Annual Report 2011-2012

JSW Builds

www.jswispat.in

Shri O.P. Jindal

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

Some footprints are everlasting !

Shri O.P. Jindal was someone for whom destiny was not written; he penned it down for himself. His unbound initiatives, selfless social services, unassuming generosity and philanthropic contributions to individuals and organizations have lit up thousands of lives.

Our tribute to the visionary of modern India and our abiding source of inspiration whose great thoughts even today, lead us in all our ventures!

A great man of extraordinary integrity and enthusiasm, whose name would never be forgotten; he was a leader who succeeded in every endeavor, a true Indian who not just dreamt of creating a prospering India but also achieved it through his hard work.

BOARD OF DIRECTORS	**Sajjan Jindal** *Chairman* **Vinod Mittal** *Vice Chairman* **Pramod Mittal** **Seshagiri Rao MVS** **U Mahesh Rao** **Vinod Kothari** **Atul Sud** **Haigreve Khaitan** **S N Baheti** *(Nominee - IDBI Bank Ltd)* *(up to 06.08.2012)* **Krishnendu Banerjee** *(Nominee - IDBI Bank Ltd.)* *(from 07.08.2012)* **Mayank Agrawal** *(Nominee - ICICI Bank Ltd.)* **B K Singh** *Chief Executive Officer*
PRESIDENT & COMPANY SECRETARY	**T P Subramanian**
REGISTERED OFFICE	Victoria House, 2nd Floor, Pandurang Budhkar Marg, Lower Parel, Mumbai 400 013. *(effective 27.11.2012)* Ph No. : 91 - 022 - 2483 3000 Fax No. : 91 - 022 - 2492 2840 website : www.jswispat.in
AUDITORS	M/s. S R Batliboi & Co. Chartered Accountants
BANKERS	State Bank of India Punjab National Bank Bank of India Indian Overseas Bank ICICI Bank Ltd. UCO Bank IDBI Bank Ltd.
REGISTRAR & SHARE TRANSFER AGENT	M/s. Link Intime India Private Limited C-13, Pannalal Silk Mills Compound L.B.S. Marg, Bhandup (West) Mumbai - 400 078. Tel. Nos. : 91-22-25946970-78 Fax Nos. : 91-22-25946969 Website : www.linkintime.co.in

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CHAIRMAN'S STATEMENT

Dear Shareholders,

Steel industry has shown welcome signs of resilience in Asia and Africa, where growth levels have been better than the western economies. GDP growth in China has resulted in steel demand register an increase of over 6% during the year. Quantitative easing of credit restrictions is widely expected to fuel growth of Chinese economy during 2013.

Demand for steel in India continues to grow, in tandem with the growth in GDP. Indian economy is expected to grow by around 6% during the year, higher than most economies in the developed world. Steel demand in India is expected to reach 100 Million Tons in the next few years, offering significant opportunities to steel majors to augment their capacities.

Inflationary pressures and weak investment sentiments, however, continue to be a cause for concern in India. The Index of Industrial Production has remained depressed and the current account deficit has widened. Depreciation of the Indian Rupee has led to costly import bills and the current account deficit continues to remain high. Indian steel makers are also threatened due to steady decline in availability of iron ore from domestic sources.

The fiscal measures recently announced by Government of India are expected to boost economic activity and investor sentiment. Planned investment in infrastructure and greenfield projects are likely to accelerate steel consumption.

The Eurozone crisis and prolonged recession in major western economies have, however, led to contraction in global steel demand. However, the US economy has performed stronger than expected and steel demand in the country has been up by 7% over the previous year.

YEAR 2011-12 - OVERVIEW OF PERFORMANCE

Notwithstanding the overall market conditions, JSW ISPAT achieved marked improvement in production of various items of steel products. Sales were also significantly higher compared to the previous year.

In view of the challenges in availability of critical inputs, the Company could successfully tie-up alternate sources of supply, leading to rationalisation of operations. Several initiatives were taken for optimizing efficiencies resulting in improved operational performance.

Since January, 2012, the Company has been receiving power from a unit (captive to the Company) of JSW Energy Limited, leading to valuable savings in cost of power.

The Company has exited from the Corporate Debt Restructuring Scheme effective September, 2011, upon arranging refinance of the CDR debts.

INITIATIVES - NEW PROJECTS

JSW ISPAT earnestly seeks to enhance operational efficiencies and achieve steady growth. The Company has significant technological and locational strengths and every effort is being undertaken to structure its growth chart on this valuable platform.

Several cost-saving and efficiency-enhancing projects have been undertaken in right earnest. Power project and Lime Calcining project at Dolvi Steel Complex are expected to be commissioned during 2013. The second Colour Coating Line at Kalmeshwar Complex is expected to be fully operational by December 2012.

With a view to achieve raw material security, a Coke Oven project of the capacity of 1 Million Tons and a Iron Ore Pelletisation project of the capacity of 4 Million Tons are being set-up at Dolvi Steel Complex, by a special purpose vehicle company. Both the projects are expected to be commissioned during 2014.

A 6 Hi Mill of the capacity of 0.2 Million Tons is also being set-up at Kalmeshwar Complex for increasing the overall coating volumes. The project is likely to be commissioned during end 2013.

RESTRUCTURING - STRATEGY AND BENEFITS

With a view to achieve economies of scale, improved capital allocation, faster implementation of cost-saving initiatives undertaken by the Company, reduction of finance costs and other benefits, a restructuring scheme has been proposed, which envisages, inter-alia, transfer of Kalmeshwar unit of JSW ISPAT to a separate company and amalgamation of the residual business of JSW ISPAT into JSW Steel Limited. The appointed date for the composite scheme of Arrangement and Amalgamation is July 1, 2012. The composite scheme is subject to various regulatory and other approvals. The share exchange ratio recommended by independent valuers appointed for the purpose is issue of one (1) fully paid-up equity share of the face value of ₹ 10/- each in JSW Steel Limited for seventy-two (72) fully paid-up equity shares of ₹ 10/- each held in JSW ISPAT. Approvals of Competition Commission of India, National Stock Exchange and Bombay Stock Exchange have already been received. Other approvals are being sought.

SUSTAINABILITY PRINCIPLES

Sustainable growth has been the cornerstone of JSW's business ethos. Economic viability, environment conservation and social responsibility shall continue to drive the Company's policies and plans. JSW ISPAT shall continuously endeavor to improve and enhance these core principles.

JSW ISPAT shall continue to engage with its stakeholders and seek to fully protect their interests. Organisational priorities shall continue to be led by a strong stakeholder-engagement policy.

I wish to extend my thanks to all our valued suppliers and customers as well as lenders for their continued support. My thanks are also due to our employees who have displayed enormous commitment towards achieving our business goals.

Finally, my thanks to all stakeholders, the Board of Directors and the Central and State Government for their support.

SAJJAN JINDAL
Chairman

Notice

NOTICE is hereby given that the Twenty-seventh Annual General Meeting of the Members of JSW ISPAT STEEL LIMITED will be held at Yashwantrao Chavan Pratishthan, Y B Chavan Auditorium, General Jagannath Bhosale Marg, Mumbai – 400021, on Friday, the 28th day of December, 2012 at 10.30 A.M. to transact the following business:-

ORDINARY BUSINESS

1. To receive, consider and adopt the Balance Sheet as at 30th June, 2012 and Statement of Profit and Loss of the Company for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr Pramod Mittal, who retires by rotation and, being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr Vinod Kothari, who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr Haigreve Khaitan, who retires by rotation and, being eligible, offers himself for re-appointment.
5. To appoint M/s S R Batliboi & Co., Chartered Accountants, as the Auditors of the Company, to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and authorise Board of Directors of the Company to fix their remuneration.

By Order of the Board

T P Subramanian
President & Company Secretary

Mumbai,
the 27th day of November, 2012

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ALSO ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY AT ITS REGISTERED OFFICE NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. The Register of Members and Share Transfer Register of the Company will remain closed from Thursday, the 20th day of December, 2012 to Thursday, the 27th day of December, 2012 (both days inclusive).
3. Members are requested to intimate the Registrar and Share Transfer Agent of the Company – M/s. Link Intime India Private Limited, C-13, Pannalal Silk Mills Compound, LBS Marg, Bhandup (West), Mumbai – 400 078, immediately of any change in their mailing address or email address in respect of shares held in physical mode and to their Depository Participants (DPs) in respect of equity shares held in dematerialized form.
4. Members who are holding shares in identical order of names in more than one folio are requested to write to the Registrar and Share Transfer Agent of the Company to enable the Company to consolidate their holdings in one folio.
5. All requests for transfer of shares and allied matters should preferably be sent directly to the Company's Registrar and Share Transfer Agent along with the relevant transfer deeds and share certificates. Those Members who are holding their DP Account with a Depository may send their requests for transfer and allied matters to the Depository through their DP. Trading in shares of the Company is permitted only in dematerialized form and the members may lodge their request for dematerialization of their shares through their DP.
6. Members are requested to intimate to the Company queries, if any, regarding these accounts/reports at least ten days before the Annual General Meeting to enable the Company to keep the information ready at the Meeting.
7. Members whose call money is in arrear are requested to make the payment immediately otherwise it may be subjected to forfeiture at the discretion of the Board of Directors. Reminders for payment of call money in arrear have also been sent to all such members.
9. The unclaimed dividends for the financial year ended 30th June, 1994 and earlier years have been transferred to the General Revenue Account of the Central Government in terms of Section 205A of the Companies Act, 1956. Members who have not encashed the Dividend Warrants for the aforesaid years are requested to claim the amount from the Registrar of Companies, Maharashtra at the address given below: -

   Everest, 100 Marine Drive, Mumbai - 400 002, Maharashtra.

   In terms of Section 205C introduced by the Companies (Amendment) Act, 1999 read with Section 205A of the Companies Act, 1956, as amended, the amount of unpaid dividend, matured deposits and debentures and other application money remaining unclaimed for a period of seven years is required to be transferred to the Investor Education and Protection Fund set up by the Government of India and no payments shall be made by the Fund in respect of any such claims. The unclaimed dividends for the financial years ended 31st March, 1995, 31st March, 1996 and 31st March, 1997 have been transferred to the Fund.

10. Section 109A of the Companies Act, 1956 has introduced provisions for nomination by the holders of shares and debentures. The prescribed nomination form can be obtained from the Company's Registrar and Share Transfer Agent. The members may take advantage of this facility, if desired.

11. At the ensuing Annual General Meeting, Mr Pramod Mittal, Mr Vinod Kothari and Mr Haigreve Khaitan retire by rotation and, being eligible, offer themselves for re-appointment. Pursuant to Clause 49 of the Listing Agreement(s), the details of these Directors are attached to the Notice convening the ensuing Annual General Meeting.

12. Copies of Annual Report will not be distributed at the Annual General Meeting. Members are requested to bring their copies to the meeting.

"Go-Green" Initiative

In furtherance of its "Go-Green" initiative, the Ministry of Corporate Affairs, Government of India, has mandated service of documents/ notices by companies to their shareholders through electronic mode.

In case you have not already participated in the initiative, we request that you may provide your e-mail address, if you wish to receive the documents/notices etc., of our Company through electronic mode. You may send your e-mail address to our Registrar & Transfer Agent, Link Intime India Private Ltd., at their following e-mail address, mentioning your Folio No.(s), if you are holding shares in physical form, and DP ID and Client ID, if you are holding shares in Dematerialised form:-

jswispatgogreen@linkintime.co.in

DETAILS OF THE DIRECTORS SEEKING RE-APPOINTMENT IN THE FORTHCOMING ANNUAL GENERAL MEETING

(Pursuant to Clause 49 of the Listing Agreement)

Name of Director	**Mr Pramod Mittal**	**Mr Vinod Kothari**	**Mr Haigreve Khaitan**
Date of Birth	08.06.1956	01.09.1961	13.07.1970
Date of Appointment	23.05.1984	12.11.2010	13.01.2011
Qualifications	B.Com, DBM	ACA, ACS	B.Com, LL.B.
Expertise in specific functional areas	Strategic Planning, managing and implementation of projects and overseeing business operations.	Finance and Secretarial, with specialisation in securitization, credit derivatives, accounting for financial instruments, etc.	Laws relating to project finance, commercial and corporate laws, tax laws, mergers and acquisitions, restructuring, foreign collaboration, etc.
Directorship in other Indian Public Limited Companies (as on 30.06.2012)	Chairman Gontermann-Peipers (India) Ltd. Balasore Alloys Ltd. Director Chattisgarh Energy Ltd.	Director Greenply Industries Ltd. Gontermann-Peipers (India) Ltd. Rupa & Company Ltd. AllBank Finance Ltd.	Director Bajaj Corp. Ltd., Ceat Ltd., Harrisons Malayalam Ltd., Inox Leisure Ltd., Jindal Steel & Power Ltd., National Engineering Industries Ltd., Sterlite Technologies Ltd., The Oudh Sugar Mills Ltd., The West Coast Paper Mills Ltd., Torrent Pharmaceuticals Ltd., Xpro India Ltd., AVTEC Limited, Great Eastern Energy Corporation Ltd., IGE (India) Ltd.
Chairman / Member of the Committees of the Board of the other Indian Public Limited Companies on which he is a Director * (as on 30.06.2012)	NIL	**Audit Committee** Member Gontermann-Peipers (India) Ltd. Greenply Industries Ltd. Rupa & Company Ltd. **Share Transfer & Investor Grievance Committee** Member Gontermann-Peipers (India) Ltd.	**Audit Committee** Member Harrisons Malayalam Ltd., Inox Leisure Ltd., National Engineering Industries Ltd., Jindal Steel & Power Ltd., Sterlite Technologies Ltd., AVTEC Ltd. **Shareholders Grievance Committee** Member National Engineering Industries Ltd.
No. of Equity Shares held in the Company	677576	NIL	NIL

*** Chairmanship/Membership in only two Committees, namely, Audit Committee and Shareholders/Investors Grievance Committee, have been considered above.**

Directors' Report

Your Directors present the twenty-seventh Annual Report on the operations of your Company, together with the standalone and consolidated audited financial results for the year ended 30th June 2012.

FINANCIAL RESULTS

(₹ in Crores)

	Standalone		Consolidated	
	Year ended 30th June, 2012	Year ended 30th June, 2011	**Year ended 30th June, 2012**	Year ended 30th June, 2011
Revenue from operations	**12123.55**	8994.64	**12123.55**	8994.64
Less : Excise Duty	**1019.44**	763.43	**1019.44**	763.43
Revenue (net) from Operations	**11104.11**	8231.21	**11104.11**	8231.21
Other Income	**424.24**	319.78	**424.24**	320.42
Total Income	**11528.35**	8550.99	**11528.35**	8551.63
Total Expenditure	**10335.16**	7901.56	**10335.41**	7902.75
Profit before Interest and Finance costs and Depreciation	**1193.19**	649.43	**1192.94**	648.88
Less : Interest and Finance costs	**1076.00**	1022.91	**1076.01**	1022.91
Profit / (Loss) before Depreciation	**117.19**	(373.48)	**116.93**	(374.03)
Depreciation	**626.83**	596.26	**626.83**	596.26
Profit / (Loss) before Tax and Exceptional Items	**(509.64)**	(969.74)	**(509.90)**	(970.29)
Add : Exceptional Items	**586.46**	1180.62	**533.02**	1247.06
Profit / (Loss) before tax	**(1096.10)**	(2150.36)	**(1042.92)**	(2217.35)
Tax Expenses :				
- Current Tax	**-**	-	**-**	-
- Deferred Tax Charge / (Credit)	**(779.18)**	(344.48)	**(779.18)**	(344.48)
Total Tax Expenses	**(779.18)**	(344.48)	**(779.18)**	(344.48)
Loss after tax	**(316.92)**	(1805.88)	**(263.74)**	(1872.87)
Profit on disposal/cessation of subsidiary	**-**	-	**0.10**	0.58
Net Profit / (Loss)	**(316.92)**	(1805.88)	**(263.64)**	(1872.29)
Add: Balance brought forward from previous year	**(3940.11)**	(2134.23)	**(4014.14)**	(2141.85)
Amount carried to next year	**(4257.03)**	(3940.11)	**(4277.78)**	(4014.14)

a. Standalone Results

Revenue from operations during the year under review was ₹12123.55 Crores representing growth of 35% over previous year. Profit before interest and finance costs and depreciation was ₹ 1193.19 Crores. After providing for interest and finance costs of ₹ 1076.00 Crores, profit before depreciation was ₹ 117.19 Crores, compared to loss before depreciation of ₹ 373.48 Crores during the previous year, registering marked improvement in operations during the year.

After providing for depreciation of ₹ 626.83 Crores, loss before considering exceptional items was ₹ 509.64 Crores. Exceptional items (details of which are set-out in Note No. 28 of the Notes forming part of the accounts) aggregating to ₹ 586.46 Crores have been provided for in the accounts and, consequently, loss before tax was ₹ 1096.10 Crores.

After considering Deferred Tax Credit of ₹ 779.18 Crores, net loss during the year under review was ₹ 316.92 Crores. The loss is proposed to be carried to next year's accounts.

b. Consolidated Results

In terms of the Consolidated Financial Statements for the year under review, Revenue from operations was ₹ 12123.55 Crores. Profit before interest and finance costs and depreciation was ₹ 1192.94 Crores. After providing for interest and finance costs of ₹ 1076.01 Crores , profit before depreciation was ₹ 116.93 Crores. After providing for depreciation of ₹ 626.83 Crores, loss before exceptional items was ₹ 509.90 Crores. Considering exceptional items of ₹ 533.02 Crores, loss before tax was ₹ 1042.92 Crores. After considering Deferred Tax Credit of ₹ 779.18 Crores, loss after tax was ₹ 263.74 Crores.

In accordance with Accounting Standard (AS) 21 'Consolidated Financial Statements', the audited Consolidated Financial Statements are provided in the Annual Report.

DIVIDEND

In view of the accumulated losses, the Board of Directors does not recommend any dividend on the Equity Shares. The Board of Directors does not declare dividend on the Cumulative Redeemable Preference Shares.

OPERATIONS

Production of Hot Rolled Coils at 2.48 Million MTs was higher by 13% compared to the previous year. Production of Direct Reduced Iron (Sponge Iron) at 1.27 Million MTs and production of Hot Metal at 1.59 Million MTs were respectively higher by 5% and 17% compared to previous year.

Availability of administered price gas and natural gas continues to be extremely restricted with consequent severe adverse impact on input prices and production of Direct Reduced Iron.

Production of Cold Rolled Steel Coils/Sheets and Galvanized Coils/Sheets was higher at 0.33 Million MTs and 0.26 Million MTs, respectively, compared to previous year.

Sales of Hot Rolled Coils at 2.50 Million MTs was higher by 20%, compared to previous year. Sales of Galvanized Coils/Sheets at 0.23 Million MTs was higher by 117% compared to previous year. Sales of PVC Coated Sheets at 0.06 Million MTs had improved by 21% compared to previous year.

While prices of coke and coal had moderated, cost of iron ore and pellets had increased substantially during the year under review. As a result, steel production cost had registered marked increase during the year.

Various initiatives have been undertaken for improving operating efficiencies and also ensuring raw material security. The Company has undertaken rolling of thinner gauge coils upto 1.22 mm, which would result in multiple product applications. Alternate cost-effective sources of supply have been identified for critical inputs, such as iron ore, coke etc.

During the year, Maharashtra State Electricity Distribution Company Limited (MSEDCL) had accorded open access permission to the Company for wheeling of 220 MW power from one of the units (captive to the Company) of JSW Energy Limited. The approval was granted during January, 2012 and the Company has entered into an "Energy Wheeling Agreement" with JSW Energy Limited to ensure availability of power supply on long term basis. The Company has, therefore, been receiving power from JSW Energy Limited since January, 2012 and excess power, if any, is sold to MSEDCL. Consequently, the Company has been able to achieve valuable savings in cost of power.

Due to depreciation in value of Indian Rupee against foreign currencies, the Company had incurred net foreign exchange fluctuation loss of ₹ 379 Crores during the year on operating balance/forward exchange contracts and Mark-to-Market position on derivative contracts.

EXPORTS

Global steel demand has been slack due to negative economic indicators in various economies.

Export earnings during the year under review was ₹ 138 Crores, signifying reduction of 72% over the previous year.

The Company would continue to integrate its export strategies with global steel demand conditions.

ECONOMIC SCENARIO

Global economy continues to be volatile and faces constraints owing to the Eurozone debt crisis and the slow recovery of US economy. There has been a marked deterioration in the overall environment in Europe leading to sharp contraction in steel demand. US economy, meanwhile, has been registering slow growth and demand for steel is expected to improve. Chinese GDP growth appears to have moderated, though its economy is expected to benefit in 2013 due to the easing of credit conditions and fresh investments in large projects.

Indian GDP is widely expected to grow by 6% during the current year. Indian economy is facing an outflow of investment funds, lower industrial production and delays in start-up of major privately-financed projects. Manufacturing output is lower by 4% year-to-year. Current account deficit is a major concern and the Indian Rupee has weakened sharply. Inflationary threat looms large and limits the ability of Reserve Bank of India to reduce interest rates. Policy initiatives aimed at speeding-up of infrastructure projects are likely to accelerate steel demand in the country.

Steel prices have been depressed owing to overall global economic condition. Steel capacity utilization has been below 80% and margin continues to remain under intense pressure. Iron ore and coking coal prices, however, remain stable and the volatility witnessed in the previous year appears to have moderated.

PROJECTS

Speedy progress is being made in implementation of the Company's planned projects, namely, power plant of the capacity of 55 MW, lime calcining plant of the capacity of 600 Tons per day, railway siding at Dolvi steel complex and the second colour coating line of the capacity of 0.1 Million Tons per annum at Kalmeshwar complex. The lime calcining plant, railway siding and second colour coating line are scheduled to be completed during the current financial year of the Company. The power plant is likely to be commissioned during the first quarter of next fiscal.

The coke oven project of the capacity of 1 Million Tons per annum being set up at the Company's Dolvi steel complex, through a Special Purpose Vehicle company, is expected to be commissioned by March 2014. Financial closure has already been achieved and project activities are presently in progress.

Iron ore pellet project of the capacity of 4 Million Tons per annum is also being set-up at the Company's Dolvi steel complex, through a Special Purpose Vehicle company. The project is expected to be commissioned by September, 2014.

Additionally, the Company is planning to install a 6 Hi Mill of the capacity of 0.2 Million Tons per annum at its Kalmeshwar complex. Addition of the mill would increase coating volume by over 15000 MTs per month by utilising existing coating capacities. The project is expected to be commissioned by December 2013.

SUBSIDIARY COMPANIES

During the year under review, the Company has acquired the entire outstanding equity shares of Peddar Realty Private Limited and, consequently, Peddar Realty Private Limited has become a wholly-owned subsidiary of the Company effective 16th May, 2012. The equity shares have been acquired with a view to ensure, inter-alia, higher degree of control over the amount due by Peddar Realty Private Limited to the Company.

During the year under review, the Company divested its equity holdings in Ispat Jharkhand Steels Limited, since the Memorandum of Understanding entered into by Ispat Jharkhand Steels Limited with Government of Jharkhand for setting-up an integrated steel plant is not being pursued. Consequently, Ispat Jharkhand Steels Limited ceased to be a subsidiary of the Company effective 29th June, 2012.

In terms of the general exemption granted by Ministry of Corporate Affairs, Government of India, vide General Circular No. 2/2011 dated 8th February, 2011, the Balance Sheet and Profit and Loss Account of the Company's subsidiaries for the financial year ended 31st March, 2012 are not being attached. The requisite information, in terms of the aforesaid General Circular, are contained in the Consolidated Financial Statement of the Company and its subsidiaries. The aforesaid Annual Accounts of the subsidiaries and the related detailed information shall be made available to any member of the Company or its subsidiary companies, upon request. The Annual Accounts of the Subsidiary Companies will also be kept open at the Registered Office of the Company as well as the Registered Offices of the Subsidiary Companies, for inspection by any member.

CONSOLIDATED FINANCIAL STATEMENTS

The Consolidated Financial Statements of the Company and its subsidiaries, prepared and presented in accordance with Accounting Standard (AS) 21, are attached to and form part of the Annual Report.

DEBT REFINANCING AND EXIT FROM CORPORATE DEBT RESTRUCTURING SCHEME

The Company has exited from the Corporate Debt Restructuring Scheme effective September, 2011, upon arranging refinance of the CDR debts. The debt consolidation undertaken by the Company helps in creating a simple and uniform security structure, under a consortium arrangement.

REDEMPTION OF 12% AND 10% CUMULATIVE REDEEMABLE PREFERENCE SHARES (CRPS)

During the year, the Company has fully redeemed the 12% Cumulative Redeemable Preference Shares (CRPS) amounting to ₹ 328.31 Crores and 10% CRPS amounting to ₹ 155.11 Crores, pursuant to approval granted by CDR Empowered Group and consent of the CRPS holders.

ISSUE OF EQUITY SHARES, UPON EXERCISE OF CONVERSION OPTION BY LENDERS

During the year, the Company has allotted 13,00,31,371 equity shares of the face value ₹ 10 each, on preferential basis, at a premium of ₹ 4.74 each to the CDR lenders of the Company, upon conversion of their loans into equity shares. This has resulted in increase in Equity Share Capital by ₹ 130.03 Crores and Securities Premium Account by ₹ 61.63 Crores, aggregating to ₹ 191.66 Crores.

SHIFTING OF REGISTERED OFFICE OF THE COMPANY

The Company proposes to shift its Registered Office from the State of West Bengal to the State of Maharashtra. Requisite approval has already been obtained from the shareholders of the Company. Necessary action has been initiated for obtaining approval of the relevant regulatory authorities.

DIRECTORS

As earlier reported, Mr. B K Singh, Whole-time Director designated as Executive Director (Steel Plant) has been re-designated as Chief Executive Officer with effect from 22nd July, 2011.

The nomination of Mr. M Sankaranarayanan as Director on the Board of the Company was withdrawn by UTI with effect from 4th October, 2011.

The nomination of Ms. Manju Jain as Director on the Board of the Company was withdrawn by IFCI Limited with effect from 10th October, 2011.

The Board of Directors wish to place on record its appreciation for the valuable services rendered by Mr. M Sankaranarayanan and Ms. Manju Jain during their tenure as Directors of the Company.

Mr. Vinod Mittal relinquished office as Executive Vice Chairman of the Company with effect from 20th June, 2012. However, Mr. Vinod Mittal continues to be non-executive Vice Chairman of the Company.

Mr. Suhail Nathani, who was alternate to Mr. Pramod Mittal, ceased to be an Alternate Director with effect from 11th October, 2011.

Mr. Pramod Mittal, Mr. Vinod Kothari and Mr. Haigreve Khaitan, Directors, retire by rotation at the ensuing Annual General Meeting and, being eligible, offer themselves for re-appointment.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors confirm that:-

(i) in the preparation of the annual accounts for the financial year ended 30th June, 2012, the applicable accounting standards have been followed and there have been no material departures;

(ii) the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year;

(iii) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and

(iv) the Directors have prepared the annual accounts for the financial year ended 30th June, 2012 on a going concern basis.

AUDITORS

The Auditors, M/s S R Batliboi & Co., Chartered Accountants, retire at the ensuing Annual General Meeting and have expressed their willingness to be re-appointed.

The Company has obtained a letter from the Auditors to the effect that the re-appointment, if made, will be in conformity with the limits specified in Section 224 (1B) of the Companies Act, 1956.

AUDITOR'S REPORT

The Auditors in their report have, while drawing attention to Note No.15 of the Notes forming part of the accounts for the year, commented on their inability to express any opinion on the virtual certainty of achieving the future profitability projections made by the Company and the consequential impact, if any, on Deferred Tax Asset recognized in the said accounts.

The Auditors, in their statement under Companies (Auditors Report) Order, 2003 annexed to the aforesaid Report, have observed the following:-

a. The Company's accumulated losses at the end of the financial year are more than fifty percent of its net worth and it has incurred cash losses in the current and immediately preceding financial year.

b. The Company has delayed in repayment of working capital dues to banks during the year to the extent of ₹ 771.77 Crores (the delay in such repayments for more than 15 days is ₹ 174.64 Crores). However, no such dues were in arrear as at the balance sheet date. The Company did not have any outstanding dues of debentures during the year.

c. Short term funds to the extent of ₹ 1689.04 Crores, have been used in funding of a portion of accumulated losses and deferred tax assets.

In the opinion of the Board of Directors, based on various measures taken by the Company for enhancing operating efficiency, tie-up of reliable alternate source of power and critical inputs, setting-up of crucial projects aimed at achieving raw material integration and major savings in input costs as well as the future profitability projections, the Company is virtually certain that there would be sufficient taxable income in the future, to claim the Deferred Tax Credit.

Further, the Board of Directors informs that:-

a. Pursuant to the provisions contained in Section 23 of the Sick Industrial Companies (Special Provisions) Act, 1985, the Company has reported to Board for Industrial and Financial Reconstruction the fact of erosion of more than fifty percent of its net worth, as at 30th June, 2010, compared to the peak net worth during the immediately preceding four financial years.

b. Delays in repayment of working capital dues to banks were due to mismatches in cash flows; however, there is no such due in arrear as at the Balance Sheet date.

c. The observations arise out of consideration of Deferred Tax Assets (net) as application of funds for long-term purposes. Deferred Tax Asset, being non-cash flow impacting, there is no usage of short-term funds for long-term purposes.

CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, the Management Discussion and Analysis and Corporate Governance Report together with the Certificate from the Auditors of the Company confirming compliance of the conditions of Corporate Governance form part of this Report.

SECRETARIAL COMPLIANCE REPORT

The Company had engaged M/s Robert Pavrey & Associates, Practising Company Secretaries, to review Secretarial Compliance for the financial year ended 30th June, 2012.

Though not mandatory, the Secretarial Compliance Certificate was obtained during the year, on a quarterly basis, from the aforementioned Practising Company Secretaries, and reviewed by the Board.

CODE OF CONDUCT

The Board has laid down a Code of Conduct for all Board Members and Senior Management of the Company. The Code of Conduct has been posted on the Company's website.

Board Members and Senior Management personnel have affirmed compliance with the Code for the financial year 2011-12. A separate declaration to this effect is annexed to the Corporate Governance Report.

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

In accordance with the requirements of Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, the particulars with respect to Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo are annexed to and form part of this Report. (Annexure "A").

PERSONNEL

Employee relations continued to be harmonious during the year.

The Company's Human Resource Policies seek to ensure a high level of employee engagement and motivation.

The Board wishes to place on record its appreciation for the efforts of all its employees.

Information in terms of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 forms part of this Report. (Annexure "B").

APPRECIATION

Your Directors wish to place on record their appreciation for the support extended to the Company by its lenders, the Central and State Governments as well as its business associates. Your Directors also thank the members for their continued support.

For and on behalf of the Board

Seshagiri Rao MVS
Director

B K Singh
Chief Executive Officer

Mumbai,
the 25th July, 2012.

Annexure "A" to Directors' Report

STATEMENT CONTAINING PARTICULARS PURSUANT TO THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF DIRECTORS' REPORT

A. CONSERVATION OF ENERGY

a. Steel Complex at Dolvi

- Installation and commissioning (2 Nos.) energy savers in conveyors in Sponge Iron Plant.
- Fixing timer for conveyor lighting and provision of timer circuit for new dust collection system lighting in Sponge Iron Plant.
- LT capacitor installation (2 Nos.) for conveyor motors in Sponge Iron Plant.
- Replacement of conventional motor with energy efficient type motors (3 Nos.) in Sponge Iron Plant.
- Fixing timer for light fittings and replacement of faulty conventional Ballast by Electronic Ballast (40 Nos.) at Blast Furnace.
- Automatic switching of Blast Furnace T6-Lub Oil heater– Earlier it was switched manually.
- Replacement of Filament type indication lamp by LED type indication lamp (20 Nos.) in Blast Furnace.
- Ph-2 LF GCP duct interconnection (i.e. GCP, LF-1&2 on single Booster fan) in Steel Melting Shop.
- Installation of VVF drive for 55KW motor in Sinter Plant.
- Fixing timer for light fittings and replacement of well glass with other fittings in Sinter Plant.
- Replacement of conventional 7.5KW motor with energy efficient type motor at Sinter Plant.
- Replacement of total 30 units 150 watt well glass 400 watt high bay fitting with timer in Sinter Plant.
- Energy audit has been carried out by external energy auditor for entire Dolvi steel complex to identify further potential areas of thermal and electrical energy conservation opportunities.

b. Cold Rolling Mill, Galvanizing and Colour Coating Complex at Kalmeshwar

- 6 Hi Rolling Mill : Variable Frequency Drive provided for Fume Exhaust and DCM updraft fan.
- Mill and Galvanizing line 4 exit cranes - Variable Frequency Drive provided at LT & CT & Hoist.
- Energy saver panel installed in Cold Rolling Mill and Galvanizing line 1 complex for lighting.
- Galvanizing line 1 – Pump house cold well pump replaced with efficient pump.
- Ten burners of non-ox furnace isolated and blocked to save propane in Galvanizing lines 1 and 4 and Galvalume.
- Galvalume – For processing 0.35 mm, 2 CAG blowers put off to save power.
- Colour Coated Line - One additional burner removed to save propane.
- Colour Coated Line – Removal of one degreasing pump through optimization of degreasing unit.
- Slitter nos. 2 & 5 - Halogen light (16 Nos.) of 1000 watt replaced with 150 Watt Metal Halide
- Air compressor common line provided for effective use between CRM and CGL and kept one compressor off in Galvalume.
- Boiler automation done for Boiler No.1 to save power and fuel.
- Cut To Length 5 - Two air blowers replaced with single air blower to save energy.

c. Proposals for reduction of energy consumption

i. Steel Complex at Dolvi

- Installation of regenerative burner for ladle preheating at Steel Melting Shop.
- Installation and commissioning of VFDs in following motors of Sponge Iron Plant:
  - i. 225 KW Air Blower
  - ii. 225 KW Auxiliary Air Blower
- Installation and commissioning of VFD in the following HT motors:
  - i. 3500 KW ID Fan at Steel Melting Shop (2 Nos).
  - ii. 1700 KW main air blower Fan at Sponge Iron Plant.
  - iii. 700 KW ID Fan at Coal Injection Plant.
- Waste heat recovery from CONARC off gas.

ii. Cold Rolling Mill, Galvanizing and Colour Coating Complex at Kalmeshwar

- Installation of Liquid Natural Gas facility for use of cost effective and clean fuel i.e LNG.
- Re-sizing pump impellors in cooling water pumps.
- VFD in fume exhaust blowers in 4 Hi Rolling Mills, FD & ID fans of Boiler No.2 and blowers in CGL 1.
- Provide auto steam regulating valves for temperature control at all places in CPL.
- Installation of energy saving panels in Galvalume.
- Installation of energy efficient Spencer blowers in place of Rootz blowers in CGL1 and CGL 4.
- Replacing HPSV (Sodium Vapour) and HPMV (Mercury) lights with Metal Halide/ LED type.

