneration or commission from any of its subsidiaries.

30. APPRECIATION

Your Directors take this opportunity to express their appreciation for the cooperation and assistance received from the Government of India; Republic of Chile, Mauritius, Mozambique, the US and the UK; the State Governments of Karnataka, Maharashtra, Tamil Nadu, West Bengal; Jharkhand and Odisha and the financial institutions, banks as well as the shareholders and debenture holders during the year under review. The Directors also wish to place on record their appreciation of the devoted and dedicated services rendered by all employees of the Company.

For and on behalf of the Board of Directors

Place: Mumbai
Date : May 16, 2018

Sajjan Jindal
Chairman