The above steps initiated by the Company have enabled savings in energy consumption as well as savings in costs. The Company constantly undertakes energy saving measures at its plant locations.

The required data with regard to Conservation of Energy, as applicable to our Industry, is furnished below :-

Particulars	For year ended 30th June, 2012	For year ended 30th June, 2011
POWER AND FUEL CONSUMPTION		
Electricity		
a) Purchased (Units in '000 kwh)	**1741154**	1556256
Total Amount (₹ in Crores)	**1008.50**	864.15
Rate/Unit (₹)	**5.79**	5.55
b) Own generation (Units in '000 kwh)		
Units through Furnace Oil	**39399**	61075
Unit/Ltr of Furnace Oil	**4.42**	4.18
Cost/Unit (₹)	**8.21**	6.27
Coal (Low ash coal in process)		
Quantity (MT)	**242759**	223490
Total Cost (₹ in Crores)	**245.13**	213.27
Avg. Rate/Unit(₹)	**10097**	9543
Coke (including fines)		
Quantity (MT)	**954059**	761016
Total Cost (₹ in Crores)	**1923.42**	1621.60
Avg. Rate/Unit(₹)	**20160**	21308
Furnace Oil & LDO		
Quantity (Ltrs in '000)	**674**	1225
Total amount (₹ in Crores)	**2.89**	4.58
Avg. Rate/Unit (₹)	**42.92**	37.39
LPG/PROPANE		
Quantity (MT)	**8537**	5736
Total amount (₹ in Crores)	**46.80**	25.00
Avg. Rate/Unit (₹)	**54818**	43595
NG/RLNG		
Quantity (SCM in '000)	**410577**	420868
Total amount (₹ in Crores)	**813.09**	464.58
Avg. Rate/Unit (₹)	**19.80**	11.04
Others		
Quantity (Ltrs)	**774593**	777162
Total amount (₹ in Crores)	**3.35**	3.12
Avg. Rate/Unit (₹)	**43.26**	40.11
CONSUMPTION PER M.T. OF PRODUCTION		
Galvanised Sheets		
Electricity (in Units)	**86**	114
Furnace Oil (Ltrs.)	**0.20**	0.27
LPG/Propane(Kgs.)	**18.64**	18.42
Cold Rolled Steel Sheets		
Electricity (in Units)	**124**	151
Furnace Oil (Ltrs.)	**0.54**	2.95
Coal (Kgs.)	**33.08**	42.01
LPG/Propane(Kgs.)	**1.17**	2.13
Colour Coated Sheets		
Electricity (in Units)	**66**	76
Furnace Oil (Ltrs.)	**0.04**	0.04
LPG/Propane (Kgs.)	**22.46**	24.01
Tube Mill		
Electricity (in Units)	**96**	94
Furnace Oil (Ltrs.)	**-**	0.03

Particulars	For year ended 30th June, 2012	For year ended 30th June, 2011
Pipe Mill		
Electricity (in Units)	**0**	39
Galvalume		
Electricity (in Units)	**215**	262
Furnace Oil (Ltrs.)	**0.06**	0.08
LPG/Propane (Kgs.)	**21.30**	21.52
Sponge Iron		
Electricity (in Units)	**101.16**	96.70
Gas (Natural Gas / RLNG) (M3)	**284.62**	279.51
Hot Strip Mill		
Electricity (in Units)	**521.25**	538.05
Furnace Oil (Ltrs.)	**0.17**	0.19
Coal (Kgs.)	**8.34**	5.46
Coke (Kgs.)	**15.93**	13.16
Propane (Kgs.)	**0.01**	-
Gas (Natural Gas / RLNG) (M3)	**19.69**	23.95
Blast Furnace		
Electricity (in Units)	**174.09**	183.31
Furnace Oil (Ltrs.)	**0.01**	0.09
Coal (Kgs.)	**132.89**	149.62
Coke (Kgs.)	**575.81**	541.27
LPG/Propane (Kgs.)	**0.12**	0.24
Gas (Natural Gas / RLNG) (M3)	**3.39**	22.22

Note: i. Details for the year ended 30th June, 2011 have been recast and includes relevant particulars of facilities at the respective manufacturing units.

ii. Power consumption is net of excess power units received from M/s JSW Energy Ltd. and sold to MSEDCL.

B. RESEARCH AND DEVELOPMENT AND TECHNOLOGY ABSORPTION

Research and Development activities undertaken by the Company have resulted in:-

a. Steel Complex at Dolvi

- Online drying of coke before charging in Blast Furnace to reduce coke rate and increase productivity of Blast Furnace.
- Feasibility study of using Coke Oven waste gas in DRI process for energy conservation and pollution control at Sponge Iron Plant.
- Productivity improvement of Sinter Plant by increasing volume of sinter making area through in-house design, engineering and fabrication.
- Quality improvement of sinter through various in-house modifications.
- Reduction of emissions to reduce air pollution at Sinter Plant by partial replacing of coke fines with RLNG through in- house design, engineering and fabrication.
- Thermo- mechanical simulation of hot rolling and continuous casting parameters for optimising alloy design and rolling parameters of different grades to reduce development cost.
- Improvement of recovery of 'B' alloy addition in 'B' - alloyed CG04BC grade by Fe-B wire injection.

b. Cold Rolling Mill, Galvanizing and Colour Coating Complex at Kalmeshwar

i) Colour Coated Line

- Development of SMP paint RAL 5012 and RAL 9002 as a single back coat in existing 3 bake system.
- Development of wrinkle textured finish in RAL 6011 and RAL 3007.
- Development of TOP COAT with and without primer with the help of BRUGAL GM 6N without pre-treatment in colour coating.

ii) Continuous Galvanizing/Galvalume Line

- Development of 0.40 mm thickness material for export consignment, processed first time at CGL-4.
- Development of coloured acrylic Galvalume for Roofing application.
- Development of 0.25 mm thickness Galvalume material for Roofing application.
- Development of differential edge corrugated sheet (one side up and one side down).
- Development of 0.30 mm thick Al-Zn coated 100 gsm material for consumer durable segment.
- Processing combination of PVDF paint and top and SMP paint on bottom through 3 bake system.
- In-house scrapper designed for scrapping (cleaning) of metal pickup on sinker roll during process.
- Redesigned arms of sinker rolls for Galvanising.
- Improvement in capability of 6Hi and 4Hi Rolling Mills to process coil OD with 2000 mm (previous capability – 1865 mm).
- Integrated effluent processing unit for ensuring zero liquid discharge from plant consisting of Plate Reverse Osmosis (PTRO), Multi Effect Evaporator for first time in Steel industry in India.

c. Future plans for technology absorption, research etc.

- Coordination with various Research Institutes and Technical Universities in India and abroad.
- New product and market development (Green or energy-efficient Steel, wider range products, particularly, APIX70 > 12 mm, API X80, DP590, SPF540, SPF590, Domex750, Electrical Steel etc.), Product re-engineering and Brand development.
- Development of 1.2 mm CG04BC HRC for direct cold rolling to 0.09 mm thin sheet.
- Process re-engineering for more lean, efficient and effective process.
- New top lance for Shell #1.
- Modification of electrode guide column in EAF and saving of electrical energy at SMS.
- Increase F1 stand gear ratio in Mill to increase productivity.
- Usages of alternate source (high Sulphur) of lump for DRI making.
- Air shock blowers for online cleaning of connecting channel of rectangular Kiln.
- Alternate material for enhancing life of coal lances (SS 310 v/s. 253 MA).

Technology absorption plans for the future also include:-

Sponge Iron Plant

- Use of Coke Oven Gas at DRI process.
- Hot DRI discharge to SMS.
- Waste water treatment.

Sinter Plant

- Modification of steam generating boiler to increase steam production .
- In-house design and installation of coke screening system in Sinter Plant.

Hot Strip Mill

- Independent top lance for each shell.
- In-house design and development of high pressure inter-stand de-scaler in Stand No. 1 and Stand No. 2.

d. Expenditure on Quality Assurance & Research and Development

a)	Capital	:	Nil
b)	Recurring	:	Expenses incurred are charged to normal heads and not allocated separately.
c)	Total	:	Not determinable
d)	Total R&D expenditure as a percentage of total turnover	:	Not determinable

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

(₹ in Crores)

	2011-12	2010-11
➢ Foreign Exchange Earnings Export (FOB Value)	**137.81**	486.16
➢ Foreign Exchange Outgo		
a) CIF Value of Imports		
- Raw Materials, Components, Spare Parts & Production Consumables	**2644.05**	2461.99
- Capital Goods	**61.31**	4.44
b) Other Expenditure	**110.34**	94.51

For and on behalf of the Board

Seshagiri Rao MVS
Director

B K Singh
Chief Executive Officer

Mumbai,
the 25th July, 2012.

ANNEXURE “B” TO DIRECTORS’ REPORT

STATEMENT OF PARTICULARS OF EMPLOYEES FOR THE YEAR ENDED 30th JUNE, 2012 PURSUANT TO SECTION 217 (2A) OF THE COMPANIES ACT,1956 READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES,1975 AND FORMING PART OF THE DIRECTORS’ REPORT.

Sl No.		Name	Designation	Qualification	Age (Yrs.)	Experience (Yrs.)	Date of Joining	Total Income (₹)	Last Employment	Designation in Last Employment
1	**	Agarwal Babu Lal	President-Corporate Finance	CA	54	31	29/02/1988	4257957	Rasoi Ltd.	Asst. Manager
2	**	Agarwal J.P.	Director - Corporate Finance	B. Com, CS	55	27	01/07/1998	32457319	Mudra Ispat Ltd.	Managing Director
3		Bharadwaj Ashok Venkatram	Director - Marketing	MBA	53	28	20/07/2009	6233154	Mercedes Benz	Head - Business Sales
4		Chandra Alok	Chief Operating Officer-Dolvi Plant	B.E.	46	24	14/03/2000	7176899	Steel Authority of India Ltd. (Bhillai)	Manager
5	**	Chapatwala Kailas	President - Human Resources	Phd.Org Behavior, MBA (HR & Personnel Mgt)	46	23	01/12/2008	6895976	J K Tyres and Industry Ltd.	Vice President
6	**	Chaudhuri Abhijit	Director - Supply Chain Management	B.Tech. - Mechanical	58	36	24/10/2007	4258064	Blue Star Ltd.	Sr. General Manager
7		Das Sanjoy	President - HSM Project	B.Tech., PGDM.	55	33	16/03/2004	6522077	Bilad, Oman	Chief Executive Officer
8	**	Jain Vijendra Kumar	Director- Metals & Minerals	B.Sc., Mining Engg.	64	40	01/09/2008	1568346	National Mineral Development Corporation Ltd.	Director-Production
9	**	Kumar Atul	President - Strategy & IT	MS., M.Tech., B.E.	56	39	05/11/2003	3396874	Gati Limited, Hyderabad.	Sr. Vice President & Chief IT Officer
10	**	Mittal V. K.	Vice Chairman	B.Sc., DBM.	55	31	28/06/1997	20031295	--	--
11	**	Sharda Rajendra	Sr. Vice President - Accounts	B.Com., FCA	55	29	02/08/1988	5763545	Patel Machinery Pvt. Ltd.	Manager-Finance
12	**	Sharma Anil	Director - Corporate Affairs	B.A.	58	36	15/06/2006	9788509	Bharti Tele Ventures Ltd.	Vice President - Corporate Affairs
13	**	Sharma N. K.	President - Central Maintenance	B.Sc., B.E.	66	44	20/05/2004	6211349	Steel Authority of India Ltd.	General Manager-Maint. & Utility
14		Singh B.K.	Chief Executive Officer	B.E. (Mechanical)	68	45	11/03/2004	13434272	Steel Authority of India Ltd. (Bhillai)	Managing Director
15		Somani K. C.	Sr. Vice President - Finance	B.Com., ACA	56	28	19/08/1986	7304702	Shri Hanuman Sugar Ind Ltd.	Manager-Accounts
16		Subramanian T.P.	President & Company Secretary	B.Com, CS, LLB, CAIIBI	57	38	01/05/1996	8578472	Ispat Profiles India Ltd.	General Manager
17	**	Sureka Anil	Advisor	B.Sc.(Hons.), ACS	56	39	01/05/1998	18735295	Ispat Finance Ltd.	President
18		Sureka Raj Kumar	President - Taxation	B.Com., FCA, AICWA	53	36	01/02/1997	9920554	Balasore Alloys Ltd.	General Manager-Commercial

** Employed for the part of the year.

Notes

(A) Remuneration as shown above comprises Salary,Commission,Dearness Allowance, House Rent Allowance, Company’s Contribution to Provident Fund, Superannuation Fund, Leave Travel Allowance, Medical expenses reimbursed and Value of other perquisites evaluated as per the Income Tax Rules,1962.

(B) All appointments are non-contractual except that of Mr. V. K. Mittal and Mr. B. K. Singh.

(C) None of the above employees are related to any Director of the Company, except Mr. V. K. Mittal, who is related to Mr. Pramod Mittal, Director.

(D) There was no employee who holds by himself or along with his spouse and dependent children two percent or above of the equity share capital of the Company and has received remuneration in excess of that drawn by the Managing / Whole - time Director.

For and on behalf of the Board

Seshagiri Rao MVS
Director

B K Singh
Chief Executive Officer

Mumbai,
the 25th July, 2012.

Management Discussion and Analysis

INDUSTRY STRUCTURE AND DEVELOPMENTS

Global Steel Scenario

The global steel industry has been significantly impacted due to the Eurozone crisis and imbalances in several major economies. The overall fall in real disposable income in major economies and high degree of unemployment have impacted business confidence levels. Financially restricted conditions across the world have reduced many manufacturing companies' optimism and a sizable number of enterprises are reassessing their capital spending plans. In the prevailing economic and political global situation, the steel industry faces unique challenges and uncertainties.

The major challenge for steel manufacturers is insufficient demand to sustain cost-effective operations and the battle for market share. Steel buyers are challenged to find the perfect timing to finalize deals over fear of either suffering inventory losses or missing procurement at appropriate prices.

Risks for the steel mills are expected to intensify in the second half of 2012. Economic indicators in developed nations, with USA being one of the major exceptions, seem to be worsening. Outside of Germany, the European Union appears to be sliding into a deeper recession. Among BRIC Countries, Brazil's economy appears to be stagnating and growth prospects in Russia look mixed. The Indian economy is suffering profoundly from an outflow of investment funds and lower industrial production. More worrying is the fact that Chinese economic indicators seem to be slackening.

The US economy so far has remained stronger than expected. Steel demand has been up 7% year-over-year. However, domestic hot-rolled spot price slipped to about $649 per ton in late-May 2012, down from the recent high of $740 per ton in late-January 2012, which is a reflection on the prevailing market sentiments.

For 2012, Chinese steel demand is expected to rise 6% to 685 million tons, with net exports at about 40 million tons. In the first quarter of 2012, net exports were over 9 million tons. Chinese economy in 2013 is expected to benefit from government's easing of credit conditions. Less restrictive credit is likely to lead to rise in capital spending and apparent steel consumption.

Indian Steel Scenario

Price stability and growth are major challenges facing the Indian policy makers. Indian economy is expected to grow at 6% during the current year down from over 8% in 2010-11. While GDP growth has been low, the growing trade deficit, inflationary pressures and weakening currency have led to a weak investment sentiment and slowed industrial growth.

Crude steel production during 2011-12 was 74 Million tons, registering a growth of 4% over the previous year. Steel demand in the country is expected to grow by 6% during the current year, in tandem with growth in GDP.

The steady depletion in availability of key raw material sources is a matter of significant concern for Indian steel makers. Domestic supply of iron ore has been significantly impacted due to environmental concerns. As a result, Indian steel makers are exposed to the vagaries of international demand pulls and price fluctuations. Supply of coking coal has also been limited in domestic markets leading to surge in imports. Volatility in prices of key inputs threaten stability of operations of steel majors in the country.

High fiscal deficit levels have cast doubts on the country's ability to meet the budget goals. Price pressures remain elevated and infrastructure output growth has further slowed down. The domestic demand-driven economy has been steadily slowing down and government's revenue receipts have been severely impacted. Contraction in key sectors of the economy, namely, natural gas, cement, coal and infrastructure are reflected in weakening industrial activity.

Growth of capital goods sector is vital for stability of the steel industry. High level of investment in the capital goods sector is crucial for industrial growth. The dip in index of Industrial Production and the current inflationary pressures have resulted in slow growth of the capital goods sector during last few months. Thrust on infrastructure spending is essential to revive the growth pattern in the capital goods sector in the coming months.

OPPORTUNITIES AND THREATS

Opportunities

The projected Indian GDP growth and increased government spending on core infrastructure projects are expected to drive domestic steel consumption in the medium term. Steel demand in India is likely to reach 100 Million MTs in the next few years, offering tremendous scope to domestic steel producers to tap the huge potential. Sustained growth in infrastructure, automotive, manufacturing and consumer durables sectors would ensure a steady demand growth for all grades of steel products. With a perceptible improvement in demand from semi-urban and even rural segments, hitherto unexplored markets are being looked into. Thrust is accorded on retail penetration and service centres are being set-up by most steel companies to reach all major consumption points.

Some of the other major opportunities are -

- Development of captive mining facilities and upstream integration which can result in higher productivity and lower cost of production and can also reduce incidence of price volatility of raw materials.
- Achieve better margins and realisation from value-added and branded products. Efforts need to be made to produce premium brands to add product value.
- Achieve cost competitiveness through access to cheaper iron ore / coal and sustained efforts towards achieving operation and process improvements.

Threats

- Sharp increase in prices of raw materials, such as, iron ore, coke and coal.
- Increase in power tariff.
- Infrastructure constraints and bottlenecks in development of roads, railways and ports leading to high logistics costs.
- Various statutory challenges in acquiring land for green-field steel projects, leading to delays in capacity-accretion.
- Dumping of cheap steel products into India and the consequent pressure on domestic prices.
- Depletion of raw material reserves and rising raw material cost.

OUTLOOK AND COMPANY'S STRATEGIES

Macro economic policy-making in our country is expected to be driven largely by the twin issues of growth and inflation control. While continuing its efforts to achieve price stability, the government has not been able to fast-track policies on accelerating economic growth. Meanwhile, global economic under-currents continue to impact our country's growth prospects.

Domestic steel consumption would be driven by the growth in manufacturing, infrastructure and consumer durable segments. Steel demand is expected to grow structurally, notwithstanding downside risks of slower growth in the short term, due to macro economic deficiencies. Increasing urbanization and infrastructure growth opportunities are likely to propel domestic steel demand.

The Company is committed to ensuring timely implementation of its projects, so as to achieve rationalization in input costs. The Company is taking proactive steps to reduce cost and improve its operating processes. The Company shall focus on improving the market share of its products.

The Company's strategic initiatives are –

- Set-up a coke oven project of the annual capacity of 1 Million MTs at Dolvi Steel Complex to be implemented by a Special Purpose Vehicle Company.
- Set-up an Iron Ore Pellet project of the annual capacity of 4 Million MTs at Dolvi Steel Complex to be implemented by a Special Purpose Vehicle Company.
- Commission Lime Calcining Plant of the capacity of 600 tons per day and gas-based power plant of the capacity of 55 MW at Dolvi Steel Complex.
- Set-up railway siding facility adjacent to Dolvi Steel Complex to ensure economic transportation of inputs as well as finished steel products.
- Set-up additional Colour Coating Line of the annual capacity of 0.1 Million MTs at Kalmeshwar Complex.
- Install a 6 Hi-Mill of the capacity of 0.2 Million Tons per annum at Kalmeshwar Complex.
- Enhance production of value added grades and products.

Steady progress is being made in implementation of the projects and they are expected to be commissioned as scheduled.

PRODUCT/SEGMENT PERFORMANCE

Production of Hot Rolled Coils at 2.48 Million MTs was higher by 13% compared to previous year. Production of Direct Reduced Iron (Sponge Iron) at 1.27 Million MTs and production of Hot Metal at 1.59 Million MTs were respectively higher by 5% and 17% compared to previous year.

Availability of administered price gas and natural gas continues to be extremely restricted with consequent severe adverse impact on input prices and production of Direct Reduced Iron.

Production of Cold Rolled Steel Coils/Sheets and Galvanized Coils/ Sheets was higher at 0.33 Million MTs and 0.26 Million MTs, respectively, compared to previous year.

Sales of Hot Rolled Coils at 2.50 Million MTs was higher by 20%, compared to previous year. Sales of Galvanized Coils/Sheets at 0.23 Million MTs was higher by 117% compared to previous year. Sales of PVC Coated Sheets at 0.06 Million MTs had improved by 21% compared to previous year.

While prices of coke and coal had moderated, cost of iron ore and pellets had increased substantially during the year under review. As a result, cost of steel production had registered marked increase during the year.

Various initiatives have been undertaken for improving operating efficiencies and also ensuring raw material security. Alternate cost-effective sources of supply have been identified for critical inputs, such as iron ore, coke etc. The Company has undertaken rolling of thinner gauge coils upto 1.22 mm, which would result in multiple product applications.

Exports

Export earnings during the year under review was ₹ 138 Crores, signifying decrease of 72% compared to previous year. This was owing to slack global steel demand and unremunerative prices.

FINANCIAL PERFORMANCE (STANDALONE) IN RELATION TO OPERATIONAL PERFORMANCE

The highlights of the financial results (standalone) for the year are as under:

(₹ in Crores)

	Year ended 30th June, 2012	Year ended 30th June, 2011
Revenue from operations	**12123.55**	8994.64
Less : Excise Duty	**1019.44**	763.43
Revenue (net) from Operations	**11104.11**	8231.21
Other Income	**424.24**	319.78
Total Revenue	**11528.35**	8550.99
Total Expenditure	**10335.16**	7901.56
Profit before Interest and Finance costs and Depreciation	**1193.19**	649.43
Less : Interest and Finance costs	**1076.00**	1022.91
Profit / (Loss) before Depreciation	**117.19**	(373.48)
Depreciation	**626.83**	596.26
Profit / (Loss) before Tax and Exceptional Items	**(509.64)**	(969.74)
Add : Exceptional Items	**586.46**	1180.62
Profit / (Loss) before tax	**(1096.10)**	(2150.36)
Tax expenses		
- Current Tax	**--**	--
- Deferred Tax Charge / (Credit)	**(779.18)**	(344.48)
Total Tax expenses	**(779.18)**	(344.48)
Net Profit / (Loss) after Tax	**(316.92)**	(1805.88)
Add: Balance brought forward from previous year	**(3940.11)**	(2134.23)
Amount carried to next year	**(4257.03)**	(3940.11)

Revenue from operations during the year under review was ₹ 12123.55 Crores representing growth of 35% over previous year. Profit before interest and finance costs and depreciation was ₹ 1193.19 Crores. After providing for interest and finance costs of ₹ 1076.00 Crores, profit before depreciation was ₹ 117.19 Crores, compared to loss before depreciation of ₹ 373.48 Crores during the previous year.

After providing for depreciation of ₹ 626.83 Crores, loss before considering exceptional items was ₹ 509.64 Crores. Exceptional items (details of which are set-out in Note No.28 of the Notes forming part of the accounts) aggregating to ₹ 586.46 Crores have been provided for in the accounts and, consequently, loss before tax was ₹ 1096.10 Crores.

After considering Deferred Tax Credit of ₹ 779.18 Crores, net loss during the year under review was ₹ 316.92 Crores. The loss is proposed to be carried to next year's accounts.

MANAGEMENT OF RISKS AND CONCERNS

The Company's Risk Management process ensures a dynamic approach to all business risks and defines robust processes to support operations and executive decisions. Identification of risks and formulation of mitigation plans is a continuous process. The risk mitigation plans are subject to regular internal monitoring.

The Company's Enterprise Risk Management (ERM) framework helps to :-

a) develop risk intelligence and ownership to ensure timely assessment of future business trends, and

b) provide platform to discuss with all concerned on future risks and opportunities and also develop a balanced perspective on forward path which serves as guide to executive management to take prudent and consistent judgmental calls, so as to:-

   i) Maximize positive impact of opportunities by taking timely decisions and actions ;

   ii) Minimize surprises and avoid negative impact of risks on business objectives, such as :

      - Timely execution of projects.
      - Uninterrupted operations.
      - Ensure availability and optimum productivity of resources, such as technology, skills, funds, assets, materials etc.
      - Carrying together all stakeholders for spontaneous contribution towards common organizational goals.
      - Protecting environment.
      - Ensuring compliance.

   iii) Convert risk into opportunity through innovation, improvement and differentiation.

The ERM framework further seeks to dynamically define future trends, such as :

a) Global Inter Linkages in economy and interdependence on other sources.

b) Technological innovations, future needs of end consumers, changes in regulations etc.

c) Systemic risks observed during global crisis.

d) Big investments, deals and volume growth opportunities.

As a part of Enterprise Risk Management (ERM) process, a comprehensive Risk Management Policy has been framed. The Risk Management Policy ensures:-

- Anticipation of pre-determined milestones.
- Scenario planning and analysis.
- Early risk warning and identify risk threshold limits.
- Capturing risk information.
- Analysis of risks.
- Identifying risk mitigation strategies and risk monitoring and reporting.

The ERM framework sets-out an integrated approach to risk management, while clearly specifying the roles and responsibilities of all key personnel with regard to risk management. The risk management procedures involve, apart from identification of risks, defining risk ownership, integration of risks to avoid overlaps and a clearly defined risk oversight process.

The Risk Management Structure identifies key internal stakeholders responsible for creating, implementing and sustaining the ERM initiative. The structure leverages existing organizational set-up and seeks to align individuals, teams and departments with the intent of establishing responsibility and accountability.

The Risk Management Committee of the Board reviews, periodically, all risk management and mitigation procedures and adequacy of mitigation plans. The Company has internal Risk Management teams which meet periodically and review identified risks, their root causes and mitigation plans. High risk issues are deliberated and are subsequently reported to the Risk Management Committee of Board of Directors. Annual plans are drawn in advance and submitted to the Risk Management Committee.

The Company's Business Plans are subject to review by the Board of Directors. Projects under implementation are also subject to review by the Board of Directors.

The Company regularly monitors its Foreign Exchange positions and exposure to current and capital account transaction risks. A comprehensive Forex Risk Management Policy has been developed and our internally constituted Forex Risk Management Committee reviews all forex operations. Control measures, authorization levels, procedures, organizational set-up etc., are clearly defined in the Forex Risk Management Policy. Status of Foreign Exchange exposure are periodically reviewed by the Board of Directors. Confirmation of compliance with applicable statutory requirements are obtained from the respective units/divisions and subjected to an elaborate verification process. Quarterly Reports on Statutory Compliances, duly certified, are submitted to the Audit Committee as well as the Board of Directors for review. Compliance(s) with exception(s), if any, are reported to the Audit Committee and the Board of Directors. Status of Demands/Notices on the Company, under various acts and rules, as well as status of litigations are reported to the Board of Directors, every quarter.

In the process of undertaking reviews of financial projections, statutory litigations etc., the Board of Directors and the Audit Committee are entitled to independent expert opinions, wherever felt appropriate. Revenue-related litigations are subject to detailed risk-evaluation by independent experts, each quarter, and their reports are furnished to the Board of Directors.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Senior Management of the Company comprising of the Chief Executive Officer, Jt. Chief Executive Officer, Chief Operating Officer, Executive Director and Directors are supported by Presidents, Senior Vice Presidents, Vice Presidents and General Managers who are individually heading various Departments and assisting the Senior Management in various decision making process to attain the corporate objectives set out in the Corporate Plan formulated each year. In order to attain the corporate objectives, strict internal control systems are required to be implemented across the organization. The same is ensured by the Senior Management through a mix of periodic reviews, implementation of Standard Operating Procedures, defining Delegation of Powers and constant upgradation of IT systems.

The efficacy of internal control systems is ensured as a combined result of the following activities :

i. Operational Performance is reviewed each month by an Executive Committee comprising members of Senior Management.

ii. Performance of each function is closely monitored by the Senior Management through various Daily / Weekly / Monthly Review Meetings. Reviews of all independent functions are regularly undertaken. Simultaneously, cross-functional activities are also subject to periodic reviews.

iii. Various internal Committees, such as, HR Committee, CAPEX Committee, Pricing Committee, Working and Steering Committees for Risk Management etc. have been constituted, comprising of

Senior Management members to review domain performance and take all operational and strategic decisions. This is with a view to ensure larger participation in the decision – making process and pooling of all available resources.

iv. Various policies are introduced, from time to time, to ensure effective functioning of various independent departments, such as, Marketing, Finance, HR, etc.

v. Delegation of Powers is regularly reviewed and revised, based on feedback received from Directors and Process Owners. The documents clearly specify the authorities of various divisional / functional heads etc. Hence, the financial and non-financial authorities stand clearly defined.

vi. Advanced SAP ERP has been implemented and most of the major functions are covered under various modules of SAP. Consequently, ERP systems are in place and stand continuously upgraded.

vii. My SAP Business Process application has also been implemented.

Reports of Internal Audit Department and management response thereto are subject to regular review by Audit Committee of Board of Directors. Reports of Management Auditors and Branch Auditors are also reviewed by the Audit Committee. Adequacy of internal control systems is also reviewed by the Audit Committee. The annual Audit Plan of the Internal Audit Department is reviewed and approved by the Audit Committee. Audit Committee also undertakes review of status of completion of previous Audit Plans to identify gaps, if any, in implementation.

HUMAN RESOURCES AND INDUSTRIAL RELATIONS

The Company's Human Resource policies and strategies seek to ensure a high level of motivation among employees so that they play a significant role in achieving the Company's goals.

The Company has a robust system for periodic review of all Human Resources issues. The Performance Management System adopted by the Company is continuously strengthened to ensure that employee appraisals are transparent and aligned to corporate goals.

The "Employee of the Month" scheme adopted by the Company seeks to ensure that performing team members are properly recognized and rewarded. Career development plans of individuals are carried out, as a part of succession plan, based on their past performance, potential and the competency gaps.

The Company has robust variable pay structure and incentive scheme.

The Company has constituted various in-house training programmes for skill advancement. Employees are also deputed to various external training programmes for enhancing competencies. The Company has also significant changes in its training processes to properly address issues of skill advancement.

The Company accords highest priority to ensure safety and protection of health of its employees. The Company believes that safety and health are essential to, and form an integral part of, every HR development endeavour.

Various employee welfare schemes have been formulated, such as:

- Family Help Groups, run by spouses of employees.
- Recreational Centers.
- Departmental get-togethers.
- Cricket and Football Tournaments.
- Felicitation of meritorious children of employees.
- Mediclaim/hospitalization schemes etc.

The Company has a full-fledged Medical Centre at its Dolvi Complex for providing round-the-clock medical assistance to its employees. Specialist Doctors visit the Medical Centre, every fortnight, for rendering medical help. Health check-ups are carried out, periodically, for all employees.

The Company had 3289 employees on its roll at various locations.

The Company firmly believes that an organization must play an important role in supporting the communities in which it operates. Accordingly, Corporate Social Responsibility (CSR) programs play a pivotal role in the Company's growth initiatives. Industrial relations continued to be harmonious in all units of the Company.

MANAGEMENT OF ENVIRONMENT

The Company is constantly improving its Environmental performance on the prevention of pollution, the proper use of natural resources and the minimization of any hazardous impact stemming from the production, development, use and disposal of any of its products.

The Company seeks to -

- Ensure that its vision and mission statement, which explicitly states its Environmental policy are observed and complied.
- Communicate environmental policy to all employees, suppliers, contractors, customers, stakeholders and the community.
- Set up environmental management systems and programmes at the organizational level.
- Train employees and create awareness among suppliers, contractors, customers, stakeholders and the community at large.
- Train workforce on environmental issues and assign management representatives and facilitators to the task of monitoring environmental systems.
- Set quantitative objectives and targets for continuous improvement.
- Review environmental performance at different levels in the management hierarchy.

With a view to create environmental awareness amongst its stakeholders, the following steps are taken by the Company:

- All purchase orders, letterheads, envelopes etc., used for external/ internal communications bear printed environmental slogans.
- Sub-contractors have been advised to use environmental friendly technology for recycling of wastes like scrap, used oil etc.
- Preference is given to environment friendly/proactive suppliers while purchasing raw material and consumables.
- All inter-office memos, approvals etc., are being processed through electronic media with a view to reduce paper consumption.
- World Environment Week is celebrated every year. The major focus of World Environment Week celebrations is to create awareness and sensitize employees on caring for the environment. Numbers of activities are undertaken during the week long programme, such as Tree plantation, Quiz Competition, Essay Competition and Green Plant Competition.

The Company fully complies with all environmental parameters prescribed under various Acts, Rules, Standards etc.

The parameters are well within the standards prescribed by Ministry of Environment and Forests, Central Pollution Control Board and Maharashtra Pollution Control Board.

"Consent to operate" has been obtained from Maharashtra Pollution Control Board under applicable Acts and Rules for all the Company's units.

At Dolvi Steel Complex

Greening Drive

The Company has planted large number of trees in the plant premises, in terms of the guidelines of Maharashtra Pollution Control Board. The Company is maintaining a full-fledged Nursery, managed by qualified Horticulture Officers, to develop plants for its in-house requirement.

Details of tree plantation are:-

Total No. of big trees	-	178147
Total No. of medium and small trees	-	364287

15 water fountains, waterfalls and water bodies have been developed and commissioned in the plant premises.

Resource Conservation

- Utilization of natural resource like water, energy, raw material and natural gas are optimally used, as compared to Industry norms.
- Full-fledged effluent treatment plant is provided to treat and reuse waste water generated in process.
- Adequate air pollution control systems are provided. All pollution control equipments are designed for outlet emission as per statutory norms.
- Solid wastes generated in the process are recycled in sinter plant.
- Waste gas generated from process is used for power generation and recycled heating purpose.
- Recycling of maximum solid wastes by operation of Sinter Plant and Cold Briquetting Plant.
- Maintaining pollution discharge level below national and international norms.

The Company has a dedicated Environment Department, well-equipped with sophisticated laboratory equipments and manned with qualified and trained personnel, to handle environmental issues, carrying out analysis of water, air, stack emissions and noise monitoring throughout its integrated Steel Mill complex .

At Kalmeshwar Complex

The Company complies with all the environmental parameters prescribed under applicable statutes and guidelines of Ministry of Environment and Forests, Central Pollution Control Board and Maharashtra Pollution Control Board. The complex is also well within the environmental norms prescribed under World Bank Policies and Guidelines.

Pollution Control and Environment Management efforts undertaken during the year include:

- Successful commissioning of Zero liquid Discharge Plant consisting of ETP, Tilted Plate Interceptor, Dissolve Air Floatation, Disc and Tube Reverse Osmosis, Multi Effect Evaporator for treatment of effluent generated from Pickling Line, Rolling Mills and Galvalume Line.
- Revamping of pickling line acid fume scrubber, exhaust system and strengthening of standby arrangement to minimize fume emission level.
- Construction of 450 square meter elevated level shed with complete roof to store used oil drums with a view to avoid chances of mixing used oil with rain water.
- Installation and commissioning of one acidic rinse water storage tank made up of Fiber Reinforced Plastic of 100 cubic meter capacity at elevated level at CPL to avoid underground seepage.
- Improving Quality of Boiler Bag House Filter and reduce the stack emission much below MPCB norms.
- Conducting different environmental awareness programmes and competitions for school students and employees.
- Development of garden in Kalmeshwar Government Hospital (planted 11158 trees and developed 4235 square meter area as a garden).
- Installation of solar heater in Guest House to use renewable source of energy and enhance sustainable development.
- Installation of Eco ventilators in colour coating line to improve work environment.

ENVIRONMENTAL RECOGNITION

During June, 2012, the Company received the prestigious Green Rating Project (GRP) award instituted by Centre for Science & Environment (CSE), Government of India. The Company has been rated by CSE as the best among 21 Steel Companies, on 150 different parameters. The prestigious award was received at the hands of the Hon'ble Minister of Environment and Forest, Government of India.

CORPORATE SOCIAL RESPONSIBILITY

The Company believes in responsible corporate citizenship and hence makes continuous efforts to contribute to the people development activities around its presence. The Company's Steel Complex at Dolvi is located in a rural surrounding and has small towns and villages in the vicinity.

The Company's initiatives towards fulfilling its philosophy of Corporate Social Responsibility is done in partnership with government agencies and beneficiaries and has moved beyond philanthropy to providing sustainable livelihood. Development needs are varied and the Company has made major contributions in the following thrust areas :

At Dolvi Steel Complex

Health

- HIV/AIDS Awareness programme conducted for school students/ truck drivers/ women, on regular basis.
- Organization of Rural Medical Camps every week. 1612 patients treated during the year.
- One day Hasya Yoga camp organized by International Hasya Yoga Trainer.
- 42 Anganwadi Workers, ASHA workers and ANMs trained on pre and post natal care.
- Drinking water well cleaned at Village Gadab.
- 72 women, including Anganwadi Workers, ASHA workers and Mahila Mandals, participated in nutrition workshop on World Food Day.
- Fully equipped Ambulance provided to Gram Panchayat, Wadkhal.
- Organized Pediatric Health Camps to address malnutrition, in which around 500 children were treated and provided with medicines. Health supplements were given to malnourished children.
- 40 wall writings and 20 wall paintings were organized to create awareness on malnutrition, in partnership with ICDS under the Rajmata Jijau Malnutrition free mission.

Education

- Two days' training program conducted for 20 teachers in association with Vindhya Vahini.
- 9 meritorious students of Class 10 were given cash prizes under JSW Scholarships programme.
- Six days training program conducted on English Grammar for 94 students.

- Complete renovation of Anganwadi Center at Khar Dhombhi.
- Books donated and financial support provided for upgradation of Science laboratory in Shahbaj School Library.
- Provided 80 school benches to schools at Dolvi and Gadab. These benches were made by students of ITI, Nagothane.
- Renovation of the toilets of Wadkhal High School for ensuring improved sanitation.

Women Empowerment

- Establishment of four Women Empowerment Centers (WEC) for training on making readymade garments – 24 sewing machines were provided.
- One-day Capacity Building workshop for 8 Self Help Groups on budgeting.
- Vocational Training provided for three Self Help Groups on making liquid soap, phenyl, detergent powder and room freshener, in partnership with Bank of India.
- Vocational Training provided to 27 women, on readymade garment making at Dolvi.

Sustainable Livelihood

Fifteen students from the surrounding villages sent to O P Jindal Center at Bellary, Vijaynagar for vocational training in electrical and mechanical fields.

Tribal Development

- Repairing of 120 meter water supply pipeline at Khapachiwadi, Gadab.
- Repairing of 200 meter water supply pipeline at Kamathwadi, Dolvi.
- Solar Lamps given to 80 tribal households, in partnership with TERI.
- 325 families given smokeless chulha, in partnership with General Carbon.

Environment Conservation

- Free clean and potable water is being supplied daily to households in over 44 villages, through the Company's pipeline from Nagothane, which is more than 35 kms long from the plant, covering a population of more than 22000.
- Celebration of Environment Day – Plantation of 100 plants in four nearby schools.
- 1700 families given one CFL each of 18 Watt capacity, during energy conservation week.

Youth Development

- One day workshop conducted for 56 youths in partnership with Kotak Unnati Foundation.
- One day workshop conducted for differently abled persons under welfare schemes.

ITI Upgradation Program

The Company has partnered with Government under PPP to upgrade 8 ITIs namely Pen, Murud, Srivardhan, Nagothane, Mandangarh, Sangameshwar, Devgad and Savantwadi.

At Kalmeshwar Complex

- Construction of a reception Room at Police Station, Kalmeshwar.
- Garden development at Government Rural Hospital, Kalmeshwar.
- Water Kiosk (Pyau) provided at Kalmeshwar.
- Donation of Roof Sheets to two of the Hanuman Temples (near Water Tank and Ward No 4) of Kalmeshwar town.
- Charity on death anniversary of Late Shri OP Jindal.
- Lunch arrangement at 'Matoshri Vridhashram' for old aged people of Dhapewada Village.
- Distribution of food packets and stationary items to tribal family members and their children at Village Ladai.
- Constructed and handed over the road to Nagar Parishad, Kalmeshwar from Kalmeshwar Railway siding to main approach road for use by local community and for safe driving of trucks.
- Organized Health Check up and Awareness Camps for senior citizens at Kalmeshwar.
- Provided financial help to the victims of Ketapar - Gond Khari Village road accident.

CAUTIONARY STATEMENT

Statements in this Management Discussion and Analysis detailing the Company's objectives, projections, estimates, expectations or predictions may be "forward – looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations including global and Indian demand – supply conditions, finished goods prices, feedstock availability and prices, cyclical demand and pricing in the Company's principal markets, changes in Government regulations, tax regimes, economic developments within India and the Countries within which the Company conducts business and other factors such as litigation and labour negotiations.

Corporate Governance Report

1. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

The Company believes that Corporate Governance is closely linked to its core values and is associated with best practices, a fine blend of law, regulation and voluntary practices with the overall objective of protecting the interests of its stakeholders. The Company continues to focus on best practices in the area of Corporate Governance with specific emphasis on ensuring accountability and transparency.

The Company believes in Corporate Governance that is dynamic and continuously evolving. The Company has sought to institutionalize best governance practices to fulfill its corporate responsibilities. The Company is committed to a high level of transparency, accountability, integrity, ethical conduct and fairness and contributing towards the social and environmental growth of the surroundings in which it operates.

2. GOVERNANCE PRACTICES

The Company's Corporate Governance practices are driven by the ideology of transparency, integrity, ethical conduct, openness and fair reporting. The Company has adopted various measures with a view to ensure that its Corporate Governance philosophy is fully sustained.

The following policies and codes have been formulated:

a. Code of Conduct

The Company's Code of Conduct, which is required to be followed by the Board members and members of Senior Management (upto level of General Managers), is based on the principle that business should be conducted ethically, honestly and with integrity, to the exclusion of personal gains. The document also requires conduct of business in a professional manner directed towards maintaining and enhancing the reputation of the Company.

b. Code of Business Ethics

The Company's Code of Business Ethics, which applies to all its employees, encompasses responsibilities and obligations to customers, ensuring free competition, adopting fair methods in transactions with customers, vendors etc. and responsibilities to the society and country at large.

c. Business Policies

The Company's Business Policies ensure transparency of operations and accountability to its stakeholders.

The policies encourage and support professional development of employees, fair market practices and high level of integrity in financial reporting. The policies also seek to promote health, safety and quality of environment.

d. Prohibition of Insider Trading

The Company's Code of Conduct for prevention of Insider Trading, which applies to the Board Members and all officers and employees, seeks to prohibit trading in the securities of the Company based on insider or privileged information.

e. Risk Management

As a part of Enterprise Risk Management (ERM) process, a comprehensive Risk Management Policy has been framed and activated. The Risk Management Process involves setting risk management objectives, identifying, prioritizing and reporting risk events, scenario planning and analysis, identifying risk mitigation strategies and risk monitoring and reporting. The Company has formulated a comprehensive risk identification, assessment and minimization plan, which is subjected to periodic review and changes, if any. The risk management procedures involve, apart from identification of risks, defining risk ownership, integration of risks to avoid overlaps and a clearly defined risk oversight process. The procedures are clearly defined and subjected to periodic review by Internal Risk Management Committees. The Risk Management Committee of the Board of Directors also reviews implementation of mitigation plans, identification of new risk areas etc. The risk management procedures are also reviewed by the Board of Directors.

f. Safety, Health and Environment Policy

The Company firmly believes that health and safety is one of its prime concerns. The Company's Safety, Health and Environment Policy is aimed towards ensuring safety and health of its employees, customers, contractors and other stakeholders, by continuously enhancing safety and health standards in its activities, products and services. The Policy also seeks to achieve continuous improvement of environment by strengthening pollution prevention and control measures. With a view to fulfill its commitment to environmental protection, the Company periodically reviews challenging objectives and targets.

g. Equal Employment Opportunity

The Company is committed to a policy of equal employment opportunity and ensures no discrimination on grounds of race, colour, religion, sex, age or marital status.

h. Policy against Sexual Harassment

The Company is committed to provide a work environment in which every employee is treated with dignity, free from discrimination on grounds of sex. A comprehensive policy against sexual harassment has been formulated to deter sexually determined behavior. The Policy seeks all employees to reinforce maintenance of a work environment, free of sexual harassment.

i. Quality Policy

The Company is committed to achieving total customer satisfaction through the supply of quality products and services on time, as per mutually agreed specifications and terms. The Company achieves this goal through the team effort of its committed employees and by continuously elevating quality consciousness and concern for environment in all spheres of activity, in its prevailing responsive working atmosphere.

j. **Human Resource Development Policy**

The Company's Human Resource Development Policy seek to enhance competitiveness and skills of employees, with a view to harness full potential of human capital. The policy also seeks to foster a culture of continuous learning and knowledge enhancement of employees at all levels through training, competency mapping and career development planning. The policy also seeks to ensure healthy work environment for all employees.

3. BOARD OF DIRECTORS

The composition of the Board of Directors is in total conformity with Clause 49 of the Listing Agreement, as amended from time to time. The Board presently comprises eleven Directors. Out of them, six are Independent Non-Executive Directors. The Chairman of the Board is a Non-Executive Director.

During the financial year ended 30th June, 2012 (financial year 2011-12), five Board meetings were held on the following dates:

22nd July, 2011, 27th August, 2011, 10th November, 2011, 8th February, 2012 and 12th May, 2012.

The composition of the Board of Directors as at 30th June, 2012, attendance of Directors at the Board Meetings and at the last Annual General Meeting and the number of Directorships and Committee Memberships held by the Directors in other companies are as under: -

Name of Director	Category	No. of Board Meetings Attended	Attendance at the last AGM held on 21.12.2011	No. of Directorship in other Companies @		No. of Membership in Committee of Directors in other Companies #	
				Chairman	Director	Chairman	Member
Mr Sajjan Jindal (Chairman)	Non-Independent Non-Executive	5	No	5	2	Nil	Nil
Mr Vinod Mittal (Vice Chairman)*	Promoter Non-Executive	2	No	Nil	1	Nil	Nil
Mr Pramod Mittal	Promoter Non-Executive	Nil	No	2	1	Nil	Nil
Mr Seshagiri Rao MVS	Non-Independent Non-Executive	3	No	Nil	1	Nil	Nil
Mr U Mahesh Rao	Independent Non-Executive	5	Yes	Nil	2	Nil	3
Mr Vinod Kothari	Independent Non-Executive	4	Yes	Nil	4	1	3
Mr Atul Sud	Independent Non-Executive	3	No	Nil	1	Nil	Nil
Mr Haigreve Khaitan	Independent Non-Executive	2	No	Nil	14	Nil	7
Mr S N Baheti (IDBI Nominee)	Independent Non-Executive	5	No	Nil	1	Nil	Nil
Mr Mayank Agrawal (ICICI Nominee)	Independent Non-Executive	1	No	Nil	Nil	Nil	Nil
Mr B K Singh** (Chief Executive Officer)	Executive	5	Yes	Nil	Nil	Nil	Nil

* Executive Vice-Chairman upto 19th June, 2012.

** Mr B K Singh was Executive Director (Steel Plant) upto 21st July, 2011.

@ Excludes Foreign Companies and Private Limited Companies.

Only Audit Committee and Investor / Shareholders' Grievance Committee have been considered.

Attendance of Directors, who had ceased to hold office during the year under review, at Board Meetings held during the year and at the Annual General Meeting:

Name of Director	Category	Date of Cessation	No. of Board Meetings attended	Attendance at the last AGM held on 21.12.2011
Mr M Sankaranarayanan (UTI Nominee)	Independent Non-Executive	04.10.2011	2	NA
Ms Manju Jain (IFCI Nominee)	Independent Non-Executive	10.10.2011	1	NA
Mr Suhail Nathani (Alternate Director to Mr Pramod Mittal)	Non-Independent Non-Executive	11.10.2011	1	NA

None of the Directors on the Board is a Member on more than ten Committees and Chairman of more than five Committees, as specified in the Clause 49 of the Listing Agreement, across all the Companies in which he is a Director.

During the financial year 2011-12, the Company did not have any material pecuniary relationship or transactions with its Non-Executive Directors apart from paying fees for attending meetings of the Board and/or its Committee(s). None of the Independent Non-Executive Directors:

a) are related to the promoters or persons occupying management positions at Board level or at one level below the Board;

b) has been an executive of the Company in the immediately preceding three financial years;

c) is a partner or an executive or was a partner or an executive during the preceding three years of the statutory auditors or internal auditors or legal/consulting firms having a material association with the Company;

d) is a material supplier, service provider or customer or lessor or lessee of the Company;

e) is a substantial shareholder of the Company i.e., owning 2% or more of the block of voting shares in the Company.

None of the Non-Executive Directors is holding any share in the Company as at 30th June, 2012, except Mr Vinod Mittal holding 6439076 Equity Shares (0.26%) and 523154 0.01% Cumulative Redeemable Preference Shares (0.11%), Mr Pramod Mittal holding 677576 Equity Shares (0.03%) and 281684 0.01% Cumulative Redeemable Preference Shares (0.06%), Mr U Mahesh Rao holding 1000 Equity Shares (Nil%) and Mr Seshagiri Rao MVS holding 150 Equity Shares (Nil %).

None of the Directors of the Company are related to each other, except Mr Pramod Mittal and Mr Vinod Mittal, who are related to each other.

4. BOARD PROCEDURE

The Board of Directors decides management policies, approves strategies, oversees performances and corporate governance practices. The Board seeks to ensure that the corporate goals are met and seeks accountability with a view to ensure that the corporate mission is accomplished.

The Board reviews the Company's Business Plans, annual capital and operating budgets, strategies, performance of operations, schedule for implementation of capital projects, purchase/disposal of assets, risk assessment procedures and minimization plans, compliance of applicable statutory/regulatory requirements, major legal issues, significant labour matters, quarterly/annual financial results, reports and observations of Auditors, financial results of subsidiaries, significant transactions/ arrangements entered into by subsidiaries, as well as minutes of deliberations at the respective Committees of the Board. Minutes of the meetings of Board of Directors of the unlisted Indian Subsidiary Companies are also reviewed by the Board. Information as required under Annexure-IA to Clause 49 of the Listing Agreement is made available to the Board, every quarter. Secretarial Audit and Compliance Reports are also reviewed by the Board on a quarterly basis.

While reviewing compliance reports of applicable laws, the Board also takes suitable steps to rectify non-compliance, if any.

The agenda for Board meetings are sent in advance to all the Directors, accompanied by comprehensive notes and copies of related documents. Presentations are periodically made on global economic conditions, steel scenario/outlook, operational performance, financial results, status of projects under implementation, risk management procedures, corporate governance mandates etc.

The Company has an effective post-meetings follow-up mechanism in place. Action Taken Report on decisions taken at previous meetings of the Board/Committees are reviewed at the succeeding meetings of the Board/Committees.

5. AUDIT COMMITTEE

The Company has an independent Audit Committee constituted in terms of Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956.

The terms of reference of the Audit Committee are, broadly, as under:-

i) Review of accounting policies, financial reporting processes and disclosure of financial information.

ii) Recommend to the Board appointment/re-appointment of Statutory Auditors, fixation of audit fees as well as fees for other services being rendered by them.

iii) Review quarterly/annual financial results and recommend the same to the Board.

iv) Review reports of internal auditors, concurrent auditors, special/branch auditors and management response thereto.

v) Review adequacy of internal control systems of the Company.

vi) Review annual plans of internal audit department, performance of statutory and internal auditors and adequacy of internal audit function, including structure of internal audit department etc.

vii) Review statutory compliances.

The Audit Committee also undertakes review of such other matters as may be delegated by the Board from time to time.

Besides having access to all the required information from within the Company, the Committee can obtain external legal or professional advice, wherever required. The Committee can investigate any activity within its reference terms, seek information from any employee and also seek attendance of outsiders with relevant experience, if it so considers necessary. The Committee is empowered to review the appointment/re-appointment of Internal Auditors as well as remuneration payable to them and recommend the same to the Board.

The reports of Internal Audit Department, which carries out internal audit functions as well as reports of Branch Auditors and Management Auditors are reviewed by the Audit Committee. The Committee reviews adequacy of internal control systems with the Auditors as well as the Company. The Committee reviews with the Statutory Auditors their observations on accounts and accounting policies. The Committee engages in post-audit discussions with Statutory Auditors to ascertain areas of concern, if any.

The Committee also undertakes review of:-

i) Adequacy of internal audit functions including structure of Internal Audit Department;

ii) Annual Audit Plans as well as comparison of actual performance with approved plans;

iii) Performance of Statutory Auditors as well as Internal Audit Department;

iv) Significant findings, if any, of Statutory Auditors, Internal Audit Department, Management Auditors as well as Branch Auditors;

v) Related party transactions, if any;

vi) Changes in accounting policies, if any;

vii) Major accounting entries involving estimates based on exercise of judgment by the management as well as significant adjustments, if any, made in financial statements arising out of audit findings;

viii) Audit Reports and Limited Review Reports of Statutory Auditors;

ix) Management discussion and analysis of financial condition and results of operation;

x) Reasons for substantial defaults, if any, in payments to lenders.

The Audit Committee reviews the quarterly and annual financial statements with the management before submission to the Board. The minutes of the Audit Committee Meetings are circulated to the Board, discussed and taken note of. Follow-up actions taken by the Company on the directions of the Audit Committee are also subject to subsequent review.

The Audit Committee presently comprises four members, all of whom are Independent Non-Executive Directors. The members of the Audit Committee possess relevant expertise in accounting/ financial management. Chairman of the meetings of the Audit Committee is an Independent Director.

The President and Company Secretary acts as the Secretary to the Committee.

Eight meetings of the Audit Committee were held during the financial year 2011-12. The dates of the meetings are:

22nd July, 2011, 27th August, 2011, 10th November, 2011 (2 Meetings), 7th February, 2012 (2 Meetings), 11th May, 2012 and 12th May, 2012.

The composition of the Audit Committee as at 30th June, 2012 and the meetings attended by the members are as under:-

Name of Director	Category	No. of Meetings attended
Mr Vinod Kothari	Independent Non-Executive	6
Mr U Mahesh Rao	Independent Non-Executive	8
Mr Haigreve Khaitan	Independent Non-Executive	Nil
Mr S N Baheti (IDBI Nominee)	Independent Non-Executive	7

Attendance of Directors, who had ceased to hold office during the year, at Audit Committee Meetings held during the year:

Name of Director	Category	Date of Cessation	No. of Meetings attended
Mr M Sankaranarayanan (UTI Nominee)	Independent Non-Executive	04.10.2011	2
Ms Manju Jain (IFCI Nominee)	Independent Non-Executive	10.10.2011	1
Mr Mayank Agrawal (ICICI Nominee)	Independent Non-Executive	12.10.2011	Nil
Mr Atul Sud	Independent Non-Executive	13.10.2011	Nil

6. SHARE TRANSFER AND INVESTORS GRIEVANCE COMMITTEE

The Share Transfer and Investors Grievance Committee approves transfer of shares, consolidation / sub-division of shares, issue of duplicate shares and other allied matters. The Committee also looks into the investors' grievances pertaining to share transfers, dematerialization of shares, issue of duplicate shares and all other matters concerning shareholders/investors and gives direction from time to time for effective settlement of investors' grievances.

Four meetings of the Committee were held during the financial year 2011-2012. The dates of the meetings are:

21st July, 2011, 27th August, 2011, 10th November, 2011 and 7th February, 2012.

The composition of the Committee as on 30th June, 2012 and the meetings attended by the members are as under:-

Name of Director	Category	No. of Meetings attended
Mr U Mahesh Rao (Chairman of the Committee)	Independent Non-Executive	4
Mr Vinod Mittal, Vice-Chairman*	Non-Independent Non-Executive	Nil
Mr Haigreve Khaitan	Independent Non-Executive	3
Mr Atul Sud	Independent Non-Executive	1

* Executive Vice Chairman upto 19th June, 2012.

The Chairman of the Committee is an Independent Non-Executive Director. The Chairman of the Committee was present at the Annual General Meeting held on 21st December, 2011.

Name and Designation of Compliance Officer:

Mr T P Subramanian, President & Company Secretary is the Compliance Officer.

The minutes of the Share Transfer and Investors Grievance Committee Meetings are circulated to the Board, discussed and taken note of. During the year under review, 285 complaints were received from shareholders. All complaints were appropriately replied / resolved and there was no complaint pending to be resolved as at 30th June, 2012. No request for transfer of Equity Shares and 0.01% Cumulative Redeemable Preference Shares was pending as on 30th June, 2012. No request for dematerialization of Equity Shares and 0.01% Cumulative Redeemable Preference Shares was pending as on 30th June, 2012.

7. REMUNERATION COMMITTEE

The broad terms of reference of the Remuneration Committee are as under:

i) Review of Remuneration Policy in relation to Whole-time Directors.

ii) Recommend to the Board remuneration including salary, perquisites and commission to be paid to Whole-time Directors.

While reviewing the remuneration policy, the Committee takes into consideration the prevailing trend of executive compensation, across all sectors, Company's business activities and plans, background of concerned managerial personnel etc.

The Committee comprises two members, both being Independent Non-Executive Directors.

One meeting of the Remuneration Committee was held during the financial year 2011-2012 on 21st July, 2011.

The composition of the Committee as at 30th June, 2012 and the meeting attended by the members are as under:-

Name of Director	Category	No. of Meeting attended
Mr U Mahesh Rao (Chairman of the Committee)	Independent Non-Executive	1
Mr Atul Sud	Independent Non-Executive	Nil

Attendance of Director, who had ceased to hold office during the year, at the Remuneration Committee meeting held during the year:

Name of Director	Category	Date of Cessation	No. of Meeting attended
Mr M Sankaranarayanan (UTI Nominee)	Independent Non-Executive	04.10.2011	1

Vacancy in the Committee shall be appropriately filled-up.

The Chairman of the Remuneration Committee was present at the Annual General Meeting held on 21st December, 2011.

8. REMUNERATION POLICY

Non-Executive Directors of the Company are paid sitting fees of ₹ 20,000/- for attending each meeting of Board of Directors and Audit Committee of Directors and ₹ 12,000/- for attending each meeting of other Committees of Directors. Besides sitting fees, the Non-Executive Directors are not paid any other remuneration or commission.

The Company pays remuneration to its Whole-time Directors in the form of a fixed component, comprising of salary, perquisites and allowances. No other benefits, bonuses or performance linked incentives are being paid to Whole-time Directors.

Payment of salary to Whole-time Directors is within the range approved by the Shareholders of the Company. Perquisites and allowances are paid as a percentage of salary, within the ceiling approved by the Shareholders. Commission (variable component), as calculated with reference to net profits of the Company in any financial year, is determined by the Board of Directors, based on the recommendation of the Remuneration Committee, subject to overall ceilings prescribed under Sections 198 and 309 of the Companies Act, 1956. Payment of commission is also subject to the overall limits as may be approved by the Shareholders.

Increase in salary is considered and approved by the Board, based on the recommendation of the Remuneration Committee. Approval of appropriate authorities, wherever required, is obtained.

While deciding the remuneration package of the Whole-time Directors, the following factors are considered:

a) Employment scenario, in general.

b) Company's business activities and expansion plans.

c) Size of Company's operations and its overall ranking in terms of assets employed, sales turnover, exports undertaken etc.

d) Prevailing trend of executive compensation across all sectors.

e) Background, experience etc., of the concerned managerial personnel.

The details of the remuneration paid to the Whole-time Directors, during financial year 2011-2012, are as under:-

Name of Directors	Salary & Perks #	Commission	Total	Service Contract	
	(₹ in lacs)	(₹ in lacs)	(₹ in lacs)	Years	Period
Mr Vinod Mittal* (Vice Chairman)	200	Nil	200	5	28.06.2007 - 27.06.2012
Mr B K Singh** (Chief Executive Officer)	134	Nil	134	5	01.05.2008 - 30.04.2013

Includes contribution to Provident Fund and Superannuation Fund
* Executive Vice-Chairman upto 19th June, 2012.
** Executive Director (Steel Plant) upto 21st July, 2011.

Notice Period — The service contract with Whole-time Directors may be terminated by either party giving three months' notice in writing to the other party, or the Company paying three months' salary in lieu thereof.

Severance Fee — No Severance Fee is payable to any of the aforementioned Whole-time Directors.

Stock Option — NIL

9. OTHER COMMITTEES

In addition to the Committees mentioned hereinabove, the Board has constituted the following Committees:-

a) Project Management Committee

b) Risk Management Committee

c) Securities Issue Committee

d) Finance Committee

e) Negotiating Committee

a) Project Management Committee

The broad terms of reference of the Project Management Committee are as under:-

i) Overview implementation of various capital projects, including status of progress, critical areas affecting project implementation schedules etc.

ii) Overview financing of projects, capital expenditure budgets, project costs incurred etc.

Apart from the Committee Members, the meetings of Project Management Committee are also attended by Heads of respective projects, representatives of key contractors, project consultants etc.

Since the major projects, identified earlier, were completed, no meeting of the Project Management Committee was held during the financial year 2011-2012.

The composition of the Project Management Committee as at 30th June, 2012 is as under:-

Name of Director	Category
Mr U Mahesh Rao	Independent Non-Executive
Mr S N Baheti (IDBI Nominee)	Independent Non-Executive

Particulars of Directors who had ceased to hold office during the year:

Name of Director	Category	Date of Cessation
Mr M Sankaranarayanan (UTI Nominee)	Independent Non-Executive	04.10.2011
Ms Manju Jain (IFCI Nominee)	Independent Non-Executive	10.10.2011
Mr Mayank Agrawal (ICICI Nominee)	Independent Non-Executive	12.10.2011

b) Risk Management Committee

The broad terms of reference of the Risk Management Committee are as under:-

i) Review, periodically, all risk management and mitigation procedures adopted by the Company.

ii) Review, periodically:

- Adequacy of risk mitigation plans.
- Identification of root causes.
- Adequacy of coverage of risk indicators in mitigation plans.
- Status of risk mitigation plans.

iii) Consider such other related matters as may be referred to by the Board.

Two meetings of the Risk Management Committee were held during the financial year 2011-12. The dates of the meetings are:

10th November, 2011 and 21st June, 2012.

The composition of the Committee as on 30th June, 2012 and the meetings attended by the members are as under:-

Name of Director	Category	No. of Meetings attended
Mr U Mahesh Rao (Chairman of the Committee)	Independent Non-Executive	2
Mr B K Singh* (Chief Executive Officer)	Executive	2

*Executive Director (Steel Plant) up to 21st July, 2011

Attendance of Director, who had ceased to hold office during the year, at the Risk Management Committee meetings held during the year :

Name of Director	Category	Date of Cessation	No. of meetings attended
Mr Mayank Agrawal (ICICI Nominee)	Independent Non-Executive	12.10.2011	NA

c) Securities Issue Committee

The broad terms of reference of the Securities Issue Committee are as under:-

i) Decide on matters relating to creation, offer, issue and allotment of equity shares of the Company.

ii) Issue and allotment of Equity shares of the Company, from time to time.

iii) Resolve and settle all questions and difficulties in relation to creation, offer, issue and allotment of equity shares of the Company.

iv) Listing of Equity Shares of the Company with the Stock Exchanges.

v) Such other matters in connection with or incidental to the issue and allotment of equity shares of the Company.

vi) Fixed Deposits with Scheduled Commercial Banks.

vii) Fixed / Public Deposits with Companies accepting such Fixed/ Public Deposits under the provisions contained in Section 58A of Companies Act, 1956 and other relevant Acts/ Statutes.

viii) Mutual Fund Scheme(s)/ offering(s), including Units.

ix) Money Market Instruments including, but not restricted to, rated Commercial Paper(s), Certificate(s) of Deposits etc.

One meeting of Securities Issue Committee was held during the financial year 2011-12 on 18th May, 2012.

The composition of the Securities Issue Committee and the meeting attended by the members are as under :-

Name of Director	Category	No. of Meeting attended
Mr Vinod Kothari	Independent Non-Executive	1
Mr U Mahesh Rao	Independent Non-Executive	1
Mr S N Baheti (IDBI Nominee)	Independent Non-Executive	Nil

Attendance of Directors, who had ceased to hold office during the year, at the Securities Issue Committee meeting held during the year :

Name of Director	Category	Date of Cessation	No. of Meeting attended
Ms Manju Jain (IFCI Nominee)	Independent Non-Executive	10.10.2011	NA
Mr Mayank Agrawal (ICICI Nominee)	Independent Non-Executive	12.10.2011	NA

d) Finance Committee

The broad terms of reference of the Finance Committee are as under:-

i) Avail credit/financial facilities of any description from Banks / Financial Institutions/Bodies Corporate upto an amount not exceeding ₹ 1000 Crores, in the aggregate.

ii) Avail Credit/Financial facilities of any description from Banks/Financial Institutions for the purpose of re-financing the existing Credit/Financial facilities sanctioned to the Company. Credit/Financial facilities availed pursuant to this authority shall be to the extent of existing Credit/Financial facilities being re-financed.

iii) Invest and deal with any monies of the Company upon such security or without security in such manner as the Committee may deem fit and vary the terms of such investment and/or realize such investment(s), within the guidelines laid down by the Board of Directors.

iv) Make loans to Individuals/Bodies Corporate and/or to place deposits with other Companies/Firms upon such security or without security in such manner as the Committee may deem fit within the limits approved by the Board of Directors.

v) Open Current Account(s), Collection Account(s), Operation Account(s), or any other Account(s) with Banks and also to close any such accounts as the Committee may consider necessary and expedient.

vi) Review, periodically, the Business Plan and Financial Projections of the Company and modifications, if any, therein.

vii) Review, periodically, actual performance/achievement against Business Plan and Financial Projections.

viii) Consider sale of any Fixed Asset subject to the condition that the book-value of the item of sale does not exceed ₹ 1000 Lacs in value.

ix) Appointing attorneys/representatives to represent the Company before various authorities.

x) Fixing Record Date(s)/Book Closure Date(s).

xi) Review significant changes in statute(s) governing Corporate Governance policies/practices.

Five meetings of the Finance Committee were held during the financial year 2011-12. The dates of the meetings are :-

19th December, 2011, 2nd March, 2012, 24th March, 2012, 2nd May, 2012 and 2nd June, 2012.

The composition of the Finance Committee as at 30th June, 2012 and number of meetings attended by the members are as under:-

Name of Director	Category	No. of Meetings attended
Mr B K Singh (Chief Executive Officer)	Executive	5
Mr Seshagiri Rao MVS	Non-Independent Non-Executive	5
Mr Atul Sud	Independent Non-Executive	Nil

e) Negotiating Committee

The broad terms of reference of the Negotiating Committee are to negotiate, finalise and approve the terms of investment in JSW Energy Limited and the terms of the Energy Wheeling Agreement and do all such acts, deeds, etc., in connection therewith or incidental thereto.

No meeting of the Negotiating Committee was held during the year.

The composition of the Negotiating Committee as at 30th June, 2012 is as under:-

Name of Director	Category
Mr B K Singh (Chief Executive Officer)	Executive
Mr Atul Sud	Independent Non-Executive

10. GENERAL BODY MEETINGS

10.1 Location and time, where last three Annual General Meetings (AGMs) held:

For the Year ended	Location	Date	Time
31.03.2009	Kala Mandir Main Hall, 48, Shakespeare Sarani, Kolkata – 700 017	23.09.2009	10.30 A.M.
30.06.2010	Kala Kunj, 48, Shakespeare Sarani, Kolkata – 700 017	21.12.2010	10.30 A.M.
30.06.2011	Kala Kunj, 48, Shakespeare Sarani, Kolkata – 700 017	21.12.2011	11.30 A.M.

10.2	Whether any special resolution passed in the previous 3 AGMs		:	Yes
10.3	Whether special resolutions:			
a)	(i)	Were put through Postal Ballot last year	:	No
	(ii)	Details of voting pattern	:	N.A.
	(iii)	Person who conducted the Postal Ballot exercise	:	N.A.
b)	(i)	Are votes proposed to be conducted through Postal Ballot this year	:	No
	(ii)	Procedure for Postal Ballot	:	N.A.

11. POSTAL BALLOT

The following Special Resolution was passed on 16th June, 2012, through Postal Ballot:-

Substitution of Clause II of the Memorandum of Association of the Company so as to change the place of Registered Office of the Company from the State of West Bengal to the State of Maharashtra.

The above resolution was passed with the requisite majority. Out of the total votes cast, 98.93% of votes were cast in favour of the resolution.

Ms. Mamta Binani, Practising Company Secretary was appointed as Scrutinizer for conducting the Postal Ballot.

The Company has complied with the applicable provisions of Companies (Passing of the Resolution by Postal Ballot) Rules, 2011.

12. DISCLOSURES

a. The particulars of transactions between the Company and its related parties, as defined in terms of Accounting Standard 18, are set out in page nos. 57 to 61 of the Annual Report. However, these transactions are not likely to have any potential conflict with the Company's interest.

b. The Company has complied with the requirements of the Stock Exchanges, Securities and Exchange Board of India (SEBI) and other statutory authorities on matters relating to Capital Markets during the last three years.

No penalties/strictures have been imposed on the Company by Stock Exchanges or SEBI or any statutory authority on any matter related to capital market during the last three years except for the following:

An order was passed on 31st March, 2004 and issued on 5th April, 2004, by SEBI, whereby the Company was instructed to be more careful in future and ensure compliance with the SEBI Act, Rules and Regulations framed there under and more specifically with the Code of Corporate Disclosures, while disclosing any information which may be construed to be price sensitive in nature. However, subsequently, an order was issued by Adjudicating Officer, SEBI on 1st December, 2005, levying a penalty of ₹ 1 lac on the Company in the same matter.

The Company preferred an appeal against the said Order to Securities Appellate Tribunal (SAT) which was admitted and recovery of penalty was stayed during the pendency of appeal. At the hearing held on 12th September, 2007, SAT allowed the Company's appeal and the impugned Order of SEBI dated 1st December, 2005 was set aside.

Against the SAT order, SEBI has filed Special Leave Petition in Honorable Supreme Court. The Company has entered into appearance and the Special Leave Petition is yet to be admitted.

c. A certificate from the Chief Executive Officer and Chief Finance Officer with regard to the Annual Audited Accounts for the financial year ended 30th June, 2012 was submitted to the Board, in compliance with Clause 49 of the Listing Agreement. The Certificate is annexed to this Report.

d. The Company has adopted and complied with all mandatory requirements under Clause 49 of the Listing Agreement.

e. The Company has adopted non-mandatory requirement under Clause 49 of the Listing Agreement to the extent relating to setting-up of Remuneration Committee. Please refer details provided under Section "Remuneration Committee" of this Report.

13. MEANS OF COMMUNICATION

Half yearly report sent to each household of shareholders	Since the unaudited quarterly/half-yearly results are published in the newspapers and displayed on the Company's website, the same were not sent to each household of shareholders.
Quarterly results - which Newspapers normally Published in	Financial Express (English) Sangbad Pratidin (Bengali)
Web sites where quarterly results are displayed.	www.jswispat.in
Whether it also displays official news releases and presentation made to institutional investors or to the analysts?	No presentation made.
Whether Management Discussion & Analysis is part of Annual Report?	Yes

14. COMPANY'S CORPORATE WEBSITE

The Company's website is a comprehensive reference on its management, vision, mission, policies, products and processes, social responsibility initiatives, investor relations, updates and news.

15. GENERAL SHAREHOLDERS' INFORMATION

15.1 Annual General Meeting

Day, Date and Time	Friday, 28th December, 2012 at 10.30 A.M.
15.2 Book Closure Date	20th December, 2012 to 27th December, 2012 (both days inclusive)
15.3 Dividend Payment Date	Not Applicable since dividend not recommended / declared.

15.4 Financial Calendar:

Year Ending	June 30
Annual General Meeting	November/December
Board Meeting for considering Un-audited Quarterly Results for first three-quarters of the financial year ending 30th June, 2013.	Within 45 days from the end of each quarter.
Board Meeting for considering Audited Results of the Company for the Financial Year ending 30th June, 2013	Within 60 days from the end of the financial year

15.5 Listing on Stock Exchanges

Equity Shares	0.01% Cumulative Redeemable Preference Shares
National Stock Exchange of India Limited Exchange Plaza, Bandra Kurla Complex, Bandra (E), Mumbai 400 051.	National Stock Exchange of India Limited Exchange Plaza, Bandra Kurla Complex, Bandra (E), Mumbai 400 051.
Bombay Stock Exchange Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 023.	Bombay Stock Exchange Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 023.
The Calcutta Stock Exchange Limited, 7 Lyons Range, Kolkata 700 001.	The Calcutta Stock Exchange Limited, 7 Lyons Range, Kolkata 700 001.

Note: Annual Listing Fees for the year 2012-2013 have been duly paid to all the above Stock Exchanges. Annual Custody fees for the year 2012-2013 have been duly paid to National Securities Depository Ltd. and Central Depository Services (India) Ltd.

15.6 (i) 155112156 – 10% Cumulative Redeemable Preference Shares have been fully redeemed on 20th September, 2011.

(ii) 43199500 – 12% Cumulative Redeemable Preference Shares have been fully redeemed on 24th September, 2011.

15.7 Stock Market information

(i) Stock Code:

> National Stock Exchange of India Ltd.

Equity Shares of ₹ 10/- each	: ISPATIND (Series EQ)
0.01% Cumulative Redeemable Preference Shares of ₹ 10/- each	: ISPATIND (Series P1)

> Bombay Stock Exchange Ltd.

Equity Shares of ₹ 10/- each	: 500305
0.01% Cumulative Redeemable Preference Shares of ₹ 10/- each	: 700109

> The Calcutta Stock Exchange Ltd.

Equity Shares of ₹ 10/- each	: 10019278
0.01% Cumulative Redeemable Preference Shares of ₹ 10/- each	: 10019279

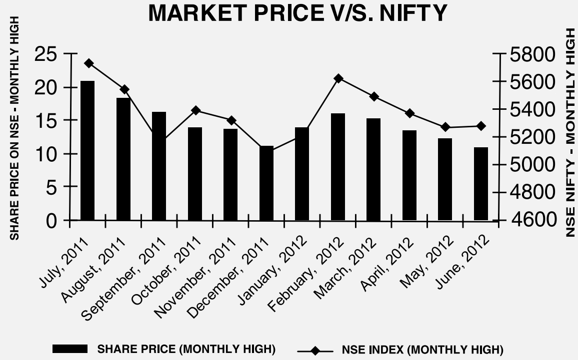
(ii) ISIN Nos. of Dematerialised Shares

Equity Shares of ₹ 10/- each	: INE 136A01022
0.01% Cumulative Redeemable Preference Shares of ₹ 10/- each	: INE 136A04034

(iii) Market Price

Month	Bombay Stock Exchange (BSE)		National Stock Exchange (NSE)	
	High (₹)	Low (₹)	High (₹)	Low (₹)
July, 2011	20.80	17.85	20.80	17.75
August, 2011	18.25	13.00	18.25	12.95
September, 2011	16.00	13.01	16.20	12.85
October, 2011	13.79	12.25	13.80	12.30
November, 2011	13.60	9.65	13.55	9.65
December, 2011	11.00	9.06	11.00	9.00
January, 2012	13.94	9.14	13.95	9.15
February, 2012	15.90	13.00	16.00	12.95
March, 2012	14.82	11.95	15.20	11.90
April, 2012	13.27	11.30	13.45	11.40
May, 2012	12.09	9.50	12.20	9.50
June, 2012	10.87	9.65	10.90	9.65

MARKET PRICE V/S. NIFTY



15.8 Registrars & Transfer Agents : M/s Link Intime India Private Limited
C-13, Pannalal Silk Mills Compound,
LBS Marg, Bhandup (West),
Mumbai-400 078.
Ph. Nos. 91-22-25946970-78
Fax Nos. 91-22-25946969
E-mail: rnt.helpdesk@linkintime.co.in
(Registered with SEBI as Share Transfer Agent - Category I)

15.9 Share Transfer System

The Company's Equity Shares and 0.01% Cumulative Redeemable Preference Shares of ₹ 10/- each (0.01% CRPS) are admitted for dealings with the National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL), under the Depositories Act, 1996. As such, facilities for dematerialization of the Company's Equity Shares and 0.01% CRPS are available vide ISIN No INE136A01022 and INE136A04034, respectively, at both the depositories.

To expedite the process of transfer, the Company has authorized M/s. Link Intime India Private Limited, Registrar & Share Transfer Agents, to effect the transfer, who attend to share transfer formalities at least once in a fortnight. In terms of the Rules and Regulation prescribed by SEBI and provisions of the Listing Agreement entered into with the Stock Exchanges, Share transfers in physical form are carried out and returned to the shareholders within 15 days from the date of receipt, subject to the transfer documents being valid and complete in all respects. Those who are desirous of holding their shares in the Company in electronic form have to approach their Depository Participant for dematerialization of their shares.

The Share Transfer and Investors Grievance Committee looks into issues relating to share transfers and investor grievances. The total number of such meetings of the share transfer committee held during the year under review was four (previous year - eight). Total number of Equity Shares physically transferred during the year were 45,013 (Previous Year – 1,88,009) and total number of 0.01% CRPS physically transferred during the year were 25,072 (Previous Year – 48,644). No transfer request was received during the year in respect of 10% Cumulative Redeemable Preference Shares and 12% Cumulative Redeemable Preference Shares.

15.10 Undelivered / Unclaimed Shares

18,450 Share Certificates in respect of 18,65,248 Equity Shares pertaining to 18,450 Equity Shareholders and 18,523 Share Certificates in respect of 12,52,935 - 0.01% Cumulative Redeemable Preference Shares (CRPS) pertaining to 18,523 CRPS holders are lying undelivered with the Company's Registrar & Share Transfer Agent, M/s. Link Intime India Pvt. Ltd. as at 30th June, 2012. The Company, after sending three reminders to the registered address of the shareholders, requesting for correct particulars to dispatch the undelivered share certificates, will be crediting the unclaimed shares to a Unclaimed Suspense Account to be opened by the Company for this purpose with one of the Depository Participants, if no response is received. Any corporate benefit in terms of securities accruing on such shares viz bonus shares, split etc. shall be credited to the said Unclaimed Suspense Account. The voting rights on these shares shall also remain frozen till the rightful owner of such shares claims the shares.

As and when the rightful owner of such shares approaches the Company at later date, the Company shall, after proper verification, either credit the shares lying in the Unclaimed Suspense Account to the demat account of the owner to the extent of the owner's entitlement, or deliver the physical certificates after rematerializing the same, depending on what has been opted by the owner.

15.11 Investor Grievance Redressal System

M/s. Link Intime India Private Limited, Registrars and Share Transfer Agents, in consultation with the Secretarial Department of the Company, handle all Investors' grievances. The Registrars have adequate skilled staff with professional qualifications and advanced computer systems for speedy redressal of investors' grievances. It is ensured that the total process of settlement of a complaint right from its receipt to disposal does not exceed 15 days.

Periodical Review meetings are held, at least once in a fortnight, between the officials of the Registrars & Share Transfer Agents and the Company to discuss the various issues relating to share transfer and other allied matters, dematerialization of shares, investors complaints etc.

The following e-mail ID of the Compliance Officer has been designated exclusively for registering complaints of the investors:

investorgrievance_cell@ispatind.com

The investors may send their grievance to the said e-mail address. The investors may also send their grievance to the e-mail address of the Company's Registrars and Share Transfer Agents, M/s Link Intime India Private Ltd., as under :-

rnt.helpdesk@linkintime.co.in

15.12 (a) Distribution of Equity Shareholding as on 30th June, 2012

No. of Equity Shares held	No. of Shareholders	% of Shareholders	No. of Shares held	% of Shares held
001 to 5000	707613	98.88	267415325	10.63
5001 to 10000	4701	0.66	35185861	1.40
10001 to 50000	2751	0.38	55647218	2.21
50001 to 100000	254	0.04	18368914	0.73
100001 and above	311	0.04	2140213183	85.04
Total	**715630**	**100.00**	**2516830501**	**100.00**

(b) Categories of Equity Shareholders as on 30th June, 2012

Particulars	No. of Shares held	Percentage to total Shareholding
Promoter Group	1670464935	66.37
Financial Institutions / Banks/ Insurance Companies / Mutual Funds	285435124	11.34
NRIs / OCBs / Other Foreign Shareholders (Other than Promoter Group)	81364196	3.23
Public & Others	479566246	19.06
TOTAL	**2516830501**	**100.00**

15.13 Dematerialization of Shares and Liquidity :

Approximately 99.34% of the Equity Shares has been dematerialized up to 30th June, 2012.

Trading in Equity Shares of the Company is permitted only in dematerialized form with effect from 08.05.2000 as per notification issued by the Securities and Exchange Board of India.

15.14 Plant Locations :

1) Cold Rolling Mill & Coating Complex:
A-10/1 MIDC Industrial Area,
Kalmeshwar 441501,
Dist. Nagpur, Maharashtra.

2) Sponge Iron Plant:
Geetapuram, Dolvi 402 107,
Taluka Pen, Dist. Raigad,
Maharashtra.

3) Hot Strip Mill Plant:
Geetapuram, Dolvi 402 107,
Taluka Pen, Dist. Raigad,
Maharashtra.

4) Blast Furnace Plant:
Geetapuram, Dolvi 402 107,
Taluka Pen, Dist. Raigad,
Maharashtra.

15.15 Address for Correspondence by Investors

JSW ISPAT Steel Limited	Unit-in-Charge
Tower A, 3rd Floor, DLF IT Park,	Unit: JSW ISPAT Steel Limited
08 Major Arterial Road, Block AF,	Link Intime India Private Limited
New Town, Kolkata-700 156,	C-13, Pannalal Silk Mills Compound,
Ph.No: 91-33-40002020	LBS Marg, Bhandup (West),
Fax No.: 91-33-40002021	Mumbai 400 078.
E-mail: investorgrievance_cell@ispatind.com	Ph. Nos. 91-22-25946970-78
	Fax No. 91-22-25946969
	E-mail: rnt.helpdesk@linkintime.co.in

Note: Shareholders holding shares in electronic mode should address all correspondence to their respective depository participants.

DECLARATION IN TERMS OF CLAUSE 49 (1) (D) (ii) OF LISTING AGREEMENT

It is hereby confirmed that all Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct, laid down by the Board of Directors, for the financial year ended 30th June, 2012.

For JSW ISPAT Steel Limited

B K Singh
Chief Executive Officer

25th day of July, 2012

CEO/CFO CERTIFICATION IN TERMS OF CLAUSE 49 OF LISTING AGREEMENTS

July 25, 2012.

The Board of Directors

JSW ISPAT Steel Limited

Dear Sirs,

Re: CEO / CFO Certification in terms of Clause 49 of Listing Agreements with Stock Exchanges.

In pursuance to the Clause 49 of the Listing Agreements with Stock Exchanges, we wish to certify as under with regard to the Annual Audited Accounts of the Company for the financial year ended 30th June, 2012, including the Schedules and Notes forming part thereof, as well as the Cash Flow Statement for the financial year ended on that date:

a. We have reviewed the Annual Accounts, including the Schedules and Notes forming part thereof, and Cash Flow Statement for the financial year ended 30th June, 2012 and that to the best of our knowledge and belief :

    i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

    ii. these statements together present a true and fair view of the Company's affairs as per the Companies Act, 1956, and are in compliance with existing Indian accounting standards, all applicable laws and regulations.

b. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the financial year which are fraudulent, illegal or violative of the Company's Code of Conduct.

c. We accept responsibility for establishing and maintaining internal controls for financial reporting and authorizing respective process owners to maintain such internal controls. The internal control systems are subject to continuous evaluation and deficiencies in the design or operation of such internal controls, if any, of which we are aware have been disclosed to the Auditors and the Audit Committee and steps have been taken to rectify these deficiencies.

d. There were no significant changes in the internal control systems over financial reporting during the financial year, which were to be indicated to the Auditors and the Audit Committee.

e. There were no significant changes in accounting policies during the financial year, which were to be indicated to the Auditors and Audit Committee.

f. There have been no instances of significant fraud during the financial year, of which we have become aware of and the involvement therein of the management or any employee having a significant role in the Company's internal control system over financial reporting.

Rajesh Asher	**B K Singh**
Executive Director (Corporate)	Chief Executive Officer

AUDITORS' CERTIFICATE TO THE MEMBERS OF JSW ISPAT STEEL LIMITED

We have examined the compliance of conditions of corporate governance by JSW ISPAT Steel Limited, for the year ended on 30th June 2012, as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For S.R. BATLIBOI & CO.
Firm Registration Number : 301003E
Chartered Accountants

Per Hemal Shah
Partner
Membership No. 42650

14th Floor, 'The Ruby',
29 Senapati Bapat Marg,
Dadar (W)
Mumbai - 400 028
Dated: 25th July, 2012

Auditors' Report to the Members of JSW ISPAT Steel Limited

To the Members

JSW ISPAT Steel Limited

1. We have audited the attached Balance Sheet of JSW ISPAT Steel Limited ('the Company') as at 30th June 2012 and also the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date, annexed thereto. These Financial Statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these Financial Statements based on our audit.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the Financial Statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Financial Statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall Financial Statements presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

4. Further to our comments in the Annexure referred to above, we report that :

   i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.

   ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.

   iii. The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account.

   iv. In our opinion, the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956, *except for our comment in para (vi) below*.

   v. On the basis of the written representations received from the directors, as on 30th June 2012, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 30th June 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

   vi. *Attention is drawn to Note No. 15 of the accompanying Financial Statements regarding recognition of net deferred tax asset of ₹ 2087.94 crores (including ₹ 779.18 crores recognized during the year) on unabsorbed depreciation and brought forward business losses upto 30th June 2012, based on the future profitability projections made by the management. We are unable to express an opinion on the virtual certainty of achieving these projections as required by Accounting Standard 22, Accounting for Taxes on Income, and the consequential impact, if any, of the recognition of such deferred tax asset. This had also caused us to qualify our audit opinion on the Financial Statements for the year ended 30th June 2011.*

   Had the impact of item stated above been considered, the loss for the year would have been ₹ 2404.86 crores (after adjusting deferred tax assets of ₹ 1308.76 crores recognized upto 30th June 2011) as against the reported loss of ₹ 316.92 crores and net deficit in Reserve and Surplus would have been ₹ 3908.04 crores as against the reported net deficit of ₹ 1820.10 crores.

   vii. *Except for the effect of the observation in para (vi) above,* in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;

      a) in the case of the Balance Sheet, of the state of affairs of the Company as at 30th June 2012;

      b) in the case of the Statement of Profit and Loss, of the loss for the year ended on that date; and

      c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For **S.R. BATLIBOI & CO.**
Firm Registration Number : 301003E
Chartered Accountants

Per **Hemal Shah**
Partner
Membership No. 42650

14th Floor, 'The Ruby',
29 Senapati Bapat Marg,
Dadar (W)
Mumbai - 400 028

Dated: 25th July 2012

Annexure to the Auditors' Report

Referred to in our report of even date to the Members of JSW ISPAT Steel Limited as at and for the year ended 30th June 2012

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification in a phased manner to cover all the items of fixed assets over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) There was no substantial disposal of fixed assets during the year.

(ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year.

(b) As the Company's inventory of raw materials mostly includes bulk materials such as iron ore, iron ore fines, coal, coke, pellets, etc. requiring technical expertise for establishing the quantity thereof, the Company has hired independent agencies for physical verification of such stocks. Relying on the above work, according to the information and explanations furnished to us, the procedure of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification of inventories.

(iii) (a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of clauses 4(iii)(a) to (d) of the Order are not applicable to the Company and hence not commented upon.

(b) According to the information and explanations given to us, the Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of clauses 4(iii)(e) to (g) of the Order are not applicable to the Company and hence not commented upon.

(iv) In our opinion and according to the information and explanations given to us, and having regard to the explanation that some of the items purchased are of a special nature and alternative sources do not exist for obtaining comparable quotations thereof, it appears that there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the Company in respect of these areas.

(v) (a) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 that need to be entered into the register maintained under section 301 have been so entered.

(b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees five lakhs have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time.

(vi) The Company has not accepted any deposit from the public within the purview of Section 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed thereunder.

(vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

(viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 for the steel products manufactured by the Company, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.

(ix) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess and other material statutory dues applicable to it. The provisions relating to employees' state insurance are not applicable to the Company.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, income-tax, sales-tax, wealth-tax, service tax, custom duty, excise duty, cess and other material statutory dues were outstanding, as on the Balance Sheet date for a period of more than six months from the date they became payable.

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

Name of the Statute	Nature of the Dues	Amount (₹ in crores)	Period to which the amount relates	Forum where dispute is pending
The Central Excise Act,1944	Dispute of Cenvat credit on Inputs & Capital Goods and related matters (Net of ₹ 5.07 crores deposited under protest)	48.63	1994-1995 1997-2011	Commissioner (Appeals), Customs, Excise and Service Tax Appellate Tribunal, High Court, Supreme Court
	Duty on valuation of inputs and Hot Metal	14.89	2000-2004	
	Duty on Freight	5.40	1996-2003	
	Various matters (Net of ₹ 1.02 crore deposited under protest)	6.45	1998-2011	
	Transfer of Cenvat Balance from one location to other	2.01	2005-2006	

Name of the Statute	Nature of the Dues	Amount (₹ in crores)	Period to which the amount relates	Forum where dispute is pending
The Customs Act, 1962	Demand of Custom duty on barge and stevedoring charges	7.28	1994-2005	Customs, Excise and Service Tax Appellate Tribunal
The Finance Act, 1994	Tax on services relating to foreign consultancy/ infrastructure support/ sales commission (Net of ₹ 0.44 crore deposited under protest)	2.93	1998-2004 2005-2009	Commissioner (Appeals), Customs, Excise and Service Tax Appellate Tribunal, High Court
The Bombay Sales Tax Act, 1959	Tax on Classification of CR/GC as manufacturing process (Net of ₹ 0.33 crore deposited under protest)	32.13	1998-2004	Jt. Commissioner (Appeal), Sales Tax Appellate Tribunal, High Court
	Deferred Sales Tax amount reduced in revision order	3.26	2001-2002	Sales Tax Appellate Tribunal
	Demand for set off granted on capital goods	1.12	1999-2000	Sales Tax Appellate Tribunal
	Purchase Tax on Zinc	0.66	1989-1991 1995-1996	Sales Tax Appellate Tribunal
	Demand for set off granted on Natural Gas	0.42	1995-1996	Sales Tax Appellate Tribunal
Central Sales Tax Act, 1956	‘C’ and ‘H’ Form related matters (stayed for recovery by the relevant authority)	42.38	2005-2006	Jt. Commissioner (Appeal)
	‘C’ and ‘F’ Form related matters	1.62	2003-2004 2005-2006	W.B. Commercial Tax & Revision Board
	‘C’ Form related matters	0.06	2005-2006	Jt. Commissioner (Appeal)
West Bengal Value Added Tax Act, 2003	Purchase Tax Matters	0.01	2005-2006	Sr. Joint Commissioner
The Income Tax Act,1961	Minimum Alternate Tax	2.16	1989-1991	High Court
The Wealth Tax Act, 1957	Demand on valuation	0.27	2001-2002	Income Tax Appellate Tribunal

(x) *The Company’s accumulated losses at the end of the financial year are more than fifty percent of its net worth and it has incurred cash losses in the current and immediately preceding financial year.*

(xi) Based on our audit procedures and as per the information and explanations given by the management, *the Company has delayed in repayment of working capital dues to banks during the year to the extent of ₹ 771.77 crores (the delay in such repayments for more than 15 days is ₹ 174.64 crores).* However, no such dues were in arrears as at the balance sheet date. The company did not have any outstanding dues of debentures during the year.

(xii) According to the information and explanations given to us and based on the documents and records produced before us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

(xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Order are not applicable.

(xiv) In our opinion, the Company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Order are not applicable.

(xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.

(xvi) Based on the information and explanations given to us by the management, term loans were applied for the purpose for which these loans were obtained.

(xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, *we report that short term funds to the extent of ₹ 1689.04 crores have been used in funding of a portion of accumulated losses and deferred tax assets.*

(xviii) The Company has not made any preferential allotment of shares during the year to parties or Companies covered in the register maintained under section 301 of the Companies Act, 1956.

(xix) The Company did not have any outstanding debentures during the year.

(xx) The Company has not raised any money through a public issue during the year.

(xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

For **S.R. BATLIBOI & CO.**
Firm Registration Number : 301003E
Chartered Accountants

Per **Hemal Shah**
Partner
Membership No. 42650

14th Floor, ‘The Ruby’,
29 Senapati Bapat Marg,
Dadar (W)
Mumbai - 400 028

Dated: 25th July 2012

Balance Sheet as at 30th June 2012

	Note No.	**As at 30th June 2012 (₹ in crores)**	As at 30th June 2011 (₹ in crores)
Equity and liabilities			
Shareholders' funds			
Share Capital	3	**3,001.56**	3,354.92
Share Capital Suspense	4	**-**	150.96
Reserves and surplus	5	**(1,820.10)**	(1,479.48)
		1,181.46	2,026.40
Non-current liabilities			
Long-term borrowings	6	**6,034.83**	4,969.55
Other long-term liabilities	7	**8.85**	39.57
Long-term provisions	8	**44.27**	43.06
		6,087.95	5,052.18
Current liabilities			
Short-term borrowings	9	**180.96**	1,212.71
Trade payables	10	**3,825.09**	3,085.55
Other current liabilities	11	**908.98**	973.94
Short-term provisions	8	**6.58**	5.91
		4,921.61	5,278.11
TOTAL		**12,191.02**	12,356.69
Assets			
Non-current assets			
Fixed assets			
Tangible assets	12	**6,822.26**	7,245.14
Capital work-in-progress	13	**187.50**	52.99
Non-current investments	14	**160.99**	163.42
Deferred tax assets (net)	15	**2,087.94**	1,308.76
Long-term loans and advances	16	**189.43**	194.59
Other non-current assets	17.2	**82.34**	202.69
		9,530.46	9,167.59
Current assets			
Inventories	18	**1,713.25**	2,040.13
Trade receivables	17.1	**591.17**	394.57
Cash and bank balances	19	**9.82**	393.19
Short-term loans and advances	16	**320.48**	334.50
Other current assets	17.2	**25.84**	26.71
		2,660.56	3,189.10
TOTAL		**12,191.02**	12,356.69
Summary of Significant Accounting Policies	2		

The accompanying notes are an integral part of the Financial Statements.

As per our report of even date

For **S. R. Batliboi & Co.**
Firm Registration Number: 301003E
Chartered Accountants

For and on behalf of the Board

per Hemal Shah
Partner
Membership no.: 42650

T. P. Subramanian
President &
Company Secretary

B.K.Singh
Chief Executive Officer

Seshagiri Rao M.V.S.
Director

Place: Mumbai
Date: 25th July 2012

Statement of Profit and Loss for the year ended 30th June 2012

	Note No.	**Jul'11 - Jun'12 (₹ in crores)**	Jul'10 - Jun'11 (₹ in crores)
Income			
Revenue from operations (gross)	20	**12,123.55**	8,994.64
Less : Excise duty		**1,019.44**	763.43
Revenue from operations (net)		**11,104.11**	8,231.21
Other income	21	**424.24**	319.78
Total revenue	(A)	**11,528.35**	8,550.99
Expenses			
Cost of raw material consumed	22	**7,323.83**	5,591.39
Cost of traded power [Refer Note No. 14(a)]		**96.28**	-
(Increase)/ decrease in inventories of finished goods and work-in-progress	23	**46.72**	(87.83)
Employee benefits expense	24	**260.86**	219.29
Finance costs	25	**1,076.00**	1,022.91
Depreciation and amortization expense	26	**626.83**	596.26
Other expenses [Including Prior period items ₹ 0.32 crore (₹ 2.25 crores)]	27	**2,607.47**	2,178.71
Total Expenses	(B)	**12,037.99**	9,520.73
Loss before exceptional items and tax	(A-B)	**(509.64)**	(969.74)
Exceptional items	28	**586.46**	1,180.62
Loss before tax		**(1,096.10)**	(2,150.36)
Tax expenses			
Current tax		**-**	-
Deferred tax credit		**(779.18)**	(344.48)
Total tax expenses		**(779.18)**	(344.48)
Loss for the year		**(316.92)**	(1,805.88)
Earnings per equity share [nominal value of share ₹ 10 (₹ 10) each]	29		
Basic & Diluted		**₹ (1.27)**	₹ (10.60)
Summary of Significant Accounting Policies	2		

The accompanying notes are an integral part of the Financial Statements.

As per our report of even date

For **S. R. Batliboi & Co.**
Firm Registration Number: 301003E
Chartered Accountants

per Hemal Shah
Partner
Membership no.: 42650

For and on behalf of the Board

T. P. Subramanian
President &
Company Secretary

B.K.Singh
Chief Executive Officer

Seshagiri Rao M.V.S.
Director

Place: Mumbai
Date: 25th July 2012

Cash Flow Statement for the year ended 30th June 2012

		Jul'11 - Jun'12 (₹ in crores)	Jul'10 - Jun'11 (₹ in crores)
A:	**CASH FLOW FROM OPERATING ACTIVITIES :**		
	Loss before Tax	**(1,096.10)**	(2,150.36)
	Adjustments for :		
	Depreciation and amortisation expense	**626.83**	596.26
	Loss on Fixed Assets Sold / Discarded (net)	**6.21**	2.64
	Net Unrealised Loss/(Gain) on Exchange Rates/Forward Exchange Contracts	**204.49**	(8.34)
	Gain on Prepayment of Deferred Sales Tax	**(386.89)**	(219.82)
	Advances/Debts/Deposits/Claims Provided For / Written Off	**69.69**	859.49
	Provision for potential loss / Write-down of Inventory	**106.67**	104.83
	Liabilities no Longer Required Written Back	**(7.69)**	(9.84)
	Provision for Diminution in Value of Investments / Written Back	**-**	229.24
	Amortisation of Foreign Currency Monetary Item Translation Difference (net)	**-**	2.08
	Interest Income	**(17.02)**	(59.80)
	Interest & Finance Charges	**1,076.00**	1,022.91
	OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	**582.19**	369.29
	Movements in Working Capital :		
	Increase / (Decrease) in Trade Payables	**577.41**	(483.69)
	Increase / (Decrease) in Other Liabilities *	**(6.30)**	(256.07)
	Increase / (Decrease) in Provisions *	**1.51**	9.22
	(Increase) / Decrease in Trade Receivables	**(198.60)**	49.80
	(Increase) / Decrease in Loans and Advances including Deposits *	**(9.44)**	(271.22)
	(Increase) / Decrease in Other Assets *	**0.68**	11.12
	(Increase) / Decrease in Inventories	**220.22**	(211.16)
	CASH GENERATED FROM / (USED IN) OPERATIONS	**1,167.67**	(782.71)
	Direct taxes paid (Net of refunds)	**(0.63)**	(29.20)
	NET CASH GENERATED FROM / (USED IN) OPERATING ACTIVITIES (A)	**1,167.04**	(811.91)
B:	**CASH FLOW FROM INVESTING ACTIVITIES :**		
	Purchase of fixed assets, including CWIP and capital advances	**(210.44)**	(61.39)
	Project Development Expenses (Net of refunds)	**2.70**	8.98
	Purchase of non-current investments	**(0.01)**	(163.29)
	Sale of non-current Investments / Adjustment for Capital Receipt	**2.44**	-
	Proceeds from Sale of Fixed Assets	**6.77**	0.25
	Maturity of Fixed Deposits (Receipts Pledged with various banks as security)	**143.86**	(24.45)
	Interest Received	**23.05**	20.56
	NET CASH USED IN INVESTING ACTIVITIES (B)	**(31.63)**	(219.34)
C:	**CASH FLOW FROM FINANCING ACTIVITIES :**		
	Proceeds from Issuance of Share Capital (including Share Premium)	**-**	2,157.00
	Receipt of Call Money in Arrears	**0.04**	0.07
	Redemption of Cumulative Redeemable Preference Shares	**(483.42)**	(34.55)
	Proceeds from long-term borrowings	**6,163.98**	1,404.43
	Repayment of long-term borrowings	**(5,114.97)**	(983.60)
	Proceeds from short-term borrowings net	**54.50**	-
	Repayment of short-term borrowings	**(1,086.25)**	(21.80)
	Interest & Finance charges paid	**(1,053.84)**	(1,121.93)
	NET CASH GENERATED FROM / (USED IN) FINANCING ACTIVITIES (C)	**(1,519.96)**	1,399.62
	NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	**(384.55)**	368.37
	Cash & Cash Equivalents at the beginning of the year	**391.64**	23.27
	Cash & Cash Equivalents at the end of the year	**7.09**	391.64
	* Includes current and non-current		

Cash Flow Statement for the year ended 30th June 2012 *(Contd..)*

	Jul'11 - Jun'12 (₹ in crores)	Jul'10 - Jun'11 (₹ in crores)
Notes :-		
Components of Cash and Cash Equivalents		
Cash on hand	**0.07**	0.09
Balances with Banks in :		
- Current Accounts	**4.71**	1.54
- Deposits with original maturity of less than three months	**2.00**	390.00
- Cheques/ drafts on hand	**0.31**	0.01
Total Cash & Cash Equivalents (Note No. 19)	**7.09**	391.64

As per our report of even date

For **S. R. Batliboi & Co.**
Firm Registration Number: 301003E
Chartered Accountants

For and on behalf of the Board

per Hemal Shah
Partner
Membership no.: 42650

T. P. Subramanian
President &
Company Secretary

B.K.Singh
Chief Executive Officer

Seshagiri Rao M.V.S.
Director

Place: Mumbai
Date: 25th July 2012

Notes to Financial Statements as at and for the year ended 30th June 2012

1. **Basis of Preparation**

The Financial Statements of the Company have been prepared in accordance with Generally Accepted Accounting Principles in India (Indian GAAP). The Company has prepared these Financial Statements to comply in all material respects with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956. The Financial Statements have been prepared under the historical cost convention on an accrual basis except in respect of fixed assets for which revaluation is carried out. Further, insurance & other claims, on the ground of prudence or uncertainty in realisation, are accounted for as and when accepted / received. The accounting policies adopted in the preparation of Financial Statements are consistent with those used in the previous year.

Presentation and Disclosure of Financial Statements

During the year ended 30th June 2012, the Revised Schedule VI notified under the Companies Act 1956, has become applicable to the Company, for preparation and presentation of its Financial Statements. The adoption of Revised Schedule VI does not impact recognition and measurement principles followed for preparation of Financial Statements. However, it has significant impact on presentation and disclosures made in the Financial Statements. The Company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A) Use of Estimates

The preparation of Financial Statements in conformity with Generally Accepted Accounting Principles requires the management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

B) Tangible Fixed Assets

i) Fixed Assets are stated at cost of acquisition inclusive of duties (net of CENVAT / VAT), taxes, incidental expenses, erection/commissioning expenses and interest, etc. up to the date the asset is ready to be put to use. In case of revaluation of fixed assets, the cost as assessed by the valuer is considered in the accounts and the differential amount is transferred to revaluation reserve. Exchange differences, in respect of accounting periods commencing from 1st April 2007, on reporting of long-term foreign currency monetary items at rates different from those at which they were initially recorded, or reported in previous Financial Statements, in so far as they relate to the acquisition of a depreciable capital asset, are added to or deducted from the cost of the asset except for that part of exchange difference which is regarded as an adjustment to interest costs and are depreciated over the balance life of the respective asset.

ii) Machinery spares which can be used only in connection with a particular item of fixed assets and whose use, as per the technical assessment, is expected to be irregular, are capitalised and depreciated prospectively over the residual life of the respective asset.

iii) The carrying amount of assets is reviewed at each Balance Sheet date to determine if there is any indication of impairment thereof based on external / internal factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount, which represents the greater of the net selling price of assets and their 'value in use'. The estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

C) Depreciation

i) The classification of Plant & Machinery into continuous and non-continuous process is done as per technical certification and depreciation thereon is provided accordingly.

ii) Depreciation on fixed assets is provided on straight-line method at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956 or at rates determined based on the useful life of the assets estimated by the management, whichever is higher. The management's estimate of useful life coincides with the Schedule XIV.

iii) The Company adjusts exchange differences arising on translation/ settlement of long-term foreign currency monetary items pertaining to the acquisition of a depreciable asset to the cost of the asset and depreciates the same over the remaining life of the asset.

iv) Leasehold land is amortised on a straight line basis over the period of lease which ranges from 95 to 99 years.

v) In case of impairment, if any, depreciation is provided on the revised carrying amount of the assets over their remaining useful life.

D) Foreign Currency Transactions

i) Initial Recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

ii) Conversion

Foreign currency monetary items are reported using the exchange rate prevailing at the Balance Sheet date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction.

iii) Exchange Differences

From accounting periods commencing on or after 1st April 2007, the Company accounts for exchange differences arising on translation/ settlement of foreign currency monetary items as below:

1. Exchange differences arising on long-term foreign currency monetary items related to acquisition of a fixed asset are capitalised / de-capitalised and depreciated over the remaining useful life of the asset. For this purpose, the Company treats a foreign monetary item as "long-term foreign currency monetary item", if it has a term of 12 months or more at the date of its origination.

2. Exchange differences arising on other long-term foreign currency monetary items are accumulated in the "Foreign Currency Monetary Item Translation Difference Account" and amortised over the remaining life of the concerned monetary item.

3. All other exchange differences are recognised as income or as expenses in the period in which they arise.

iv) Forward exchange contracts entered into to hedge foreign currency risk of an existing asset/ liability

The premium or discount arising at the inception of forward exchange contract is amortised and recognised as an expense/ income over the life of the contract. Exchange differences on such contracts, except the contracts which are long-term foreign currency monetary items, are recognised in the statement of profit and loss in the period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of such forward exchange contract is also recognised as income or as expense for the period. Any gain/ loss arising on forward contracts which are long-term foreign currency monetary items are recognised in accordance with paragraph (iii)(1) and (iii)(2).

E) Investments

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognise a decline 'other than temporary' in the value of the investments.

F) Inventories

Inventories are valued as follows :

Raw materials, stores and spare parts:

At the lower of cost and net realisable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost is determined on a weighted average basis.

Work-in-progress and finished goods:

At the lower of cost and net realisable value. Cost includes direct materials and labour and a part of manufacturing overheads based on normal operating capacity. Net realisable value of by-product and scrap, arising in the manufacturing process, is deducted from the cost of the main product. Cost of finished goods includes excise duty and is determined on a weighted average basis

By-products and saleable scrap are measured at its net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

G) Borrowing Costs

Borrowing cost includes interest, amortisation of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

H) Excise Duty & Custom Duty

Excise duty is accounted for at the point of manufacture of goods and accordingly is considered for valuation of finished goods stock lying in the factories as on the Balance Sheet date. Similarly, customs duty on imported materials in transit / lying in bonded warehouse is accounted for at the time of import / bonding of materials.

I) Earnings Per Share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

J) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Sale of Goods

Revenue from sale of goods is recognised when all the significant risks and rewards of ownership of the goods have passed to the buyer, which generally coincides with delivery. Sales are net of returns, claims, trade discounts, Sales Tax and VAT, etc. Export turnover includes related export benefits.

Sale of Power

Revenue from sale of power is recognised when substantial risks and rewards of ownership is transferred to the buyer under the terms of the contract.

Interest

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the applicable interest rate.

Dividends

Dividend income is recognised when the Company's right to receive dividend is established by the Balance Sheet date.

K) Retirement And Other Employee Benefits

i) Retirement benefits in the form of Provident and Superannuation Funds are defined contribution schemes and contributions to these funds are charged to the Statement of Profit and Loss in the year when these become due to the respective funds. The Company has no obligation, other than the contribution payable to these funds.

ii) Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation, as per projected unit credit method made at the Balance Sheet date.

iii) Short term compensated absences are provided for based on estimates. Long term compensated absences are provided for based on actuarial valuation, as per projected unit credit method.

iv) Actuarial gains/losses are immediately taken to the Statement of Profit and Loss and are not deferred.

L) Taxation

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the Company operates. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the Balance Sheet date.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date.

Deferred tax liabilities are recognised for all taxable timing differences. Deferred tax assets are recognised for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

At each Balance Sheet date, the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax asset to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The carrying amount of deferred tax assets are reviewed at each Balance Sheet date. The Company writes-down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

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

M) Segment Reporting

Identification of segments

The Company's operating businesses are organised and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the areas in which customers of the Company are located.

Unallocable items

The unallocable items consist of general corporate incomes and expenses which are not allocable to any business segment.

Segment accounting policies

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the Financial Statements of the Company as a whole.

N) Leases

Finance leases, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the lower of the fair value of leased assets and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets.

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognised as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term.

O) Cash and Cash Equivalents

Cash and cash equivalents for the purposes of Cash Flow Statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

P) Derivative Instruments

In accordance with the ICAI announcement, derivative contracts, other than foreign currency forward contracts covered under AS 11, are marked to market on a portfolio basis, and the net loss, if any, after considering the offsetting effect of gain on the underlying hedged item, is charged to the Statement of Profit and Loss. Net gain, if any, after considering the offsetting effect of loss on the underlying hedged item, is ignored.

Q) Provision

A provision is recognised when the Company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

R) Contingent Liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognise a contingent liability but discloses its existence in the Financial Statements.

3. Share Capital

		As at 30th June 2012 (₹ in crores)	As at 30th June 2011 (₹ in crores)
Authorised shares			
4,000,000,000 (4,000,000,000) Equity Shares of ₹ 10 each		**4,000.00**	4,000.00
100,000,000 (100,000,000) Preference Shares of ₹ 100 each		**1,000.00**	1,000.00
1,000,000,000 (1,000,000,000) Preference Shares of ₹ 10 each		**1,000.00**	1,000.00
		6,000.00	6,000.00
Issued, subscribed and fully paid-up shares			
2,514,987,174 (2,384,931,492) Equity Shares of ₹ 10 each		**2,514.99**	2,384.93
Nil (43,199,500) 12% Cumulative Redeemable Preference Shares (CRPS) of ₹ 100 each		**431.99**	431.99
Less : Redeemed		**431.99**	103.68
		-	328.31
Nil (155,112,156) 10% Cumulative Redeemable Preference Shares (CRPS) of ₹ 10 each		**155.11**	155.11
Less : Redeemed		**155.11**	-
		-	155.11
484,679,959 (484,663,631) 0.01% Cumulative Redeemable Preference Shares (CRPS) of ₹ 10 each		**484.68**	484.66
Total issued, subscribed and fully paid-up share capital	**(A)**	**2,999.67**	3,353.01
Issued, subscribed but not fully paid-up shares			
1,843,327 (1,867,638) Equity Shares of ₹ 10 each		**1.84**	1.87
Less: Calls unpaid (Due from other than Directors or Officers)		**0.69**	0.71
		1.15	1.16
1,228,885 (1,245,213) 0.01% Cumulative Redeemable Preference Shares (CRPS) of ₹ 10 each		**1.23**	1.25
Less: Calls unpaid (Due from other than Directors or Officers)		**0.49**	0.50
		0.74	0.75
Total issued, subscribed but not fully paid-up share capital	**(B)**	**1.89**	1.91
Total Share Capital	**(A+B)**	**3,001.56**	3,354.92

(a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

	As at 30th June 2012		As at 30th June 2011	
	(Nos.)	(₹ in crores)	(Nos.)	(₹ in crores)
Equity Shares				
At the beginning of the period	**2,386,799,130**	**2,386.09**	1,222,442,218	1,221.71
Issued during the period - Preferential issue	**-**	**-**	1,086,649,874	1,086.65
Issued during the period - Conversion of Loan #	**130,031,371**	**130.03**	77,707,038	77.71
Call Money received during the period	**-**	**0.02**	-	0.02
Outstanding at the end of the period	**2,516,830,501**	**2,516.14**	2,386,799,130	2,386.09
12% Cumulative Redeemable Preference Shares (CRPS)				
At the beginning of the period	**43,199,500**	**328.31**	43,199,500	431.99
Redeemed during the period [Refer Note No. 6(f)]	**43,199,500**	**328.31**	-*	103.68
Outstanding at the end of the period	**-**	**-**	43,199,500	328.31
* Redeemed four installments against nominal value of each CRPS				
10% Cumulative Redeemable Preference Shares (CRPS)				
At the beginning of the period	**155,112,156**	**155.11**	155,112,156	155.11
Redeemed during the period [Refer Note No. 6(f)]	**155,112,156**	**155.11**	-	-
Outstanding at the end of the period	**-**	**-**	155,112,156	155.11
0.01% Cumulative Redeemable Preference Shares (CRPS)				
At the beginning of the period	**485,908,844**	**485.41**	485,908,844	485.40
Call Money received during the period	**-**	**0.01**	-	0.01
Outstanding at the end of the period	**485,908,844**	**485.42**	485,908,844	485.41

The Securities Issue Committee of the Board of Directors of the Company, at its meeting held on 18th May 2012, has allotted 130,031,371 Equity Shares of ₹ 10 each on preferential basis, at a premium of ₹ 4.74 per share to CDR lenders on receipt of necessary approvals from the Stock Exchanges.

This has resulted in increase in Share Capital by ₹ 130.03 crores and Securities Premium Account by ₹ 61.63 crores aggregating to ₹ 191.66 crores on transfer of ₹ 150.96 crores from Share Capital Suspense and ₹ 40.70 crores from Secured Term Loan.

(b) Terms and Rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 10 per share. Holder of equity shares are entitled to voting rights as follows : (i) On voting by show of hands, every holder shall have one vote; (ii) On voting by poll, in proportion to the amount paid on equity shares held. Each holder is entitled to dividend, when declared and approved, in proportion to the amount paid on equity shares held.

In the event of winding-up of the Company, the equity shareholders shall be entitled to participate in profits and assets, subject to preferential payments.

(c) Nil (106,912) equity shares are represented by way of outstanding Global Depository Receipts (GDRs) and each GDR represents 10 underlying equity shares.

(d) Terms of Redemption and Rights of 0.01% CRPS

Each holder of CRPS is entitled to one vote per share, in proportion to the amount paid on CRPS held, only on resolutions placed before the Company which directly affect the rights attached to CRPS. It carries dividend @ 0.01% p.a., when declared. The dividend is cumulative. CRPS is redeemable at par in eight quarterly installments commencing from 15th June 2018. In the event of winding-up of the Company before redemption of CRPS, the holders of CRPS will have priority over equity shares in the payment of dividend and repayment of capital.

(e) Terms of Redemption of 12% and 10% CRPS

During the year, 12% and 10% CRPS were fully redeemed as per the refinancing proposal approved by the CDR Empowered Group. These CRPS were redeemable at par in thirteen annual installments from 31st March 2008 and eight quarterly installments from 15th June 2018 respectively.

(f) Details of shareholders holding more than 5% shares in the Company

Name of the shareholder	As at 30th June 2012		As at 30th June 2011	
	(Nos.)	(% holding in the class)	(Nos.)	(% holding in the class)
Equity shares of ₹ 10 each fully paid				
JSW Steel Limited	**1,176,590,764**	**46.75%**	1,176,590,764	49.30%
Ispat Steel Holdings Limited	**207,793,401**	**8.26%**	207,793,401	8.71%
12% CRPS of ₹ 100 each fully paid				
IDBI Bank Ltd.	-	-	18,100,000	41.90%
ICICI Bank Ltd.	-	-	11,100,000	25.69%
Life Insurance Corporation of India	-	-	7,400,000	17.13%
Unit Trust of India	-	-	3,600,000	8.33%
10% CRPS of ₹ 10 each fully paid				
IDBI Bank Ltd.	-	-	51,416,548	33.15%
IFCI Limited	-	-	43,034,819	27.74%
ICICI Bank Ltd.	-	-	22,998,800	14.83%
Life Insurance Corporation of India	-	-	16,799,699	10.83%
0.01% CRPS of ₹ 10 each fully paid				
Ispat Steel Holdings Limited	**162,352,551**	**33.41%**	162,352,551	33.41%
Goldline Tracom Pvt. Ltd.	**35,825,455**	**7.37%**	35,825,455	7.37%

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

4. Share Capital Suspense Account

	As at 30th June 2012 (₹ in crores)	As at 30th June 2011 (₹ in crores)
Share Capital Suspense Account [Refer Note No. 3(a)]	-	150.96
	-	150.96

5. Reserves and surplus

	As at 30th June 2012 (₹ in crores)	As at 30th June 2011 (₹ in crores)
Capital reserve		
(i) Investment Subsidy	**0.20**	0.20
(ii) Amount arisen on Forfeiture of Equity Warrants	**51.98**	51.98
	52.18	52.18
Securities premium account*		
Balance as per the last Financial Statements	**1,524.11**	453.71
Add: Premium on issue of equity shares on preferential basis [Refer Note No. 3(a)]	**61.63**	1,070.36
Add: Call money received during the period	**0.02**	0.04
Closing Balance	**1,585.76**	1,524.11
* Net of ₹ 1.76 crores (₹ 1.78 crores) due on Call Money in arrears		
Revaluation reserve		
Balance as per the last Financial Statements	**884.34**	965.94
Less : Adjustments in respect of fixed assets sold/discarded	**(0.84)**	(0.19)
Less: Amount transferred to the Statement of Profit and Loss as reduction from depreciation	**(84.51)**	(81.41)
Closing Balance	**798.99**	884.34
Surplus / (deficit) in the Statement of Profit and Loss		
Balance as per last Financial Statements	**(3,940.11)**	(2,134.23)
Add: Loss for the year	**(316.92)**	(1,805.88)
Net deficit in the Statement of Profit and Loss	**(4,257.03)**	(3,940.11)
Total reserves and surplus	**(1,820.10)**	(1,479.48)

6. Long-term borrowings

	Non-current portion		Current maturities	
	As at 30th June 2012 (₹ in crores)	As at 30th June 2011 (₹ in crores)	**As at 30th June 2012 (₹ in crores)**	As at 30th June 2011 (₹ in crores)
Term loans (Secured)				
Indian rupee loan from banks	**5,091.44**	1,769.12	**135.19**	305.73
Indian rupee loan from financial institutions	-	1,372.27	-	207.88

	Non-current portion		Current maturities	
	As at 30th June 2012 (₹ in crores)	As at 30th June 2011 (₹ in crores)	**As at 30th June 2012 (₹ in crores)**	As at 30th June 2011 (₹ in crores)
Foreign currency loan from banks	**822.46**	1,574.28	**129.72**	216.38
Foreign currency loan from Financial Institutions	**-**	222.60	**-**	26.14
Term Loans (Unsecured)				
Indian rupee loan from a financial institution	**100.00**	-	**300.00**	-
Deferred payment liabilities (Unsecured)				
Deferred Sales Tax/ Value Added Tax	**10.90**	12.16	**1.27**	0.60
Others	**-**	7.69	**4.43**	2.43
Other loans & Advances (Unsecured)				
Sales Tax Loan from Government of Maharashtra	**10.03**	11.43	**1.40**	1.46
	6,034.83	4,969.55	**572.01**	760.62
The above amount includes				
Secured borrowings	**5,913.90**	4,938.27	**264.91**	756.13
Unsecured borrowings	**120.93**	31.28	**307.10**	4.49
Amount disclosed under the head "Other current liabilities" (Note No. 11)			**(572.01)**	(760.62)
Net amount	**6,034.83**	4,969.55	**-**	-

(a) The Rupee Term Loans and Foreign Currency Loan are secured by a mortgage / charge / assignment / security interest on all the immoveable, moveable and current assets (intangible and tangible) of the Company both present and future ranking pari passu with the working capital lenders.

Indian Rupee Loans from banks comprise of ₹ 4,280.49 crores and ₹ 946.14 crores towards Rupee Term Loan (RTL) I and II respectively. These loans presently carry interest at Base rate of Lead Bank plus spread of 1.00% p.a. and the repayment schedule from the Balance Sheet date is as follows:

	RTL I - ₹ 4,280.49 crores		RTL II - ₹ 946.14 crores	
Payment Terms	**32 structured quarterly installments starting from June 2012 to March 2020**		**18 structured quarterly installments starting from December 2011 to March 2016**	
Installments due	**Numbers**	**(₹ in crores)**	**Numbers**	**(₹ in crores)**
Within one year (Note No. 11)	4	86.04	4	49.15
One year to three year	8	387.18	8	602.09
Three year to five year	8	1,441.17	3	294.90
More than five year	11	2,366.10	-	-
TOTAL	**31**	**4,280.49**	**15**	**946.14**

Foreign Currency Loan (FCL) carries interest at 6-month USD LIBOR plus spread of 4.85% p.a. with annual interest reset.

Following is the repayment schedule of Foreign Currency Loan of ₹ 952.18 crores (USD 169,099,433) from the Balance Sheet date:

Loan amount	**₹ 541.16 crores (USD 96,106,255)**		**₹ 411.02 crores (USD 72,993,178)**	
Payment Terms	**Payable monthly up to March 2017**		**Payable quarterly up to April 2020**	
Installments due	**Numbers**	**(₹ in crores)**	**Numbers**	**(₹ in crores)**
Within one year (Note No. 11)	12	81.37	4	48.35
One year to three year	24	246.30	8	120.89
Three year to five year	21	213.49	8	120.89
More than five year	-	-	12	120.89
TOTAL	**57**	**541.16**	**32**	**411.02**

(b) During the year, the Company has received unsecured long-term borrowing of ₹ 400.00 crores from a Financial Institution. The loan is repayable in 12 equal monthly installments from October 2012 to September 2013 and carries interest at 'Corporate Prime Lending Rate' minus spread of 4.75% p.a. and the repayment schedule from the Balance Sheet date is as follows:

Installments due	**Numbers**	**(₹ in crores)**
Within one year (Note No. 11)	9	300.00
One year to Three Year	3	100.00
TOTAL	**12**	**400.00**

(c) Deferred Sales Tax / Value Added Tax is interest free and payable in five equal annual installments after end of 10 years of respective year of collection and the repayment schedule from the Balance Sheet date is as follows:

Installments due	**Numbers**	**(₹ in crores)**
Within one year (Note No. 11)	2	1.27
One year to Three Year	7	4.25
Three Year to Five Year	9	4.51
More than Five Year	6	2.14
TOTAL	**24**	**12.17**

(d) Deferred payment liabilities - Others, represents deferred payment towards acquisition of fixed assets. The same carries interest @ 3.39 % p.a. and payable in 36 monthly installments of Euro 64,205.94 (principal) each, starting from November 2009 and the repayment schedule is as follows:

Installments due	Numbers	(₹ in crores)
Within one year (Note No. 11)	10	4.43
TOTAL	**10**	**4.43**

Default in the principal repayment of 4 installments amounting to ₹ 1.77 crores (7 installments amounting to ₹ 2.83 crores) as on Balance Sheet date. There is similar default in interest accrued and due on above principal amounting to ₹ 0.09 crore (₹ 0.26 crore) as included under other current liabilities (Note No. 11).

(e) Sales tax loan from Government of Maharashtra is interest free and payable in six equal annual installments starting after 10 years of disbursement and the repayment schedule from the Balance Sheet date is as follows:

Installments due	Numbers	(₹ in crores)
Within one year (Note No. 11)	6	1.40
One year to Three Year	3	0.62
Three Year to Five Year	11	2.89
More than Five Year	31	6.52
TOTAL	**51**	**11.43**

(f) The Company's proposal to prepay the entire CDR debt by way of refinancing was approved by CDR Empowered Group at its meeting held on 12th January 2011. The Company has prepaid the outstanding CDR debt by refinancing through a consortium of banks and also fully redeemed 12% and 10% Cumulative Redeemable Preference Shares (CRPS) of ₹ 328.31 crores and ₹ 155.11 crores respectively during the year. The CDR Empowered Group, vide letter dated 25th January 2012, has approved exit of the Company from CDR framework with effect from 30th September 2011.

7. Other long-term liabilities

	As at 30th June 2012 (₹ in crores)	As at 30th June 2011 (₹ in crores)
Trade and other deposits	**8.85**	9.98
Liability towards derivative transactions	**-**	29.59
	8.85	39.57

8. Provisions

	Long-term		Short-term	
	As at 30th June 2012 (₹ in crores)	As at 30th June 2011 (₹ in crores)	**As at 30th June 2012 (₹ in crores)**	As at 30th June 2011 (₹ in crores)
Provision for employee benefits*				
Provision for gratuity (Refer Note No. 30)	**29.30**	**27.52**	4.49	3.87
Provision for leave benefits (Refer Note No. 30)	**11.38**	**12.30**	2.04	2.01
	40.68	**39.82**	6.53	5.88
Other provisions				
Wealth tax (net of advance tax)	**-**	**-**	0.05	0.03
Provision for litigations (Refer details below)	**3.59**	**3.24**	-	-
	3.59	**3.24**	0.05	0.03
	44.27	**43.06**	6.58	5.91

* The classification of provision for employee benefits into current/ non current has been done by the actuary of the Company based upon estimated amount of cash outflow during the next 12 months from the Balance Sheet date.

Provision for litigations

The table below gives information about movement in provisions for litigations with vendors / customers:

	As at 30th June 2012 (₹ in crores)	As at 30th June 2011 (₹ in crores)
At the beginning of the year	**3.24**	6.53
Arising during the year	**0.66**	0.80
Paid / settled during the year	**(0.31)**	(4.09)
At the end of the year	**3.59**	3.24

9. Short-term Borrowings

	As at 30th June 2012 (₹ in crores)	As at 30th June 2011 (₹ in crores)
Working Capital Loans from banks repayable on demand (secured)	**180.96**	216.70
Short Term Indian Rupee Loans (unsecured):		
From a bank	**-**	310.00
From a financial institution	**-**	400.00
Advances from Customers (unsecured)	**-**	286.01
	180.96	1,212.71

Working Capital Loans from Banks are secured by a mortgage/ charge/assignment/security interest on all the immoveable, moveable and current assets (intangible and tangible) of the Company both present and future ranking pari passu with the lenders of Rupee Term Loan and Foreign Currency Loan.

Working Capital Loans of ₹ 109.50 crores from banks, are also secured by personal guarantees of Mr. Pramod Mittal / Mr. Vinod Mittal, directors of the Company and Mr. M. L. Mittal, a former director of the Company.

The working capital loan is repayable on demand and carries interest at base rate plus spread ranging betwen 3.00% to 5.00% p.a.

10. Trade Payables

	As at 30th June 2012 (₹ in crores)	As at 30th June 2011 (₹ in crores)
Trade payables (Including acceptances) (Refer Note No. 37 for detail of dues to micro and small enterprise)	**3,825.09**	3,085.55

11. Other current liabilities

	As at 30th June 2012 (₹ in crores)	As at 30th June 2011 (₹ in crores)
Current maturities of long-term borrowings (Note No. 6)	**572.01**	760.62
Interest accrued but not due on borrowings	**5.92**	11.71
Interest accrued and due on deferred payment liabilities	**0.09**	0.26
Trade and other deposits	**3.08**	2.84
Advance against equity warrants refundable	**18.00**	18.00
Advances from customers	**36.04**	36.13
Statutory dues	**116.20**	111.93
Payable towards purchase of fixed assets (including acceptances)	**51.11**	11.46
Employee related liabilities	**11.05**	20.99
Liability towards derivative transactions	**56.74**	-
Other payables [Refer Note No. 28 (c)]	**38.74**	-
	908.98	973.94

12. Tangible assets

(₹ in crores)

	Land-Leasehold	Land-Freehold	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office Equipment	Electrical Installations	Railway Sidings & Locomotives	Computers	Vessels	Total
Cost or valuation												
At 1st July 2010	7.70	131.04	539.39	11,989.08	13.18	12.08	24.05	627.00	59.39	39.28	13.83	13,456.02
Additions	-	4.46	3.53	48.29	0.73	1.02	1.14	0.70	-	2.19	-	62.06
Disposals	-	-	(0.52)	(1.01)	(1.74)	(0.78)	(3.92)	(0.02)	-	(7.93)	-	(15.92)
Other adjustments - Exchange Differences [Refer note (d) below]	-	-	-	(63.46)	-	-	-	-	-	-	-	(63.46)
At 30th June 2011	**7.70**	**135.50**	**542.40**	**11,972.90**	**12.17**	**12.32**	**21.27**	**627.68**	**59.39**	**33.54**	**13.83**	**13,438.70**
Additions	-	19.80	8.18	76.84	0.63	0.87	0.56	1.63	-	0.53	-	109.04
Disposals	-	-	(0.14)	(24.29)	(0.33)	(1.56)	(0.36)	(0.59)	-	(0.15)	-	(27.42)
Other adjustments - Exchange Differences [Refer note (d) below]	-	-	-	193.01	-	-	-	-	-	-	-	193.01
At 30th June 2012	**7.70**	**155.30**	**550.44**	**12,218.46**	**12.47**	**11.63**	**21.47**	**628.72**	**59.39**	**33.92**	**13.83**	**13,713.33**
Depreciation												
At 1st July 2010	**0.57**	**-**	**130.68**	**5,033.79**	**6.80**	**6.59**	**9.89**	**289.91**	**16.90**	**30.78**	**2.76**	**5,528.67**
Charge for the year	0.06	-	15.42	625.54	0.85	0.95	0.92	27.27	2.85	2.81	1.00	677.67
Disposals	-	-	(0.36)	(0.67)	(1.14)	(0.47)	(2.59)	(0.03)	-	(7.52)	-	(12.78)
At 30th June 2011	**0.63**	**-**	**145.74**	**5,658.66**	**6.51**	**7.07**	**8.22**	**317.15**	**19.75**	**26.07**	**3.76**	**6,193.56**
Charge for the year	0.09	-	15.11	659.90	0.45	1.13	1.36	27.04	2.88	2.39	0.99	711.34
Disposals	-	-	(0.04)	(12.05)	(0.00)	(0.92)	(0.45)	(0.25)	-	(0.12)	-	(13.83)
At 30th June 2012	**0.72**	**-**	**160.81**	**6,306.51**	**6.96**	**7.28**	**9.13**	**343.94**	**22.63**	**28.34**	**4.75**	**6,891.07**
Net Block												
At 30th June 2011	**7.07**	**135.50**	**396.66**	**6,314.24**	**5.66**	**5.25**	**13.05**	**310.53**	**39.64**	**7.47**	**10.07**	**7,245.14**
At 30th June 2012	**6.98**	**155.30**	**389.63**	**5,911.95**	**5.51**	**4.35**	**12.34**	**284.78**	**36.76**	**5.58**	**9.08**	**6,822.26**

(a) Freehold Land includes ₹ 3.77 crores (₹ 3.77 crores) being the cost of 58.70 acres (62.10 acres) land, which is yet to be registered in the Company's name.

(b) Buildings includes ₹ 0.12 crore (₹ 0.12 crore) being cost of shares in Cooperative Housing Society which are pending registration in the Company's name.

(c) Land, Buildings, Railway Sidings, Plant & Equipment and Electrical Installations aggregating to ₹ 11,340.89 crores (Gross block) as on 31st March 2006 were revalued by approved valuers on Replacement Cost basis and the net increase of ₹ 1,018.38 crores was transferred to Revaluation Reserve. In accordance with the option given in the Guidance Note on Accounting for Depreciation in Companies, the Company recoups such additional depreciation out of revaluation reserve.

(d) Represents foreign exchange differences on long term foreign currency monetary items relating to depreciable tangible assets capitalised ₹ 193.01 crores (₹ 63.46 crores de-capitalised).

(e) Freehold land includes land valuing ₹ 1.26 crores (₹ Nil) given on operating lease.

13. Capital Work-in-progress

	As at 30th June 2012 (₹ in crores)	As at 30th June 2011 (₹ in crores)
Buildings	**30.17**	10.92
Plant and Equipments	**127.21**	51.95
Capital Goods in Stock and in transit	**37.56**	20.68
Material with contractors/ Fabricators	**5.11**	0.86
	200.05	84.41
Less: Transfer to Tangible Assets	**20.62**	31.42
	179.43	52.99
Add: Pre-operative Expenses (Pending Allocation) (Refer Note No. 13.1)	**8.07**	-
	187.50	52.99

13.1 Pre-operative Expenses (Pending Allocation)

During the year, the Company has incurred the following expenses relating to ongoing projects of the Company, which are accounted as pre-operative expenses and grouped under Capital Work-in-progress. Consequently, expenses disclosed under the respective notes are net of below amounts capitalised by the Company.

	As at 30th June 2012 (₹ in crores)	As at 30th June 2011 (₹ in crores)
Employee Benefit Expenses		
Salaries, wages and bonus [Includes gratuity expenses ₹ 0.03 crores (₹ Nil)]	**3.04**	-
Contribution to provident and other fund	**0.16**	-
Staff welfare expenses	**0.42**	-
Power and Fuel	**0.20**	-
Insurance	**0.04**	-
Rates and taxes	**0.05**	-
Miscellaneous Expenses	**2.19**	-
Other Borrowing costs	**1.97**	-
	8.07	-

14. Non-current investments

	As at 30th June 2012 (₹ in crores)	As at 30th June 2011 (₹ in crores)
Trade investments (valued at cost unless stated otherwise)		
Unquoted equity instrument		
Investment in subsidiaries		
110,001,260 (110,001,260) Equity shares of ₹ 10 each fully paid-up in Ispat Energy Limited	-	-
[At cost less provision for other than temporary diminution in value ₹ 110.00 crores (₹ 110.00 crores)]		
Nil (30,000) equity shares of ₹ 10 each fully paid-up in Ispat Jharkhand Steels Limited	-	0.03
50,000 (50,000) equity shares of USD 100 each fully paid-up in Arima Holdings Ltd.*	-	-
[At cost less provision for other than temporary diminution in value ₹ 22.32 crores (₹ 22.32 crores)]		
215,000 (215,000) equity shares of USD 100 each fully paid-up in Erebus Ltd.*	-	-
[At cost less provision for other than temporary diminution in value ₹ 96.92 crores (₹ 96.92 crores)]		
784,502 (784,502) equity shares of Singapore Dollar 1 each fully paid-up in Nippon Ispat Singapore (Pte) Ltd. (Includes 2 shares held in the name of the nominees)*	-	-
[At cost less provision for other than temporary diminution in value ₹ 1.57 crores (₹ 1.57 crores)]		
10,000 (Nil) equity shares of ₹ 10 each fully paid-up in Peddar Realty Pvt. Ltd.	**0.01**	-
1 (1) equity share of USD 100 each fully paid-up in Lakeland Securities Ltd. [Full amount ₹ 3,998 (₹ 3,998)]*	**0.00**	0.00
	0.01	0.03
Investment in equity instruments (quoted)		
1,500,000 (1,500,000) equity shares of ₹ 10 each fully paid-up in Ispat Profiles India Ltd.@#	-	-
23,625,000 (23,625,000) equity shares of ₹ 10 each fully paid-up in JSW Energy Limited (net of pre-acquisition dividend of ₹ 2.36 crores)	**160.93**	163.29
	160.93	163.29
Investment in equity instruments (unquoted)		
50,000 (50,000) equity shares of ₹ 10 each fully paid-up in Steelscape Consultancy Pvt. Ltd.	**0.05**	0.05
Nil (5,000) equity shares of ₹ 100 each fully paid-up in Rewa Infrastructures Private Limited	-	0.05
480,000 (480,000) equity shares of ₹ 10 each fully paid-up in Kalyani Mukand Limited @	-	-
	0.05	0.10
	160.99	163.42

	As at 30th June 2012 (₹ in crores)	As at 30th June 2011 (₹ in crores)
Aggregate amount of quoted investments [Market value: ₹ 124.15 crores (₹ 157.93 crores)]	**160.93**	163.29
Aggregate amount of unquoted investments	**0.06**	0.13
Aggregate provision for other than temporary diminution in value of investments	**230.81**	230.81

* Valued at the foreign currency exchange rate prevailing on the date of allotment/transaction

@ Value written off in earlier years

Quotation not available

(a) Pursuant to the acquisition of equity shares in JSW Energy Limited in the previous year, one of the units (300 MW) of JSW Energy Ltd.'s Ratnagiri plant has become captive unit to the Company. The Company has entered into an 'Energy Wheeling Agreement' with JSW Energy Limited to ensure long term power supply from them. Maharashtra State Electricity Distribution Company Limited (MSEDCL) has, vide its letter dated 11th January 2012, accorded open access permission to the Company for wheeling of power from this unit. Accordingly, the Company has started receiving power with effect from 19th January 2012 and excess power, if any, is sold to MSEDCL.

15. Deferred tax assets (net)

Effective 1st April 2011, the Company had ceased recognition of additional Deferred Tax Assets (DTA). During the year, DTA of ₹ 779.18 crores (₹ 344.48 crores) has been recognised for the period from 1st April 2011 to 30th June 2012 and net DTA as on 30th June 2012 stands at ₹ 2087.94 crores (₹ 1308.76 crores). There are carried forward unabsorbed depreciation and business losses as at the Balance Sheet date. In view of various measures taken by the Company for enhancing operating efficiency, tie-up of reliable alternate sources of power and critical inputs, setting-up of crucial projects aimed at achieving raw material integration and major savings in input costs as well as the future profitability projections, the Company is virtually certain that there would be sufficient taxable income in future, to claim the above tax credit.

The break-up of DTA of ₹ 2087.94 crores (₹ 1308.76 crores) is as follows:

	As at 30th June 2012 (₹ in crores)	As at 30th June 2011 (₹ in crores)
Deferred tax liability		
Arising on account of timing difference in depreciable assets	**1,072.40**	1,151.23
Gross deferred tax liability	**1,072.40**	1,151.23
Deferred tax asset		
On unabsorbed depreciation	**1,815.98**	1,687.35
On unabsorbed business losses	**1,166.53**	482.59
On other timing differences	**177.83**	290.05
Gross deferred tax asset	**3,160.34**	2,459.99
Net deferred tax asset	**2,087.94**	1,308.76

16. Loans and advances

		Non-current		Current	
		As at 30th June 2012 (₹ in crores)	As at 30th June 2011 (₹ in crores)	As at 30th June 2012 (₹ in crores)	As at 30th June 2011 (₹ in crores)
Unsecured, considered good (unless stated otherwise):					
Capital advances					
Considered good		**24.78**	8.87	**-**	-
Considered doubtful		**9.24**	9.24	**-**	-
		34.02	18.11	**-**	-
Less: Provision for doubtful capital advances		**9.24**	9.24	**-**	-
	(A)	**24.78**	8.87	**-**	-
Security deposit					
Considered good [to related parties ₹ 0.03 crore (₹ 25.64 crores)]		**18.08**	19.78	**53.33**	56.92
Considered doubtful [to related parties(Note No. 41)]		**-**	-	**24.69**	-
		18.08	19.78	**78.02**	56.92
Less: Provision for doubtful advances [Refer Note No. 28(d)]		**-**	-	**24.69**	-
	(B)	**18.08**	19.78	**53.33**	56.92
Loan and advances to related parties (Note No. 41)					
Considered good		**27.58**	30.29	**-**	-
Considered doubtful		**24.16**	333.85	**6.97**	6.97
		51.74	364.14	**6.97**	6.97
Less: Provision for doubtful advances		**24.16**	333.85	**6.97**	6.97
	(C)	**27.58**	30.29	**-**	-
Advances recoverable in cash or kind					
Considered good		**55.98**	66.15	**125.36**	138.33
Considered doubtful		**-**	-	**203.07**	187.83
		55.98	66.15	**328.43**	326.16
Less: Provision for doubtful advances		**-**	-	**203.07**	187.83
	(D)	**55.98**	66.15	**125.36**	138.33
Other loans and advances					
Advance income-tax		**30.80**	30.15	**-**	-
Prepaid expenses		**28.74**	31.51	**31.92**	44.60
Loans to employees					
Considered good		**-**	-	**1.09**	0.91
Considered doubtful		**-**	-	**1.54**	1.57
		-	-	**2.63**	2.48
Less: Provision for doubtful advances		**-**	-	**1.54**	1.57
		-	-	**1.09**	0.91

	Non-current		Current	
	As at 30th June 2012 (₹ in crores)	As at 30th June 2011 (₹ in crores)	**As at 30th June 2012 (₹ in crores)**	As at 30th June 2011 (₹ in crores)
Balances with Statutory / Government authorities				
Considered good	**3.47**	7.84	**108.78**	93.74
Considered doubtful	**4.70**	2.23	**0.91**	1.44
	8.17	10.07	**109.69**	95.18
Less: Provision for doubtful advances	**4.70**	2.23	**0.91**	1.44
	3.47	7.84	**108.78**	93.74
(E)	**63.01**	69.50	**141.79**	139.25
Total (A+B+C+D+E)	**189.43**	194.59	**320.48**	334.50

Advances recoverable in cash or kind includes:

Loans and advances due from directors or other officers, etc.

	Non-current		Current	
	As at 30th June 2012 (₹ in crores)	As at 30th June 2011 (₹ in crores)	**As at 30th June 2012 (₹ in crores)**	As at 30th June 2011 (₹ in crores)
Dues from Ex-Executive Directors (Refer Note No. 24)	**-**	-	**9.54**	18.75

17. Trade Receivables and other assets

17.1 Trade Receivables

	Current	
	As at 30th June 2012 (₹ in crores)	As at 30th June 2011 (₹ in crores)
Unsecured, considered good unless stated otherwise		
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good#	**308.79**	249.87
Considered doubtful	**323.53**	321.57
	632.32	571.44
Less: Provision for doubtful trade receivables	**323.53**	321.57
(A)	**308.79**	249.87
Other receivables		
Unsecured, considered good	**282.38**	144.70
(B)	**282.38**	144.70
Total (A+B)	**591.17**	394.57

Trade Receivables include ₹ 255.61 crores (₹ 255.61 crores) recoverable from Peddar Realty Pvt. Ltd. (a wholly owned subsidiary w.e.f. 16th May 2012) towards sale consideration of landed property along with interest thereon up to 30th June 2009. The Company is confident about the realisation of the total outstanding amount based on the current value of above property as per the valuation carried out by an independent valuer on 19th April 2012.

17.2 Other assets

	Non-current		Current	
	As at 30th June 2012 (₹ in crores)	As at 30th June 2011 (₹ in crores)	**As at 30th June 2012 (₹ in crores)**	As at 30th June 2011 (₹ in crores)
Unsecured, considered good unless stated otherwise				
Non-current bank balances (Note No. 19)	**57.65**	202.69	**-**	-
(A)	**57.65**	202.69	**-**	-
Unamortised expenditure				
Ancillary cost of arranging the borrowings	**24.69**	-	**7.08**	1.00
(B)	**24.69**	-	**7.08**	1.00
Others				
Interest accrued on fixed deposits	**-**	-	**5.68**	11.71
Fixed assets held for sale	**-**	-	**0.18**	0.43
Export Incentive Receivable				
Unsecured, considered good	**-**	-	**12.90**	13.57
Doubtful	**-**	-	**1.29**	1.27
	-	-	**14.19**	14.84
Less: Provision for doubtful receivables	**-**	-	**1.29**	1.27
	-	-	**12.90**	13.57
(C)	**-**	-	**18.76**	25.71
Total (A+B+C)	**82.34**	202.69	**25.84**	26.71

18. Inventories (valued at lower of cost and net realisable value)

	As at 30th June 2012 (₹ in crores)	As at 30th June 2011 (₹ in crores)
Raw materials [includes in transit ₹ 497.43 crores (₹ 240.15 crores)]	**1,191.13**	1,465.91
Less: Provision for potential loss against inventory	**104.83**	104.83
	1,086.30	1,361.08
Work-in-progress	**18.55**	18.37
Finished goods	**379.30**	431.32
Stores and spares [includes in transit ₹ 18.44 crores (₹ 19.53 crores)]	**218.46**	221.62
By-products and Saleable scrap	**10.64**	7.74
	1,713.25	2,040.13

19. Cash and bank balances

	Non-current		Current	
	As at 30th June 2012 (₹ in crores)	As at 30th June 2011 (₹ in crores)	**As at 30th June 2012 (₹ in crores)**	As at 30th June 2011 (₹ in crores)
Cash and cash equivalents				
Balances with banks:				
- On current accounts			**4.71**	1.54
- Deposits with original maturity of less than three months			**2.00**	390.00
Cheques/ drafts on hand			**0.31**	0.01
Cash on hand			**0.07**	0.09
			7.09	391.64
Other bank balances				
Deposits with Original maturity for more than 12 months	**0.22**	0.22	**-**	-
Margin money deposit	**57.43**	202.47	**2.73**	1.55
	57.65	202.69	**2.73**	1.55
Amount disclosed under non-current assets (Refer Note No. 17.2)	**(57.65)**	(202.69)		
	-	-	**9.82**	393.19

Margin money deposits given as security

Margin money deposits with a carrying amount of ₹ 60.16 crores (₹ 204.02 crores) are subject to first charge to secure the Company's working capital facilities.

20. Revenue from operations

	Jul'11 - Jun'12 (₹ in crores)	Jul'10 - Jun'11 (₹ in crores)
Revenue from operations		
Sale of products		
Finished goods	**11,743.56**	8,838.92
Other operating revenue		
Sale of Traded Power [Refer Note No. 14(a)]	**85.82**	-
Saleable Scrap & By products sale	**276.25**	137.03
Export Benefits	**11.82**	14.12
Job work income	**6.10**	4.57
Revenue from operations (gross)	**12,123.55**	8,994.64

Detail of products sold

	Jul'11 - Jun'12		Jul'10 - Jun'11	
	Quantity (MT)	**Value (₹ in crores)**	Quantity (MT)	Value (₹ in crores)
Finished goods				
Hot Rolled Coils/Skelp	**2,493,887**	**9,921.90**	2,078,662	7,656.13
Cold Rolled Coils/Sheets	**11,162**	**50.88**	22,064	98.15
Galvanised Coils/ Sheets	**231,971**	**1,171.42**	106,921	522.67
Galvalume Coils/ Sheets	**30,314**	**164.24**	18,447	94.54
PVC Coated Sheets	**64,397**	**409.75**	53,361	321.84
Others		**25.37**		145.59
		11,743.56		8,838.92

21. Other income

	Jul'11 - Jun'12 (₹ in crores)	Jul'10 - Jun'11 (₹ in crores)
Interest income		
On Bank deposits	**16.85**	27.47
On Receivables	**0.17**	0.39
From Customers and others	**-**	4.87
	17.02	32.73
Interest liability no longer required written back	**-**	27.07
Net gain on Exchange Rates/ Forward Exchange Contract	**-**	15.03
Insurance Claims	**2.94**	4.23
Liabilities no longer required written back	**7.69**	9.84
Miscellaneous Receipts	**9.70**	11.06
Gain on prepayment of deferred Value Added/Sales Tax*	**386.89**	219.82
	424.24	319.78

*Gain arising on pre-payment of ₹ 470.16 crores (₹ 267.98 crores) being the net present value of the deferred Value Added Tax/Sales Tax liability payable in future years, in terms of Section 94(2) of Maharashtra Value Added Tax Act, 2002 read with Rule 84 of Maharashtra Value Added Tax Rules, 2005.

22. Cost of raw material consumed

	Jul'11 - Jun'12 (₹ in crores)	Jul'10 - Jun'11 (₹ in crores)
Cost of raw material consumed	**7,323.83**	5,591.39

Detail of raw materials consumed

	Jul'11 - Jun'12		Jul'10 - Jun'11	
	Quantity (MT)	**Value (₹ in crores)**	Quantity (MT)	Value (₹ in crores)
Coke and Coal	**1,185,806**	**2,164.98**	975,386	1,832.52
Calibrated Lump Iron Ore	**1,506,567**	**1,348.41**	1,275,636	1,001.21
Iron Ore Pellets	**934,109**	**934.09**	963,230	963.48
Iron Ore Fines	**1,795,427**	**858.67**	1,511,478	729.06
Hot Rolled Coils	**363,775**	**1,344.54**	114,307	415.43
Others		**673.14**		649.69
		7,323.83		5,591.39

23. (Increase) / decrease in inventories

	Jul'11 - Jun'12 (₹ in crores)	Jul'10 - Jun'11 (₹ in crores)	(Increase)/ Decrease (₹ in crores) Jul'11 - Jun'12
Inventories at the end of the year			
Finished goods	**379.30**	431.32	**52.02**
Work-in-progress	**18.55**	18.37	**(0.18)**
By-products and Saleable scrap	**10.64**	7.74	**(2.90)**
	408.49	457.43	**48.94**
			Jul'10 - Jun'11
Inventories at the beginning of the year			
Finished goods	**431.32**	335.48	(95.84)
Work-in-progress	**18.37**	12.11	(6.26)
By-products and Saleable scrap	**7.74**	16.77	9.03
	457.43	364.36	(93.07)
	48.94	(93.07)	
Transferred to tangible fixed assets	**(1.46)**	(1.47)	
Excise duties on (increase)/ decrease of finished goods	**(0.76)**	6.71	
	46.72	(87.83)	

Detail of inventory of products

	As at 30th June 2012		As at 30th June 2011	
	Quantity (MT)	Value (₹ in crores)	Quantity (MT)	Value (₹ in crores)
Finished goods				
Hot Rolled Coils	**53,855**	**207.45**	75,626	277.56
Cold Rolled Steel Coils / Sheets	**2,392**	**10.78**	7,692	32.12
Galvanised Coils / Sheets	**20,114**	**103.69**	14,039	67.54
Galvalume Coils / Sheets	**2,968**	**15.68**	2,017	9.59
PVC Coated Sheets	**3,678**	**22.42**	3,670	20.58
Others		**19.28**		23.93
		379.30		431.32

24. Employee benefits expense

	Jul'11 - Jun'12 (₹ in crores)	Jul'10 - Jun'11 (₹ in crores)
Salaries, wages and bonus	**212.40**	168.32
Contribution to provident and other fund	**12.42**	13.20
Gratuity expense (Note No. 30)	**6.27**	9.74
Staff welfare expenses	**29.77**	28.03
	260.86	219.29

Directors' remuneration of ₹ 1.67 crores (including ₹ 0.70 crore accounted for in earlier years) payable to the Managing and Other Whole Time Directors has been expensed off in the Statement of Profit and Loss, which is in excess of the limit specified under the Companies Act, 1956. The above remuneration has been approved by the Remuneration Committee and Shareholders of the Company but approvals of the Ministry of Corporate Affairs (MCA) are awaited.

In addition to above, the Company has initiated the process of recovering the remuneration already paid to them in earlier years, which is in excess of the limit specified under Section 198 of the Companies Act, 1956 as well as the approvals received from the MCA. The outstanding recoverable amount as on 30th June 2012 of ₹ 9.54 crores appears under the head 'Short-term loans and advances' in note no. 16 of the Financial Statements.

25. Finance costs

	Jul'11 - Jun'12 (₹ in crores)	Jul'10 - Jun'11 (₹ in crores)
Interest:		
On term loans	**738.63**	666.20
On cash credit and others	**211.99**	257.75
Other borrowing costs	**62.39**	91.65
Amortisation of ancillary borrowing costs	**4.27**	-
Exchange difference to the extent considered as an adjustment to borrowing cost	**58.72**	7.31
	1,076.00	1,022.91

26. Depreciation and amortisation expense

	Jul'11 - Jun'12 (₹ in crores)	Jul'10 - Jun'11 (₹ in crores)
Depreciation of tangible assets	**711.34**	677.67
Less: Recoupment from revaluation reserve	**(84.51)**	(81.41)
	626.83	596.26

27. Other expenses

	Jul'11 - Jun'12 (₹ in crores)	Jul'10 - Jun'11 (₹ in crores)
Consumption of stores and spare parts	**320.11**	347.14
Power charges	**1,040.82**	902.46
Fuel charges *	**856.18**	498.51
Slitting, packing and other expenses	**44.27**	35.66
Freight and forwarding charges [Net of recovery of ₹ 139.03 crores (₹ 127.03 crores)]	**52.26**	61.21
Rent	**22.35**	25.53
Rates and Taxes	**5.80**	4.78
Insurance	**17.15**	17.67

	Jul'11 - Jun'12 (₹ in crores)	Jul'10 - Jun'11 (₹ in crores)
Repairs and Maintenance		
Plant and machinery	**159.06**	152.48
Buildings	**14.85**	14.71
Others	**3.16**	3.25
Advertising and Sales promotion	**3.24**	3.09
Sales commission	**2.24**	3.06
Communication costs	**3.73**	6.58
Items pertaining to previous years (Refer details below)		
At Debit	**0.32**	6.37
Less: At Credit	**-**	(4.12)
Legal expenses	**2.41**	6.98
Professional charges	**15.00**	27.38
Directors' sitting fees	**0.12**	0.16
Payment to auditors (Refer details below)	**2.41**	2.95
Amortisation of Foreign Currency Monetary Item Translation Difference	**-**	2.08
Bad debts / Advances Written off #	**296.22**	6.41
Less: Adjusted against provisions	**(296.21)**	-
Provision for doubtful debts and advances	**0.99**	6.51
Loss on sale of fixed assets (net)	**6.21**	2.64
Miscellaneous expenses	**34.78**	45.22
	2,607.47	2,178.71

Payment to auditors

	Jul'11 - Jun'12 (₹ in crores)	Jul'10 - Jun'11 (₹ in crores)
As auditor:		
Audit fee	**1.20**	1.20
Tax audit fee	**0.18**	0.18
Limited review	**0.51**	0.51
In other capacity:		
Other services (certification fees)	**0.45**	0.85
Out-of-pocket of expenses	**0.07**	0.21
	2.41	2.95

Items pertaining to previous years comprise of the following:

	At Debit		At Credit	
	Jul'11 - Jun'12 (₹ in crores)	Jul'10 - Jun'11 (₹ in crores)	Jul'11 - Jun'12 (₹ in crores)	Jul'10 - Jun'11 (₹ in crores)
Consumption of stores and spare parts	**-**	0.21	**-**	0.76
Cost of materials consumed	**0.10**	1.86	**-**	2.62
Repairs and Maintenance	**0.13**	0.83	**-**	0.42
Freight & forwarding charges	**-**	1.12	**-**	-
Power and Fuel	**-**	0.22	**-**	-
Rates and Taxes	**-**	0.45	**-**	-
Others	**0.09**	1.68	**-**	0.32
Total	**0.32**	6.37	**-**	4.12

* The Petroleum and Natural Gas Regulatory Board (PNGRB) established under PNGRB Act, 2006, has, vide its order dated 12th March 2012, determined lower provisional tariff for transportation of Natural Gas with effect from 20th November 2008. Consequently, the Company has been allowed credit of ₹ 39.70 crores by the supplier towards refund of excess tariff charged in earlier years, which has been adjusted with the cost of fuel.

\# Includes ₹ 296.19 crores written off pursuant to the deed of settlement dated 27th December 2011 entered into with Ispat Energy Limited, a wholly owned subsidiary.

28. Exceptional items

	Jul'11 - Jun'12 (₹ in crores)	Jul'10 - Jun'11 (₹ in crores)
Foreign exchange fluctuation loss on operating balances [Refer Note (a) below]	**379.09**	-
Write-down of inventories due to deterioration in quality [Refer Note (b) below]	**106.67**	-
Custom Duty and interest thereon on behalf of subsidiary [Refer Note (c) below]	**70.74**	-
Reversal of provision on receipt [Refer Note (c) below]	**(13.55)**	-
Provision towards doubtful security deposits [Refer Note (d) below]	**24.69**	-
Provision towards doubtful loans and advances [Refer Note (e) below]	**17.78**	-
Provision towards recoverable from Subsidiaries	**-**	327.15
Provision against doubtful trade receivables overdue since long/ disputed	**1.04**	319.43
Provision towards diminution in the value of investment in Subsidiaries	**-**	229.24
Provision towards doubtful loans and advances	**-**	199.97
Provision towards potential loss of inventory in transit	**-**	104.83
	586.46	1,180.62

(a) Due to unusual depreciation in the value of Indian Rupee against foreign currencies, the Company has incurred net foreign exchange fluctuation loss of ₹ 379.09 crores during the year on operating balances/forward exchange contracts (both realised and unrealised) and Mark to Market loss on derivative contract, which has been considered as an exceptional item.

(b) The Company had valued slag generated from its plant in earlier years on the basis of expected extraction of iron based on estimate made by the slag processing company and the management. However, on processing of a large portion of slag during the year, actual iron extraction / recovery turned out to be lower than the earlier estimates. Hence, as a matter of prudence, the value of slag has been written down to the extent of ₹ 80.68 crores to bring it to its net realisable value based on revised estimation. Further, Iron ore fines/Nut coke were lying unconsumed for a long time in a plant area. On cleaning the said area for setting up a unit, it was observed that a part of such materials could not be consumed due to contamination/quality deterioration. Hence, the value has been written down by ₹ 25.99 crores to bring it to its net realisable value.

(c) The Company has assumed the liability towards customs duty and interest thereon aggregating to ₹ 70.74 crores payable on import of power plant by Ispat Energy Limited (IEL), a wholly owned subsidiary, pursuant to a Corporate Guarantee given by the Company under EPCG Scheme and in view of inability of the subsidiary to discharge the said liability. Out of above, ₹ 38.74 crores is outstanding as on the Balance Sheet date. Further, the Company has reversed the earlier provision made on unsecured loan given to IEL to the extent of ₹ 13.55 crores being receipt by way of consideration against 23.235 hectares of land purchased from IEL.

(d) Security deposit of ₹ 24.69 crores towards leased premises has become due and recoverable from certain parties. These Parties have denied the refund and raised counter claim for damage of the premises. The Company is now contemplating to take legal recourse to recover the said amount. However, as a matter of prudence, a provision of ₹ 24.69 crores has been made considering doubtful of recovery.

(e) Certain old advances aggregating to ₹ 15.31 crores made to parties have not been confirmed/ have been disputed by respective parties. Hence, being doubtful of recovery, provision of ₹ 15.31 crores has been made thereagainst, as a matter of prudence. Further, ₹ 2.47 crores is recoverable from government authorities for a long time. As a matter of prudence, the amount has been fully provided for.

29. Earnings per share (EPS)

The following reflects the profit and share data used in the basic and diluted EPS computations:

	Jul'11 - Jun'12 (₹ in crores)	Jul'10 - Jun'11 (₹ in crores)
Loss after tax	**(316.92)**	(1,805.88)
Less : Cumulative Dividend on Cumulative Redeemable Preference Shares (CRPS) & tax thereon	**(0.06)**	(65.01)
Net Loss for calculation of basic and diluted EPS	**(316.98)**	(1,870.89)
Weighted average number of equity shares in calculating basic and diluted EPS	**2,491,833,366**	1,765,266,622
Nominal Value of equity shares	**₹ 10**	₹ 10
Basic and Diluted Earnings Per Share	**₹ (1.27)**	₹ (10.60)

30. Gratuity and other long-term employment benefit plans

The Company operates one defined benefit plan, viz., gratuity benefit, for its employees. The Gratuity plan provides for a lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days salary payable for each completed year of service. The Company does not have any fund for gratuity liability and the same is accounted for as provision. Under the other long-term employment benefit plan, the Company extends benefit of compenseted absences to the employees, whereby they are eligible to carry forward their entitlement of earned leave for encashment upon retirement/separation or during tenure of service. The plan is not funded by the Company. The following tables summarise the components of net benefit expense recognised in the Statement of Profit and Loss and amounts recognised in the Balance Sheet for the respective plans.

Statement of Profit and Loss

(a) Net employee benefit expense recognised in the employee cost

	Gratuity		Leave	
	Jul'11 - Jun'12 (₹ in crores)	Jul'10 - Jun'11 (₹ in crores)	**Jul'11 - Jun'12 (₹ in crores)**	Jul'10 - Jun'11 (₹ in crores)
Current service cost	**3.05**	2.69	**1.17**	1.10
Interest cost on benefit obligation	**2.50**	1.79	**1.10**	0.82
Net actuarial (gain)/loss	**0.75**	5.26	**(0.47)**	2.87
Past service cost	**-**	-	**-**	-
Net benefit expense*	**6.30**	9.74	**1.80**	4.79

*Gratuity and leave expense includes ₹ 0.03 crore (₹ Nil) and ₹ 0.01 crore (₹ Nil) respectively taken to pre-operative expenses

Balance Sheet

(b) Benefit asset/liability

	Gratuity		Leave	
	As at 30th June 2012 (₹ in crores)	As at 30th June 2011 (₹ in crores)	**As at 30th June 2012 (₹ in crores)**	As at 30th June 2011 (₹ in crores)
Present value of defined benefit obligation	**33.79**	31.39	**13.42**	14.31
Fair value of plan assets	**-**	-	**-**	-
Less: Unrecognised past service cost	**-**	-	**-**	-
Net asset/(liability)	**(33.79)**	(31.39)	**(13.42)**	(14.31)

(c) Changes in the present value of the defined benefit obligation are as follows:

	Gratuity		Leave	
	As at 30th June 2012 (₹ in crores)	As at 30th June 2011 (₹ in crores)	**As at 30th June 2012 (₹ in crores)**	As at 30th June 2011 (₹ in crores)
Opening defined benefit obligation	**31.39**	24.76	**14.31**	11.71
Current service cost	**3.05**	2.69	**1.17**	1.10
Interest cost	**2.50**	1.79	**1.10**	0.82
Benefits paid	**(3.90)**	(3.11)	**(2.69)**	(2.19)
Actuarial (gains)/losses on obligation	**0.75**	5.26	**(0.47)**	2.87
Closing defined benefit obligation	**33.79**	31.39	**13.42**	14.31

(d) The principal assumptions used in determining gratuity and leave encashment obligations for the Company's plans are shown below:

	Gratuity		Leave	
	Jul'11 - Jun'12	Jul'10 - Jun'11	**Jul'11 - Jun'12**	Jul'10 - Jun'11
Discount rate	**8.30%**	8.50%	**8.30%**	8.50%
Mortality table	**LIC (1994-1996) ultimate**	LIC (1994-1996) ultimate	**LIC (1994-1996) ultimate**	LIC (1994-1996) ultimate

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

(e) Amounts for the current and previous four periods are as follows:

	As at 30th June 2012 (₹ in crores)	As at 30th June 2011 (₹ in crores)	As at 30th June 2010 (₹ in crores)	As at 31st March 2009 (₹ in crores)	As at 31st March 2008 (₹ in crores)
Gratuity					
Defined benefit obligation	**33.79**	31.39	24.76	22.81	21.30
Plan assets	**-**	-	-	-	-
Surplus/(deficit)	**(33.79)**	(31.39)	(24.76)	(22.81)	(21.30)
Experience adjustments on plan liabilities (gains)/losses	**0.39**	6.64	0.22	2.79	2.11
Experience adjustments on plan assets	**-**	-	-	-	-
Leave					
Defined benefit obligation	**13.42**	14.31	11.71	12.07	11.95
Plan assets	**-**	-	-	-	-
Surplus/(deficit)	**(13.42)**	(14.31)	(11.71)	(12.07)	(11.95)
Experience adjustments on plan liabilities (gains)/losses	**(0.62)**	3.48	(0.44)	1.43	(0.59)
Experience adjustments on plan assets	**-**	-	-	-	-

(f) Amounts provided for the defined contribution plans are as follows:

	Jul'11 - Jun'12 (₹ in crores)	Jul'10 - Jun'11 (₹ in crores)
Defined Contribution plans		
Amount recognised in the Statement of Profit and Loss		
(i) Provident Fund	**9.51**	9.89
(ii) Superannuation Fund	**3.07**	3.31
Total*	**12.58**	13.20

* Includes ₹ 0.13 crore (₹ Nil) towards provident fund and ₹ 0.03 crore (₹ Nil) towards superannuation fund taken to pre-operative expenses

31. Leases

Operating lease: Company as lessee

The Company has taken certain plant and equipments on non-cancellable operating leases for a period of 10-15 years, which are renewable on expiry of the lease period at mutually acceptable terms. There is no escalation clause in the present lease agreement. Lease payments recognised in the Statement of Profit and Loss under 'rent' amount to ₹ 16.40 crores (₹ 16.40 crores) for the year.

Future minimum rentals payable under non-cancellable operating leases are as follows:

	As at 30th June 2012 (₹ in crores)	As at 30th June 2011 (₹ in crores)
Within one year	**12.94**	12.94
After one year but not more than five years	**35.84**	43.15
More than five years	**20.83**	26.46
	69.61	82.55

32. Segment Information

(i) **Business Segment:** The Company is only engaged in the business of manufacture and sale of Iron and Steel products.

(ii) **Geographical Segment:** The Company primarily operates in India and therefore the analysis of geographical segment is based on the areas in which customers of the Company are located.

Information for Secondary Geographical Segments:

	Jul'11 - Jun'12 (₹ in crores)	Jul'10 - Jun'11 (₹ in crores)
Domestic Revenues (Net of Excise Duty)	**10,950.21**	7,708.88
Export Revenues (Including Export Benefits)	**153.90**	522.33
	11,104.11	8,231.21

	As at 30th June 2012 (₹ in crores)	As at 30th June 2011 (₹ in crores)
Domestic Trade Receivables	**591.17**	377.36
Export Trade Receivables	**-**	17.21
	591.17	394.57

(iii) Since the Company has all fixed assets in India only, separate figures for fixed assets/ additions to fixed assets for Domestic and Overseas segments are not furnished.

33. Capital and other commitments

a) At 30th June 2012, the Company has commitments of ₹ 325.40 crores (₹ 128.53 crores) net of advances ₹ 24.78 crores (₹ 8.87 crores) relating to estimated amount of contracts to be executed on capital account and not provided for.

b) At 30th June 2012, the Company has commitment of ₹ 119.80 crores (₹ 134.72 crores) towards monthly operation and maintenance charges of a plant taken on lease and is payable up to FY 2020-21.

c) The Company has imported capital goods under the Export Promotion Capital Goods Scheme to utilise the benefit of a zero or concessional customs duty rate. These benefits are subject to future exports. Such export obligations at year end aggregating to ₹ 1011.52 crores (₹ 815.78 crores) need to be fulfilled by the Company within the stipulated period.

d) For commitments relating to lease arrangements, please refer note no. 31.

34. Contingent liabilities

	As at 30th June 2012 (₹ in crores)	As at 30th June 2011 (₹ in crores)
Claims by customers, suppliers and third parties not acknowledged as debts [Including claim for Forest Development Tax by Supplier ₹ 47.45 crores (₹ Nil)]	**91.49**	62.95
Excise and Custom demand under dispute/ appeal	**14.75**	14.64
Income Tax / Wealth Tax demands under appeal	**3.86**	3.86
Sales Tax matters (under dispute/ appeal)	**4.89**	1.63
Bills discounted	**1,584.41**	993.91
Bank Guarantees outstanding	**148.42**	166.82
Corporate guarantees issued	**-**	66.99
	1,847.82	1,310.80

35. Arrears of fixed cumulative dividends on preference shares (CRPS)

	As at 30th June 2012 (₹ in crores)	As at 30th June 2011 (₹ in crores)
Arrear Dividend (including tax) on Cumulative Redeemable Preference Shares	**0.37**	813.33

The Company's proposal for waiver of accrued dividend on both 12% CRPS and 10% CRPS up to 30th September 2011 was approved by CDR Empowered Group at its meeting held on 12th January 2011 subject to redemption of both the CRPS. As the Company has redeemed both 12% CRPS and 10% CRPS by 30th September 2011, the arrears of accrued dividend has been waived by the CRPS holders (Banks and Financial Institutions).

36. Derivative instruments and unhedged foreign currency exposure

(a) The quantum of mark to market losses on all outstanding derivatives contracts amounts to ₹ 56.74 crores (₹ 29.59 crores) as at the Balance Sheet date, which has been duly provided for in line with principle of prudence.

(b) Derivative instruments outstanding as at the Balance Sheet date

(i) Outstanding Forward Cover Contracts of US$ 3,300,000 (US$ Nil) are on export orders, US$ 46,573,753 (US$ 80,540,273) on trade payables and US$ Nil (US$ 36,345,500) on long term borrowings from a bank.

(ii) Outstanding Principal Only Swap contracts for ₹/¥ (Japanese Yen) for ¥ 1,868,631,051 (¥ 1,868,631,051) at various strike price together with a right to receive differential interest on the notional principal amount.

(c) Particulars of unhedged foreign currency exposure as at the Balance Sheet date

	As at 30th June 2012 (₹ in crores)	As at 30th June 2011 (₹ in crores)
Trade Receivables	**-**	17.21
Advances given	**13.94**	8.96
Trade Payables (including acceptances)	**1,958.22**	627.35
Borrowings (including interest)	**958.17**	2,169.90
Investment in Subsidiary Companies [net of provision of ₹ 120.81 crores (₹ 120.81 crores)]	**-**	-
	2,930.33	2,823.42

37. Details of dues to micro and small enterprises as defined under the MSMED Act, 2006

Based on the information / documents available with the Company, information as per the requirement of Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006 are as follows :

	As at 30th June 2012 (₹ in crores)	As at 30th June 2011 (₹ in crores)
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year		
Principal amount due to micro and small enterprises	**1.00**	0.78
Interest due on above	**0.02**	0.01
	1.02	0.79
The amount of interest paid by the buyer in terms of section 16 of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	**-**	-
Amount of interest adjusted	**(0.88)**	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006.	**-**	0.12
The amount of interest accrued and remaining unpaid at the end of each accounting year	**0.02**	0.13
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006	**0.56**	1.42

38. Impairment of Assets

In terms of Accounting Standard 28 "Impairment of Assets" issued by the Institute of Chartered Accountants of India, the management has carried out the impairment test at year end. The carrying value of each cash generating unit (CGU) is lower than their respective recoverable value, arrived at, based on their 'value in use' and hence, no impairment charge is required to be recognised in the books of accounts. The 'value in use' is computed based on the management's latest operational and profitability projections, which have been extrapolated till the remaining useful life of the respective assets. The cash flows have been discounted using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

39. The financial results for the current year have been adversely impacted due to steep and significant depreciation in the value of Indian Rupee (INR) against US Dollar (USD) and other currencies as well as due to adverse market conditions. However, the Company has taken various measures for achieving operational efficiencies and further it also expects to have significant savings in raw material and energy costs in view of various ongoing projects. The Company has also chalked out revised turnaround strategies which would enable generation of operational surpluses and adequate cash-flows to meet its requirement of additional funds in the near future, out of internal accruals. Accordingly, these financial statements have been drawn up as per the going concern assumption, which is appropriate in the opinion of the Company.

40. Loans and advances in the nature of interest free advances given to subsidiaries

Name of the company	As at 30th June 2012 (₹ in crores)	Maximum amount due at any time during the year (₹ in crores)	As at 30th June 2011 (₹ in crores)	Maximum amount due at any time during the year (₹ in crores)
Ispat Energy Ltd. [Including unsecured loans of ₹ Nil (₹ 28 crores)]	**-**	**6.25**	330.44	342.32
Less: Provision / write off made during the year	**-**	**-**	324.19	-
Net Balance	**-**	**-**	6.25	-
Nippon Ispat Singapore (Pte) Ltd.	**-**	**-**	2.96	3.06
Less: Provision made during the year	**-**	**-**	2.96	-
Net Balance	**-**	**-**	-	-
Ispat Jharkhand Steels Ltd. (Ceased to be a Subsidiary Company w.e.f. 29th June 2012)	**0.05**	**0.05**	0.05	0.05
Less: Provision made during the year	**0.05**	**-**	-	-
Net Balance	**-**	**-**	0.05	-
Peddar Realty Pvt. Ltd.	**0.40**	**0.40**	-	-
Lakeland Securities Ltd.	**0.08**	**0.08**	-	-
Erebus Ltd.	**0.11**	**0.11**	-	-
Arima Holdings Ltd.	**0.10**	**0.10**	-	-
Rewa Infrastructures (P) Ltd. (Ceased to be a Subsidiary Company w.e.f. 16th November 2010)	**Not Applicable**		-	0.75

41. Related Party Disclosures

a) Names of related parties and related party relationship

Related parties where control exists:

Subsidiary Companies	Nippon Ispat Singapore (Pte) Ltd.
	Erebus Ltd.
	Arima Holdings Ltd.
	Lakeland Securities Ltd.
	Ispat Energy Ltd.
	Peddar Realty (P) Ltd. (w.e.f. 16th May 2012)
	Rewa Infrastructures Pvt. Ltd. (ceased w.e.f. 16th November 2010)
	Ispat Jharkhand Steels Ltd. (ceased w.e.f. 29th June 2012)

Related parties with whom transactions have taken place during the year:

Enterprise having significant influence over the Company	JSW Steel Ltd. (w.e.f. 24th January 2011)
Joint Venture Company	Amba River Coke Ltd. (ceased w.e.f. 14th February 2011)
Key Management Personnel and their Relatives	Mr. M. L. Mittal (Father of Mr. Pramod Mittal and Mr. Vinod Mittal) (ceased w.e.f. 20th June 2012)
	Mr. Pramod Mittal (Brother of Mr. Vinod Mittal) (ceased w.e.f. 20th June 2012)
	Mr. Vinod Mittal (ceased w.e.f. 20th June 2012)
	Mr. Vinod Garg (ceased w.e.f. 16th April 2011)
	Mr. Anil Sureka (ceased w.e.f. 1st July 2011)
	Mr. B. K. Singh
	Mr. Rajesh Asher (w.e.f. 1st May 2011)
	Mr. Ashok Aggarwal (w.e.f. 1st April 2011)
	Mr. Yadvendra Sahai (ceased w.e.f. 21st November 2011)
	Mrs. Natasha Mittal Saraf (Daughter of Mr. Vinod Mittal) (ceased w.e.f. 1st June 2011)
	Mr. Atulya Mittal (Son of Mr. Vinod Mittal) (ceased w.e.f. 13th August 2011)

Enterprises over which Key Management Personnel / Share Holders / Relatives have significant influence

Navoday Exim (P) Ltd.#

Navoday Management Services Ltd. #

Navoday Consultants Ltd. #

Denro Holding (P) Ltd. #

Mita Holdings (P) Ltd. #

Goldline Tracom (P) Ltd. #

Gontermann Peipers India Ltd. #

Kartik Credit (P) Ltd. #

Ushaditya Trading (P) Ltd. #

Navdisha Real Estate (P) Ltd. #

Balasore Alloys Ltd. #

Peddar Realty (P) Ltd. (till 15th May 2012, became subsidiary w.e.f. 16th May 2012)

Chattisgarh Energy Ltd. #

Amba River Coke Ltd. (w.e.f. 4th October 2011)

Rewa Infrastructures Pvt. Ltd. (w.e.f. 16th November 2010) #

Chancellor Build Estate (P) Ltd. #

E-Star Exchange (P) Ltd. (ceased w.e.f. 3rd October 2011)

North East Natural Resources (P) Ltd. (ceased w.e.f. 2nd November 2011)

Central India Power Company Ltd. #

Ceased w.e.f. 20th June 2012

(b) Related party transactions

(₹ in crores)

Nature of Transactions	Subsidiary Companies	Enterprise having significant influence over the Company	Key Management Personnel and their Relatives	Enterprises over which Key Management Personnel / Share Holders / Relatives have significant influence	Total
1. In relation to the Statement of Profit and Loss					
Sales of raw materials, intermediaries and finished goods					
JSW Steel Ltd.		3,144.51 (1,130.13)			3,144.51 (1,130.13)
Others				58.40 (1.66)	58.40 (1.66)
Purchases of raw materials, intermediaries and finished goods					
JSW Steel Ltd.		821.63 (767.01)			821.63 (767.01)
Others				20.63 (37.83)	20.63 (37.83)
Services received					
JSW Steel Ltd. #		10.68 (1.23)			10.68 (1.23)
E-Star Exchange (P) Ltd.				- (2.22)	- (2.22)
Others				0.08 (0.17)	0.08 (0.17)
Services given					
JSW Steel Ltd.		3.94 (0.59)			3.94 (0.59)
Amba River Coke Ltd.				3.12 (-)	3.12 (-)

(₹ in crores)

Nature of Transactions	Subsidiary Companies	Enterprise having significant influence over the Company	Key Management Personnel and their Relatives	Enterprises over which Key Management Personnel / Share Holders / Relatives have significant influence	Total
Salary/Managerial remuneration					
Mr. Vinod Mittal			2.00 (0.57)		2.00 (0.57)
Mr. Anil Sureka			- (0.86)		- (0.86)
Mr. Vinod Garg			- (1.57)		- (1.57)
Mr. B. K. Singh			1.34 (1.34)		1.34 (1.34)
Mr. Rajesh Asher			1.69 (0.27)		1.69 (0.27)
Mr. Ashok Aggarwal			1.37 (0.32)		1.37 (0.32)
Others			0.29 (0.65)		0.29 (0.65)
Rent expense (including lease rent)					
Chancellor Build Estate (P) Ltd.				- (0.60)	- (0.60)
Goldline Tracom (P) Ltd.				0.03 (0.85)	0.03 (0.85)
Denro Holding (P) Ltd.				0.02 (0.62)	0.02 (0.62)
Kartik Credit (P) Ltd.				0.02 (0.53)	0.02 (0.53)
Navoday Exim (P) Ltd.				0.02 (0.50)	0.02 (0.50)
Mita Holdings (P) Ltd.				0.01 (0.44)	0.01 (0.44)
Ushaditya Trading (P) Ltd.				0.01 (0.44)	0.01 (0.44)
Navdisha Real Estate (P) Ltd.				0.09 (0.13)	0.09 (0.13)
Others				0.01 (0.01)	0.01 (0.01)
Provision for doubtful advances / deposits					
Ispat Energy Ltd.	- (324.19)				- (324.19)
Nippon Ispat Singapore (Pte) Ltd.	- (2.96)				- (2.96)
Goldline Tracom (P) Ltd.				6.64 (-)	6.64 (-)
Kartik Credit (P) Ltd.				4.17 (-)	4.17 (-)
Denro Holding (P) Ltd.				3.31 (-)	3.31 (-)

(₹ in crores)

Nature of Transactions	Subsidiary Companies	Enterprise having significant influence over the Company	Key Management Personnel and their Relatives	Enterprises over which Key Management Personnel / Share Holders / Relatives have significant influence	Total
Navoday Exim (P) Ltd.				3.84 (-)	3.84 (-)
Mita Holdings (P) Ltd.				3.30 (-)	3.30 (-)
Ushaditya Trading (P) Ltd.				3.43 (-)	3.43 (-)
Chattisgarh Energy Ltd.				- (5.95)	- (5.95)
Central India Power Company Ltd.				- (6.97)	- (6.97)
Others	0.05 (-)			- (0.75)	0.05 (0.75)
Provision for diminution in value of investments					
Ispat Energy Ltd.	- (110.00)				- (110.00)
Erebus Ltd.	- (96.92)				- (96.92)
Arima Holdings Ltd.	- (22.32)				- (22.32)
Write back of provisions					
Ispat Energy Ltd.	13.55 (-)				13.55 (-)
Write off of earlier provisions					
Ispat Energy Ltd.	296.19 (-)				296.19 (-)
Custom duty and interest liability assumed by the Company					
Ispat Energy Ltd.	70.74 (-)				70.74 (-)
2. In relation to Balance Sheet items					
Purchase of fixed assets					
Rewa Infrastructures Pvt. Ltd.	- (4.28)			- (3.44)	- (7.72)
Ispat Energy Ltd.	13.55 (-)				13.55 (-)
Guarantees obtained					
Mr. M. L. Mittal			552.73 (552.73)		552.73 (552.73)
Mr. Pramod Mittal			9,193.50 (9,193.50)		9,193.50 (9,193.50)
Mr. Vinod Mittal			9,193.50 (9,193.50)		9,193.50 (9,193.50)
Navoday Consultants Ltd.				143.68 (143.68)	143.68 (143.68)
Guarantees given on behalf of					
Ispat Energy Ltd.	- (164.44)				- (164.44)

(₹ in crores)

Nature of Transactions	Subsidiary Companies	Enterprise having significant influence over the Company	Key Management Personnel and their Relatives	Enterprises over which Key Management Personnel / Share Holders / Relatives have significant influence	Total
Balance outstanding as at the year end – Debit					
JSW Steel Ltd.		85.19 (-)			85.19 (-)
Ispat Energy Ltd.	- (6.25)				- (6.25)
Peddar Realty (P) Ltd.	256.01 (-)			- (255.61)	256.01 (255.61)
Amba River Coke Ltd.				99.12 (-)	99.12 (-)
Others	0.29 (0.05)		9.54 (18.75)	0.15 (18.21)	9.98 (37.01)
Balance outstanding as at the year end – Credit					
JSW Steel Ltd.		55.63 (278.25)			55.63 (278.25)
Others			0.90 (-)	18.29 (25.34)	19.19 (25.34)

Includes ₹ 1.69 crores (₹ 0.27 crore) and ₹ 1.37 crores (₹ 0.32 crore) also disclosed as remuneration to Key Managerial Personnel Mr Rajesh Asher and Mr Ashok Aggarwal respectively.

c) Peddar Realty Pvt. Ltd., a wholly owned subsidiary Company, has given a corporate guarantee against term loans obtained by the Company from banks and financial institutions. However, above loans have been fully repaid during the year.

d) The remuneration to the Key Managerial Personnel does not include the provisions made for gratuity and leave benefits, as they are determined on an actuarial basis for the Company as a whole.

42. Value of Imports Calculated on C.I.F. basis

	Jul'11 - Jun'12 (₹ in crores)	Jul'10 - Jun'11 (₹ in crores)
Raw materials	**2,476.47**	2,295.03
Spare parts	**167.58**	166.96
Capital goods	**61.31**	4.44
	2,705.36	2,466.43

43. Expenditure in foreign currency

	Jul'11 - Jun'12 (₹ in crores)	Jul'10 - Jun'11 (₹ in crores)
Technical know-how fees / Supervision charges	**-**	1.50
Travelling & others	**4.05**	7.67
Freight & demurrage	**75.48**	75.25
Rebate/discount & commission on sales	**2.22**	2.90
Professional charges	**1.19**	2.01
Interest, finance & commitment charges	**27.40**	5.18
	110.34	94.51

44. Imported and indigenous raw materials, components, and spare parts consumed

	Jul'11 - Jun'12		Jul'10 - Jun'11	
	% of total consumption	Value (₹ in crores)	% of total consumption	Value (₹ in crores)
Raw Materials #				
Imported	**32.62**	**2,389.29**	42.19	2,358.98
Indigenously obtained	**67.38**	**4,934.54**	57.81	3,232.41
	100.00	**7,323.83**	100.00	5,591.39
Spare Parts #$				
Imported	**33.42**	**145.81**	35.88	160.85
Indigenously obtained	**66.58**	**290.42**	64.12	287.44
	100.00	**436.23**	100.00	448.29

Excluding inter unit transfer and charge to pre-operative expenditures

$ Includes ₹ 116.12 crores (₹ 101.15 crores) charged to other account heads

45. Amount remitted in foreign currency on account of dividends

	Jul'11 - Jun'12 (₹ in crores)	Jul'10 - Jun'11 (₹ in crores)
Amount remitted	**Nil**	Nil

46. Earnings in foreign currency (accrual basis)

	Jul'11 - Jun'12 (₹ in crores)	Jul'10 - Jun'11 (₹ in crores)
FOB Value of Exports	**137.81**	486.16
	137.81	486.16

47. Previous year figure

Till the year ended 30th June 2011, the Company was using Pre-Revised Schedule VI to the Companies Act, 1956, for preparation and presentation of its Financial Statements. During the year ended 30th June 2012, the Revised Schedule VI notified under the Companies Act, 1956, has become applicable to the Company. The Company has reclassified previous year's figures to conform to current year's classification. The adoption of Revised Schedule VI does not impact recognition and measurement principles followed for preparation of Financial Statements. However, it significantly impacts presentation and disclosures made in the Financial Statements, particularly presentation of Balance Sheet.

As per our report of even date

For **S. R. Batliboi & Co.**
Firm Registration Number: 301003E
Chartered Accountants

For and on behalf of the Board

per Hemal Shah
Partner
Membership no.: 42650

T. P. Subramanian
President &
Company Secretary

B.K.Singh
Chief Executive Officer

Seshagiri Rao M.V.S.
Director

Place: Mumbai
Date: 25th July 2012

Auditors' Report on the Consolidated Financial Statements

To The Board of Directors
JSW ISPAT Steel Limited

1. We have audited the attached Consolidated Balance Sheet of JSW ISPAT Steel Limited and its subsidiaries (the 'Group') as at 30th June 2012, and also the Consolidated Statement of Profit and Loss and Consolidated Cash Flow Statement for the year ended on that date, annexed thereto. These Consolidated Financial Statements are the responsibility of JSW ISPAT Steel Limited's management and have been prepared by the management on the basis of separate Financial Statements and other financial information regarding components. Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the Financial Statements are free of material misstatement. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the Financial Statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall Financial Statements presentation. We believe that our audit provides a reasonable basis for our opinion.

3. The Consolidated Financial Statements include the Financial Statements of certain subsidiaries whose Financial Statements reflect the Group's share of total assets of ₹ 238.92 crores as at 30th June 2012, and the Group's share of total loss of ₹ 0.06 crore and net cash outflows of ₹ 0.01 crore for the period then ended (Refer Note No. 1(A)(ii) of Consolidated Financial Statements). The Financial Statements of these subsidiaries for the year ended 31st March 2012 and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion, so far as it relates to these subsidiaries, is based solely on the report of other auditors.

4. *Attention is drawn to Note No. 14 of the accompanying Consolidated Financial Statements regarding recognition of net deferred tax asset of ₹ 2087.94 crores (including ₹ 779.18 crores recognised during the year) on unabsorbed depreciation and brought forward business losses upto 30th June 2012, based on the future profitability projections made by the management. We are unable to express an opinion on the virtual certainty of achieving these projections as required by Accounting Standard 22, Accounting for Taxes on Income, and the consequential impact, if any, of the recognition of such deferred tax asset. This had also caused us to qualify our audit opinion on the Consolidated Financial Statements for the year ended 30th June 2011.*

   Had the impact of item stated above been considered, the loss for the year would have been ₹ 2351.58 crores (after adjusting deferred tax assets of ₹ 1308.76 crores recognized upto 30th June 2011) as against the reported loss of ₹ 263.64 crores and net deficit in Reserve and Surplus would have been ₹ 3926.36 crores as against the reported net deficit of ₹ 1838.42 crores.

5. *Except for the effect of the observation in paragraph 4 above,* based on our audit and on consideration of the reports of other auditors on separate Financial Statements and on the other financial information of the components, and to the best of our information and according to the explanations given to us, we are of the opinion that the attached Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India:-

   i. in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 30th June 2012;

   ii. in the case of the Consolidated Statement of Profit and Loss, of the loss of the Group for the year ended on that date; and

   iii. in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

For **S. R. BATLIBOI & CO.**
Firm Registration Number : 301003E
Chartered Accountants

Per Hemal Shah
Partner
Membership No. 42650

14th Floor, 'The Ruby'
29 Senapati Bapat Marg
Dadar (W)
Mumbai - 400 028

Date: 25th July 2012

Consolidated Balance Sheet as at 30th June 2012

	Note No.	**As at 30th June 2012 (₹ in crores)**	As at 30th June 2011 (₹ in crores)
Equity and liabilities			
Shareholders' funds			
Share Capital	2	**3,001.56**	3,354.92
Share Capital Suspense	3	**-**	150.96
Reserves and surplus	4	**(1,838.42)**	(1,551.06)
		1,163.14	1,954.82
Non-current liabilities			
Long-term borrowings	5	**6,034.83**	4,970.88
Other long-term liabilities	6	**8.85**	39.57
Long-term provisions	7	**44.27**	43.06
		6,087.95	5,053.51
Current liabilities			
Short-term borrowings	8	**180.96**	1,212.71
Trade payables	9	**3,825.86**	3,086.48
Other current liabilities	10	**936.72**	1,068.83
Short-term provisions	7	**6.58**	5.98
		4,950.12	5,374.00
TOTAL		**12,201.21**	12,382.33
Assets			
Non-current assets			
Fixed assets			
Tangible assets	11	**6,818.30**	7,254.73
Capital work-in-progress	12	**187.50**	52.99
Goodwill on Consolidation		**31.12**	-
Non-current investments	13	**160.98**	163.39
Deferred tax assets (net)	14	**2,087.94**	1,308.76
Long-term loans and advances	15	**189.14**	189.66
Other non-current assets	16.2	**82.34**	202.69
		9,557.32	9,172.22
Current assets			
Inventories	17	**1,937.75**	2,040.13
Trade receivables	16.1	**335.56**	394.57
Cash and bank balances	18	**9.92**	398.80
Short-term loans and advances	15	**320.55**	335.90
Other current assets	16.2	**40.11**	40.71
		2,643.89	3,210.11
TOTAL		**12,201.21**	12,382.33
Summary of Significant Accounting Policies	1		

The accompanying notes are an integral part of the Consolidated Financial Statements.

As per our report of even date

For **S. R. Batliboi & Co.**
Firm Registration Number: 301003E
Chartered Accountants

For and on behalf of the Board

per Hemal Shah
Partner
Membership no.: 42650

T. P. Subramanian
President &
Company Secretary

B.K.Singh
Chief Executive Officer

Seshagiri Rao M.V.S.
Director

Place: Mumbai
Date: 25th July 2012

Consolidated Statement of Profit and Loss for the year ended 30th June 2012

	Note No.	**Jul'11 - Jun'12 (₹ in crores)**	Jul'10 - Jun'11 (₹ in crores)
Income			
Revenue from operations (gross)	19	**12,123.55**	8,994.64
Less : Excise duty		**1,019.44**	763.43
Revenue from operations (net)		**11,104.11**	8,231.21
Other income	20	**424.24**	320.42
Total Revenue	**(A)**	**11,528.35**	8,551.63
Expenses			
Cost of raw material consumed	21	**7,323.83**	5,591.39
Cost of traded power [Refer Note No. 13(a)]		**96.28**	-
(Increase)/ decrease in inventories of finished goods and work-in-progress	22	**46.72**	(87.83)
Employee benefits expense	23	**261.00**	219.94
Finance costs	24	**1,076.01**	1,022.91
Depreciation and amortization expense	25	**626.83**	596.26
Other expenses [Including Prior period items ₹ 0.32 crore (₹ 2.27 crores)]	26	**2,607.58**	2,179.25
Total Expenses	**(B)**	**12,038.25**	9,521.92
Loss before exceptional items and tax	**(A-B)**	**(509.90)**	(970.29)
Exceptional items	27	**533.02**	1,247.06
Loss before tax		**(1,042.92)**	(2,217.35)
Tax expenses			
Current tax		**-**	-
Deferred tax credit		**(779.18)**	(344.48)
Total tax expenses		**(779.18)**	(344.48)
Loss after Tax		**(263.74)**	(1,872.87)
Less: Profit on disposal / cessation of subsidiary		**0.10**	0.58
Loss for the year		**(263.64)**	(1,872.29)
Earnings per equity share [nominal value of share ₹ 10 (₹ 10) each]	28		
Basic & Diluted		**₹ (1.06)**	₹ (10.97)
Summary of Significant Accounting Policies	1		

The accompanying notes are an integral part of the Consolidated Financial Statements.

As per our report of even date

For **S. R. Batliboi & Co.**
Firm Registration Number: 301003E
Chartered Accountants

per Hemal Shah
Partner
Membership no.: 42650

Place: Mumbai
Date: 25th July 2012

For and on behalf of the Board

T. P. Subramanian
President &
Company Secretary

B.K.Singh
Chief Executive Officer

Seshagiri Rao M.V.S.
Director

Consolidated Cash Flow Statement for the year ended 30th June 2012

		Jul'11 - Jun'12 (₹ in crores)	Jul'10 - Jun'11 (₹ in crores)
A:	**CASH FLOW FROM OPERATING ACTIVITIES :**		
	Loss before Tax	**(1,042.92)**	(2,217.35)
	Adjustments for :		
	Depreciation and amortisation expense	**626.83**	596.26
	Loss on Fixed Assets Sold / Discarded (net)	**6.21**	2.64
	Net Unrealised Loss/(Gain) on Exchange Rates/Forward Exchange Contracts	**204.49**	(8.34)
	Gain on Prepayment of Deferred Sales Tax	**(386.89)**	(219.82)
	Advances/Debts/Deposits/Claims Provided For / Written Off	**48.25**	623.50
	Fixed Assets & CWIP Impairment Provision	**-**	450.23
	Provision for potential loss/Write-down of Inventory and Capital work in progress	**106.67**	104.83
	Liabilities no Longer Required Written Back	**(7.69)**	(9.87)
	Provision for Diminution in Value of Investments / Written Back	**-**	8.04
	Amortisation of Foreign Currency Monetary Item Translation Difference (net)	**-**	2.08
	Interest Income	**(17.02)**	(59.80)
	Interest & Finance Charges	**1,076.01**	1,022.91
	OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	**613.94**	295.31
	Movements in Working Capital :		
	Increase / (Decrease) in Trade Payables	**577.28**	(490.66)
	Increase / (Decrease) in Other Liabilities*	**(38.72)**	(181.91)
	Increase / (Decrease) in Provisions*	**1.51**	0.00
	(Increase) / Decrease in Trade Receivables	**(198.65)**	49.80
	(Increase) / Decrease in Loans and Advances including Deposits*	**(8.46)**	(240.46)
	(Increase) / Decrease in Other Assets*	**0.64**	(1.27)
	(Increase) / Decrease in Inventories	**220.22**	(211.16)
	CASH GENERATED FROM / (USED IN) OPERATIONS	**1,167.76**	(780.35)
	Direct taxes paid (Net of refunds)	**(0.62)**	(29.21)
	NET CASH GENERATED FROM/ (USED IN) OPERATING ACTIVITIES (A)	**1,167.14**	(809.56)
B:	**CASH FLOW FROM INVESTING ACTIVITIES :**		
	Purchase of fixed assets, including CWIP and capital advances	**(210.26)**	(28.52)
	Project Development Expenses (Net of refunds)	**(2.87)**	(0.92)
	Purchase of Non-current Investments	**(0.01)**	(163.34)
	Sale of Non-current Investments / Adjustment for Capital Receipt	**2.41**	-
	Proceeds from Sale of Fixed Assets	**6.78**	0.25
	Fixed Deposits (Receipts Pledged with various banks as security)	**143.85**	(23.88)
	Interest Received	**23.05**	20.56
	NET CASH USED IN INVESTING ACTIVITIES (B)	**(37.05)**	(195.85)
C:	**CASH FLOW FROM FINANCING ACTIVITIES :**		
	Proceeds from Issuance of Share Capital (including Securities Premium)	**-**	2,157.00
	Receipt of Call Money in Arrears	**0.04**	0.07
	Refund of Money towards Equity Shares	**-**	(13.97)
	Redemption of Cumulative Redeemable Preference Shares	**(483.42)**	(34.55)
	Proceeds from long-term borrowings	**6,163.98**	270.24
	Repayment of long-term borrowings	**(5,114.97)**	(845.02)
	Proceeds from short-term borrowings net	**54.50**	-
	Repayment of short-term borrowings	**(1,086.25)**	971.06
	Interest & Finance charges paid	**(1,054.01)**	(1,121.93)
	NET CASH GENERATED FROM / (USED IN) FINANCING ACTIVITIES (C)	**(1,520.13)**	1,382.90
	Exchange differences on translation of foreign subsidiaries (D)	**(0.02)**	(3.98)
	NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C+D)	**(390.06)**	373.51
	Cash & Cash Equivalents at the beginning of the year	**397.25**	23.74
	Cash & Cash Equivalents at the end of the year	**7.19**	397.25
	* Includes current and non-current		

Consolidated Cash Flow Statement for the year ended 30th June 2012 *(Contd..)*

	Jul'11 - Jun'12 (₹ in crores)	Jul'10 - Jun'11 (₹ in crores)
Notes :-		
Components of Cash and Cash Equivalents		
Cash on hand	**0.07**	0.09
Balances with Banks in :		
- Current Accounts	**4.81**	2.15
- Deposits with original maturity of less than three months	**2.00**	390.00
- Cheques/ drafts on hand	**0.31**	5.01
Total Cash & Cash Equivalents (Note No. 18)	**7.19**	397.25

As per our report of even date

For **S. R. Batliboi & Co.**
Firm Registration Number: 301003E
Chartered Accountants

per Hemal Shah
Partner
Membership no.: 42650

For and on behalf of the Board

T. P. Subramanian
President &
Company Secretary

B.K.Singh
Chief Executive Officer

Seshagiri Rao M.V.S.
Director

Place: Mumbai
Date: 25th July 2012

Notes to Consolidated Financial Statements as at and for the year ended 30th June 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A) Principles of Consolidation

i) The Consolidated Financial Statements present the Consolidated Accounts of JSW ISPAT Steel Ltd ("the Company") and its following Subsidiaries (collectively the "Group") :

		Proportion of Ownership Interest at	
Name of the Subsidiary	**Country of Incorporation**	**30th June 2012**	30th June 2011
Ispat Energy Limited (IEL)	India	100	100
Nippon Ispat Singapore (Pte) Limited (NISL)	Singapore	100	100
Erebus Limited (EL)	Mauritius	100	100
Arima Holdings Ltd. (AHL)	Mauritius	100	100
Lakeland Securities Ltd. (LSL)	Mauritius	100	100
Ispat Jharkhand Steels Ltd. (IJSL) ceased w.e.f. 29th June 2012	India	-	60
Peddar Realty Private Ltd. (PRPL) w.e.f. 16th May 2012	India	100	-

ii) The Financial Statements of all the Subsidiaries have been prepared for the year ended 31st March 2012 and used for the purpose of consolidation. All the adjustments and disclosures for the effects of significant transactions or events occurred between 1st April 2011 to 30th June 2011, which had already been considered in the Consolidated Financial Statements for the year ended 30th June 2011, and those occurred between 1st April 2012 to 30th June 2012, have been considered in the current year's Consolidated Financial Statements.

iii) The Financial Statements of the Company and its Subsidiaries have been consolidated on a line-by-line basis in accordance with Accounting Standard 21 on 'Consolidated Financial Statement' by adding together the book value of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances, intra-group transactions and any unrealised profits. Investments in Associates are accounted for using the Equity Method in accordance with Accounting Standard 23 on 'Accounting for Investment in Associates in Consolidated Financial Statements'.

iv) In terms of Accounting Standard 23 'Accounting for Investment in Associates in Consolidated Financial Statements', Kalyani Mukand Ltd (KML), incorporated in India, in which the Group holds 24% shares, is an Associate Company. However, since the entire value of Investments in KML aggregating to ₹ 6.69 crores has been charged off to Consolidated Statement of Profit and Loss in earlier years, the proportionate share of KML's profitability had not been considered in these accounts.

v) The excess of the cost of investment in Subsidiary Companies over the parent's share of equity is recognised in the Consolidated Financial Statements as Goodwill. When the cost to the parent of its investment in Subsidiary Companies is less than the parents' share of equity, the difference is recognised in the Consolidated Financial Statements as capital reserve.

vi) The Audited/Unaudited Financial Statements for the year ended 31st March 2012, of certain Associate Companies namely Drum International Inc (incorporated in British Virgin Islands) and Minandes S.A. (incorporated in Columbia) in both of which the Group holds 40% equity shares, are not available with the Group. However, since the entire value of investments amounting to ₹ 4.46 crores (USD 1 million) in case Drum International Inc and ₹ 3.58 crores (USD 0.8 million) in case of Minandes S.A., have been provided for, the proportionate share of profitability in the above Associate Companies have not been considered in these accounts.

vii) The Consolidated Financial Statements have been prepared using uniform accounting policies for like transactions and events in similar circumstances and necessary adjustments required for deviation in accounting policies, if any and to the extent possible, are made in the Consolidated Financial Statements and are presented in the same manner as the Company's separate Financial Statements.

viii) In translating the Financial Statements of the non-integral Foreign Subsidiaries for incorporation in the Consolidated Financial Statements, the assets and liabilities, both monetary and non-monetary are translated at the closing rate, while income and expense items are translated at average exchange rate and all resulting exchange differences are accumulated in foreign currency translation reserve.

B) Basis of Preparation

The Consolidated Financial Statements of the Group have been prepared in accordance with Generally Accepted Accounting Principles in India (Indian GAAP). The Group has prepared these Consolidated Financial Statements to comply in all material respects with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956. The Consolidated Financial Statements have been prepared under the historical cost convention on an accrual basis except in respect of fixed assets for which revaluation is carried out. Further, insurance & other claims, on the ground of prudence or uncertainty in realisation, are accounted for as and when accepted / received. The accounting policies adopted in the preparation of Consolidated Financial Statements are consistent with those used in the previous year.

Presentation and Disclosure of Consolidated Financial Statements

During the year ended 30 June 2012, the Revised Schedule VI notified under the Companies Act, 1956, has become applicable to the Group, for preparation and presentation of its Consolidated Financial Statements. The adoption of Revised Schedule VI does not impact recognition and measurement principles followed for preparation of Consolidated Financial Statements. However, it has significant impact on presentation and disclosures made in the Consolidated Financial Statements. The Group has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

C) Use of Estimates

The preparation of Consolidated Financial Statements in conformity with Generally Accepted Accounting Principles requires the management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

D) Tangible Fixed Assets :

i) Fixed Assets are stated at cost of acquisition inclusive of duties (net of CENVAT / VAT), taxes, incidental expenses, erection/commissioning expenses and interest, etc. up to the date the asset is ready to be put to use. In case of revaluation of fixed assets, the cost as assessed by the valuer is considered in the accounts and the differential amount is transferred to revaluation reserve. Exchange differences, in respect of accounting periods commencing from 1st April 2007, on reporting of long-term foreign currency monetary items at rates different from those at which they were initially recorded, or reported in previous Consolidated Financial Statements, in so far as they relate to the acquisition of a depreciable capital asset, are added to or deducted from the cost of the asset except for that part of exchange difference which is regarded as an adjustment to interest costs and are depreciated over the balance life of the respective asset.

ii) Machinery spares which can be used only in connection with a particular item of fixed assets and whose use, as per the technical assessment, is expected to be irregular, are capitalised and depreciated prospectively over the residual life of the respective asset.

E) Impairment :

i) Tangible Fixed Assets

The carrying amount of assets is reviewed at each Balance Sheet date to determine if there is any indication of impairment thereof based on external / internal factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount, which represents the greater of the net selling price of assets and their 'value in use'. The estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

ii) Goodwill

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired. Impairment is determined for Goodwill by assessing the recoverable amount of each Cash generating unit (CGU) (or group of CGUs) to which the Goodwill relates and impairment loss is recognised when recoverable amount of CGU is less than its carrying value.

F) Depreciation :

i) The classification of Plant & Machinery into continuous and non-continuous process is done as per technical certification and depreciation thereon is provided accordingly.

ii) Depreciation on fixed assets is provided on straight-line method at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956 or at rates determined based on the useful life of the assets estimated by the management, whichever is higher. The management's estimate of useful life coincides with the Schedule XIV.

iii) The Company adjusts exchange differences arising on translation / settlement of long-term foreign currency monetary items pertaining to the acquisition of a depreciable asset to the cost of the asset and depreciates the same over the remaining life of the asset.

iv) Leasehold Land is amortised on a straight line basis over the period of lease which ranges from 95 to 99 years.

v) In case of impairment, if any, depreciation is provided on the revised carrying amount of the assets over their remaining useful life.

G) Foreign Currency Transactions :

i) Initial Recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

ii) Conversion

Foreign currency monetary items are reported using the exchange rate prevailing at the Balance Sheet date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction.

iii) Exchange Differences

From accounting periods commencing on or after 1st April 2007, the Company accounts for exchange differences arising on translation/ settlement of foreign currency monetary items as below:

1. Exchange differences arising on long-term foreign currency monetary items related to acquisition of a fixed asset are capitalised / de-capitalised and depreciated over the remaining useful life of the asset. For this purpose, the Company treats a foreign monetary item as "long-term foreign currency monetary item", if it has a term of 12 months or more at the date of its origination.
2. Exchange differences arising on other long-term foreign currency monetary items are accumulated in the "Foreign Currency Monetary Item Translation Difference Account" and amortised over the remaining life of the concerned monetary item.
3. All other exchange differences are recognised as income or as expenses in the period in which they arise.

iv) Forward exchange contracts entered into to hedge foreign currency risk of an existing asset/ liability

The premium or discount arising at the inception of forward exchange contract is amortised and recognised as an expense/ income over the life of the contract. Exchange differences on such contracts, except the contracts which are long-term foreign currency monetary items, are recognised in the statement of profit and loss in the period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of such forward exchange contract is also recognised as income or as expense for the period. Any gain/ loss arising on forward contracts which are long-term foreign currency monetary items are recognised in accordance with paragraph (iii)(1) and (iii)(2).

H) Investments

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognise a decline 'other than temporary' in the value of the investments.

I) Inventories

Inventories are valued as follows :

Raw materials, stores and spare parts:

At the lower of cost and net realisable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost is determined on a weighted average basis.

Work-in-progress and finished goods:

At the lower of cost and net realisable value. Cost includes direct materials and labour and a part of manufacturing overheads based on normal operating capacity. Net realisable value of by-product and scrap, arising in the manufacturing process, is deducted from the cost of the main product. Cost of finished goods includes excise duty and is determined on a weighted average basis.

By-products and saleable scrap are measured at its net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

J) Borrowing Costs

Borrowing cost includes interest, amortisation of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

K) Excise Duty & Custom Duty

Excise duty is accounted for at the point of manufacture of goods and accordingly is considered for valuation of finished goods stock lying in the factories as on the Balance Sheet date. Similarly, customs duty on imported materials in transit / lying in bonded warehouse is accounted for at the time of import / bonding of materials.

L) Earnings Per Share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

M) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Sale of Goods

Revenue from sale of goods is recognised when all the significant risks and rewards of ownership of the goods have passed to the buyer, which generally coincides with delivery. Sales are net of returns, claims, trade discounts, Sales Tax and VAT, etc. Export turnover includes related export benefits.

Sale of Power

Revenue from sale of power is recognised when substantial risks and rewards of ownership is transferred to the buyer under the terms of the contract.

Interest

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the applicable interest rate.

Dividends

Dividend income is recognised when the Group's right to receive dividend is established by the Balance Sheet date.

N) Retirement And Other Employee Benefits

i) Retirement benefits in the form of Provident and Superannuation Funds are defined contribution schemes and contributions to these funds are charged to the Consolidated Statement of Profit and Loss in the year when these become due to the respective funds. The Group has no obligation, other than the contribution payable to these funds.

ii) Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation, as per projected unit credit method made at the Balance Sheet date.

iii) Short term compensated absences are provided for based on estimates. Long term compensated absences are provided for based on actuarial valuation, as per projected unit credit method.

iv) Actuarial gains/losses are immediately taken to the Consolidated Statement of Profit and Loss and are not deferred.

O) Taxation

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the Group operates. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the Balance Sheet date.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date.

Deferred tax liabilities are recognised for all taxable timing differences. Deferred tax assets are recognised for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the Group has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

At each Balance Sheet date, the Group re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax asset to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The carrying amount of deferred tax assets are reviewed at each Balance Sheet date. The Group writes-down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

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

P) Segment Reporting

Identification of segments

The Group's operating businesses are organised and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the areas in which customers of the Group are located.

Unallocable items

The unallocable items consist of general corporate incomes and expenses which are not allocable to any business segment.

Segment accounting policies

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the Financial Statements of the Company as a whole.

Q) Leases

Finance leases, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the lower of the fair value of leased assets and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets.

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognised as an expense in the Consolidated Statement of Profit and Loss on a straight-line basis over the lease term.

R) Cash and Cash Equivalents

Cash and cash equivalents for the purposes of Consolidated Cash Flow Statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

S) Derivative Instruments

In accordance with the ICAI announcement, derivative contracts, other than foreign currency forward contracts covered under AS 11, are marked to market on a portfolio basis, and the net loss, if any, after considering the offsetting effect of gain on the underlying hedged item, is charged to the Consolidated Statement of Profit and Loss. Net gain, if any, after considering the offsetting effect of loss on the underlying hedged item, is ignored.

T) Provision

A provision is recognised when the Group has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

U) Contingent Liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Group does not recognise a contingent liability but discloses its existence in the Consolidated Financial Statements.

2. Share Capital

		As at 30th June 2012 (₹ in crores)	As at 30th June 2011 (₹ in crores)
Authorised shares			
4,000,000,000 (4,000,000,000) Equity Shares of ₹ 10 each		**4,000.00**	4,000.00
100,000,000 (100,000,000) Preference Shares of ₹ 100 each		**1,000.00**	1,000.00
1,000,000,000 (1,000,000,000) Preference Shares of ₹ 10 each		**1,000.00**	1,000.00
		6,000.00	6,000.00
Issued, subscribed and fully paid-up shares			
2,514,987,174 (2,384,931,492) Equity Shares of ₹ 10 each		**2,514.99**	2,384.93
Nil (43,199,500) 12% Cumulative Redeemable Preference Shares (CRPS) of ₹ 100 each		**431.99**	431.99
Less : Redeemed		**431.99**	103.68
		-	328.31
Nil (155,112,156) 10% Cumulative Redeemable Preference Shares (CRPS) of ₹ 10 each		**155.11**	155.11
Less : Redeemed		**155.11**	-
		-	155.11
484,679,959 (484,663,631) 0.01% Cumulative Redeemable Preference Shares (CRPS) of ₹ 10 each		**484.68**	484.66
Total issued, subscribed and fully paid-up share capital	**(A)**	**2,999.67**	3,353.01
Issued, subscribed but not fully paid-up shares			
1,843,327 (1,867,638) Equity Shares of ₹ 10 each		**1.84**	1.87
Less: Calls unpaid (Due from other than Directors or Officers)		**0.69**	0.71
		1.15	1.16
1,228,885 (1,245,213) 0.01% Cumulative Redeemable Preference Shares (CRPS) of ₹ 10 each		**1.23**	1.25
Less: Calls unpaid (Due from other than Directors or Officers)		**0.49**	0.50
		0.74	0.75
Total issued, subscribed but not fully paid-up share capital	**(B)**	**1.89**	1.91
Total Share Capital	**(A+B)**	**3,001.56**	3,354.92

(a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

	As at 30th June 2012		As at 30th June 2011	
	(Nos.)	(₹ in crores)	(Nos.)	(₹ in crores)
Equity Shares				
At the beginning of the period	**2,386,799,130**	**2,386.09**	1,222,442,218	1,221.71
Issued during the period - Preferential issue	**-**	**-**	1,086,649,874	1,086.65
Issued during the period - Conversion of Loan #	**130,031,371**	**130.03**	77,707,038	77.71
Call Money received during the period	**-**	**0.02**	-	0.02
Outstanding at the end of the period	**2,516,830,501**	**2,516.14**	2,386,799,130	2,386.09
12% Cumulative Redeemable Preference Shares (CRPS)				
At the beginning of the period	**43,199,500**	**328.31**	43,199,500	431.99
Redeemed during the period [Refer Note No. 5(f)]	**43,199,500**	**328.31**	-*	103.68
Outstanding at the end of the period	**-**	**-**	43,199,500	328.31
* Redeemed four installments against nominal value of each CRPS				
10% Cumulative Redeemable Preference Shares (CRPS)				
At the beginning of the period	**155,112,156**	**155.11**	155,112,156	155.11
Redeemed during the period [Refer Note No. 5(f)]	**155,112,156**	**155.11**	-	-
Outstanding at the end of the period	**-**	**-**	155,112,156	155.11
0.01% Cumulative Redeemable Preference Shares (CRPS)				
At the beginning of the period	**485,908,844**	**485.41**	485,908,844	485.40
Call Money received during the period	**-**	**0.01**	-	0.01
Outstanding at the end of the period	**485,908,844**	**485.42**	485,908,844	485.41

The Securities Issue Committee of the Board of Directors of the Company, at its meeting held on 18th May 2012, has allotted 130,031,371 Equity Shares of ₹ 10 each on preferential basis, at a premium of ₹ 4.74 per share to CDR lenders on receipt of necessary approvals from the Stock Exchanges.

This has resulted in increase in Share Capital by ₹ 130.03 crores and Securities Premium Account by ₹ 61.63 crores aggregating to ₹ 191.66 crores on transfer of ₹ 150.96 crores from Share Capital Suspense and ₹ 40.70 crores from Secured Term Loan.

(b) Terms and Rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 10 per share. Holder of equity shares are entitled to voting rights as follows : (i) On voting by show of hands, every holder shall have one vote; (ii) On voting by poll, in proportion to the amount paid on equity shares held. Each holder is entitled to dividend, when declared and approved, in proportion to the amount paid on equity shares held.

In the event of winding-up of the Company, the equity shareholders shall be entitled to participate in profits and assets, subject to preferential payments.

(c) Nil (106,912) equity shares are represented by way of outstanding Global Depository Receipts (GDRs) and each GDR represents 10 underlying equity shares.

(d) Terms of Redemption and Rights of 0.01% CRPS

Each holder of CRPS is entitled to one vote per share, in proportion to the amount paid on CRPS held, only on resolutions placed before the Company which directly affect the rights attached to CRPS. It carries dividend @ 0.01% p.a., when declared. The dividend is cumulative. CRPS is redeemable at par in eight quarterly installments commencing from 15th June 2018. In the event of winding-up of the Company before redemption of CRPS, the holders of CRPS will have priority over equity shares in the payment of dividend and repayment of capital.

(e) Terms of Redemption of 12% and 10% CRPS

During the year, 12% and 10% CRPS were fully redeemed as per the refinancing proposal approved by the CDR Empowered Group. These CRPS were redeemable at par in thirteen annual installments from 31st March 2008 and eight quarterly installments from 15th June 2018 respectively.

(f) Details of shareholders holding more than 5% shares in the Company

Name of the shareholder	As at 30th June 2012		As at 30th June 2011	
	(Nos.)	(% holding in the class)	(Nos.)	(% holding in the class)
Equity shares of ₹ 10 each fully paid				
JSW Steel Limited	**1,176,590,764**	**46.75%**	1,176,590,764	49.30%
Ispat Steel Holdings Limited	**207,793,401**	**8.26%**	207,793,401	8.71%
12% CRPS of ₹ 100 each fully paid				
IDBI Bank Ltd.	-	-	18,100,000	41.90%
ICICI Bank Ltd.	-	-	11,100,000	25.69%
Life Insurance Corporation of India	-	-	7,400,000	17.13%
Unit Trust of India	-	-	3,600,000	8.33%
10% CRPS of ₹ 10 each fully paid				
IDBI Bank Ltd.	-	-	51,416,548	33.15%
IFCI Limited	-	-	43,034,819	27.74%
ICICI Bank Ltd.	-	-	22,998,800	14.83%
Life Insurance Corporation of India	-	-	16,799,699	10.83%
0.01% CRPS of ₹ 10 each fully paid				
Ispat Steel Holdings Limited	**162,352,551**	**33.41%**	162,352,551	33.41%
Goldline Tracom Pvt. Ltd.	**35,825,455**	**7.37%**	35,825,455	7.37%

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

3. Share Capital Suspense Account

	As at 30th June 2012 (₹ in crores)	As at 30th June 2011 (₹ in crores)
Share Capital Suspense Account [Refer Note No. 2(a)]	-	150.96
	-	150.96

4. Reserves and surplus

	As at 30th June 2012 (₹ in crores)	As at 30th June 2011 (₹ in crores)
Capital reserve		
(i) Investment Subsidy	**0.20**	0.20
(ii) Amount arisen on Forfeiture of Equity Warrants	**51.98**	51.98
	52.18	52.18
Securities premium account*		
Balance as per the last Consolidated Financial Statements	**1,524.11**	453.71
Add: Premium on issue of equity shares on preferential basis [Refer Note No. 2(a)]	**61.63**	1,070.36
Add: Call money received during the period	**0.02**	0.04
Closing Balance	**1,585.76**	1,524.11
* Net of ₹ 1.76 crores (₹ 1.78 crores) due on Call Money in arrears.		
Revaluation reserve		
Balance as per the last Consolidated Financial Statements	**886.16**	967.76
Less : Adjustments in respect of fixed assets sold/discarded	**(0.84)**	(0.19)
Less: Amount transferred to the Consolidated Statement of Profit and Loss as reduction from depreciation	**(84.51)**	(81.41)
Closing Balance	**800.81**	886.16
Foreign Currency Translation Reserve (Arising on Consolidation)		
Balance as per the last Consolidated Financial Statements	**0.63**	4.88
Less : For the year	**(0.02)**	(4.25)
Closing Balance	**0.61**	0.63
Surplus/ (deficit) in the Consolidated Statement of Profit and Loss		
Balance as per last Consolidated Financial Statements	**(4,014.14)**	(2,141.85)
Add: Loss for the year	**(263.64)**	(1,872.29)
Net deficit in the Consolidated Statement of Profit and Loss	**(4,277.78)**	(4,014.14)
Total reserves and surplus	**(1,838.42)**	(1,551.06)

5. Long-term borrowings

	Non-current portion		Current maturities	
	As at 30th June 2012 (₹ in crores)	As at 30th June 2011 (₹ in crores)	As at 30th June 2012 (₹ in crores)	As at 30th June 2011 (₹ in crores)
Term loans (Secured)				
Indian rupee loan from banks	**5,091.44**	1,769.12	**135.19**	305.73
Indian rupee loan from financial institutions	-	1,372.27	-	207.88
Foreign currency loan from banks	**822.46**	1,574.28	**129.72**	216.38
Foreign currency loan from Financial Institutions	-	222.60	-	26.14
Term Loans (Unsecured)				
Indian rupee loan from a financial institution	**100.00**	-	**300.00**	-

	Non-current portion		Current maturities	
	As at 30th June 2012 (₹ in crores)	As at 30th June 2011 (₹ in crores)	**As at 30th June 2012 (₹ in crores)**	As at 30th June 2011 (₹ in crores)
Deferred payment liabilities (Unsecured)				
Deferred Sales Tax/ Value Added Tax	**10.90**	12.16	**1.27**	0.60
Others	**-**	7.69	**4.43**	2.43
Other loans & Advances (Unsecured)				
Sales Tax Loan from Government of Maharashtra	**10.03**	11.43	**1.40**	1.46
Others	**-**	1.33	**-**	-
	6,034.83	4,970.88	**572.01**	760.62
The above amount includes				
Secured borrowings	**5,913.90**	4,938.27	**264.91**	756.13
Unsecured borrowings	**120.93**	32.61	**307.10**	4.49
Amount disclosed under the head "other current liabilities" (Note No. 10)	**-**	-	**(572.01)**	(760.62)
Net amount	**6,034.83**	4,970.88	**-**	-

(a) The Rupee Term loans and Foreign Currency Loans are secured by a mortgage / charge / assignment / security interest on all the immoveable, moveable and current assets (intangible and tangible) of the Company both present and future ranking pari passu with the working capital lenders.

Indian Rupee loans from banks comprise of ₹ 4,280.49 crores and ₹ 946.14 crores towards Rupee Term Loan (RTL) I and II respectively. These loans presently carry interest at Base rate of Lead Bank plus spread of 1.00% p.a. and the repayment schedule from the Balance Sheet date is as follows :

Payment Terms	RTL I - ₹ 4,280.49 crores		RTL II - ₹ 946.14 crores	
	32 structured quarterly installments starting from June 2012 to March 2020		18 structured quarterly installments starting from December 2011 to March 2016	
Installments due	**Numbers**	**(₹ in crores)**	**Numbers**	**(₹ in crores)**
Within one year (Note No. 10)	4	86.04	4	49.15
One year to three year	8	387.18	8	602.09
Three year to five year	8	1,441.17	3	294.90
More than five year	11	2,366.10	-	-
TOTAL	**31**	**4,280.49**	**15**	**946.14**

Foreign currency loan (FCL) carries interest @ 6-month USD LIBOR plus spread of 4.85% p.a. with annual interest reset.

Following is the repayment schedule of Foreign Currency Loan of ₹ 952.18 crores (USD 169,099,433) from the Balance Sheet date :

Loan amount	**₹ 541.16 crores (USD 96,106,255)**		**₹ 411.02 crores (USD 72,993,178)**	
Payment Terms	**Payable monthly up to March 2017**		**Payable quarterly up to April 2020**	
Installments due	**Numbers**	**(₹ in crores)**	**Numbers**	**(₹ in crores)**
Within one year (Note No. 10)	12	81.37	4	48.35
One year to three year	24	246.30	8	120.89
Three year to five year	21	213.49	8	120.89
More than five year	-	-	12	120.89
TOTAL	**57**	**541.16**	**32**	**411.02**

(b) During the year, the Company has received unsecured long-term borrowing of ₹ 400.00 crores from a Financial Institution. The loan is repayable in 12 equal monthly installments from October 2012 to September 2013 and carries interest at 'Corporate Prime Lending Rate' minus spread of 4.75% p.a. and the repayment schedule from the Balance Sheet date is as follows :

Installments due	**Numbers**	**(₹ in crores)**
Within one year (Note No. 10)	9	300.00
One year to three year	3	100.00
TOTAL	**12**	**400.00**

(c) Deferred Sales Tax/ Value Added Tax is interest free and payable in five equal annual installments after end of 10 years of respective year of collection and the repayment schedule from the Balance Sheet date is as follows :

Installments due	**Numbers**	**(₹ in crores)**
Within one year (Note No. 10)	2	1.27
One year to three year	7	4.25
Three year to five year	9	4.51
More than five year	6	2.14
TOTAL	**24**	**12.17**

(d) Deferred payment liabilities - Others, represents deferred payment towards acquisition of fixed assets. The same carries interest @ 3.39 % p.a. and payable in 36 monthly installments of Euro 64,205.94 (principal) each, starting from November 2009 and the repayment schedule is as follows :

Installments due	**Numbers**	**(₹ in crores)**
Within one year (Note No. 10)	10	4.43
TOTAL	**10**	**4.43**

Default in the principal repayment of 4 installments amounting to ₹ 1.77 crores (7 installments amounting to ₹ 2.83 crores) as on Balance Sheet date. There is similar default in interest accrued and due on above principal amounting to ₹ 0.09 crore (₹ 0.26 crore) as included under other current liabilities (Note No. 10).

(e) Sales tax loan from Government of Maharashtra is interest free and payable in six equal annual installments starting after 10 years of disbursement and the repayment schedule from the Balance Sheet date is as follows :

Installments due	**Numbers**	**(₹ in crores)**
Within one year (Refer Note No. 10)	6	1.40
One year to Three Year	3	0.62
Three Year to Five Year	11	2.89
More than Five Year	31	6.52
TOTAL	**51**	**11.43**

(f) The Company's proposal to prepay the entire CDR debt by way of refinancing was approved by CDR Empowered Group at its meeting held on 12th January 2011. The Company has prepaid the outstanding CDR debt by refinancing through a consortium of banks and also fully redeemed 12% and 10% Cumulative Redeemable Preference Shares (CRPS) of ₹ 328.31 crores and ₹ 155.11 crores respectively during the year. The CDR Empowered Group, vide letter dated 25th January 2012, has approved exit of the Company from CDR framework with effect from 30th September 2011.

6. Other long-term liabilities

	As at 30th June 2012 (₹ in crores)	As at 30th June 2011 (₹ in crores)
Trade and other deposits	**8.85**	9.98
Liability towards derivative transactions	**-**	29.59
	8.85	39.57

7. Provisions

	Long-term		Short-term	
	As at 30th June 2012 (₹ in crores)	As at 30th June 2011 (₹ in crores)	As at 30th June 2012 (₹ in crores)	As at 30th June 2011 (₹ in crores)
Provision for employee benefits *				
Provision for gratuity (Refer Note No. 29)	**29.30**	27.52	**4.49**	3.92
Provision for leave benefits (Refer Note No. 29)	**11.38**	12.30	**2.04**	2.03
	40.68	39.82	**6.53**	5.95
Other provisions				
Wealth tax (net of advance tax)	**-**	-	**0.05**	0.03
Provision for litigations (Refer details below)	**3.59**	3.24	**-**	-
	3.59	3.24	**0.05**	0.03
	44.27	43.06	**6.58**	5.98

* The classification of provision for employee benefits into current/non current has been done by the actuary of the Company based upon estimated amount of cash outflow during the next 12 months from the Balance Sheet date.

Provision for litigations

The table below gives information about movement in provisions for litigations with vendors/ customers:

	As at 30th June 2012 (₹ in crores)	As at 30th June 2011 (₹ in crores)
At the beginning of the year	**3.24**	6.53
Arising during the year	**0.66**	0.80
Paid / settled during the year	**(0.31)**	(4.09)
At the end of the year	**3.59**	3.24

8. Short-term Borrowings

	As at 30th June 2012 (₹ in crores)	As at 30th June 2011 (₹ in crores)
Working Capital Loans from banks repayable on demand (secured)	**180.96**	216.70
Short Term Indian Rupee Loans (unsecured):		
From a bank	**-**	310.00
From a financial institution	**-**	400.00
Advances from Customers (unsecured)	**-**	286.01
	180.96	1,212.71

Working capital facilities from Banks are secured by a mortgage/ charge/assignment/security interest on all the immoveable, moveable and current assets (intangible and tangible) of the Company both present and future ranking pari passu with the lenders of Rupee Term Loan and Foreign Currency loan.

Working Capital Loans of ₹ 109.50 crores from banks, are also secured by personal guarantees of Mr. Pramod Mittal /Mr. Vinod Mittal, directors of the Company and Mr. M. L. Mittal, a former director of the Company.

The working capital loan is repayable on demand and carries interest at base rate plus spread ranging between 3.00% to 5.00% p.a.

9. Trade Payables

	As at 30th June 2012 (₹ in crores)	As at 30th June 2011 (₹ in crores)
Trade payables (Including acceptances) (Refer Note No. 36 for detail of dues to micro and small enterprise)	**3,825.86**	3,086.48

10. Other current liabilities

	As at 30th June 2012 (₹ in crores)	As at 30th June 2011 (₹ in crores)
Current maturities of long-term borrowings (Note No. 5)	**572.01**	760.62
Interest accrued but not due on borrowings	**5.92**	11.71
Interest accrued and due on deferred payment liabilities	**0.09**	0.26
Trade and other deposits	**3.08**	2.84
Advance against equity warrants refundable	**18.00**	18.00
Advance against share application money #	**27.60**	27.60
Advances from customers	**36.04**	36.13
Statutory Dues	**154.94**	178.93
Payable towards purchase of fixed assets (including acceptances)	**51.11**	11.46
Employee related liabilities	**11.05**	20.99
Liability towards derivative transactions	**56.74**	-
Other Payables	**0.14**	0.29
	936.72	1,068.83

In case of Ispat Energy Limited (IEL), a wholly owned subsidiary company, ₹ 27.60 crores had been received as advance against equity shares in the year 2008-09 as a part of equity component for financing the proposed power plant. Since financial closure of the proposed power project could not be achieved by IEL and the power project has since been shelved for various technical reasons, the share application money of ₹ 27.60 crores is proposed to be refunded by IEL.

11. Tangible assets

(₹ in crores)

	Land-Leasehold	Land-Freehold	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office Equipment	Electrical Installations	Railway Sidings & Locomotives	Computers	Vessels	Total
Cost or valuation												
At 1st July 2010	7.70	140.63	539.39	11,989.08	13.23	12.08	24.07	627.00	59.39	39.31	13.83	13,465.71
Additions	-	4.46	3.53	48.29	0.73	1.02	1.14	0.70	-	2.20	-	62.07
Disposals	-	-	(0.52)	(1.01)	(1.77)	(0.78)	(3.94)	(0.02)	-	(7.95)	-	(15.99)
Other adjustments - Exchange differences [Refer note (d) below]	-	-	-	(63.46)	-	-	-	-	-	-	-	(63.46)
At 30th June 2011	**7.70**	**145.09**	**542.40**	**11,972.90**	**12.19**	**12.32**	**21.27**	**627.68**	**59.39**	**33.56**	**13.83**	**13,448.33**
Additions	-	6.25	8.18	76.84	0.59	0.87	0.55	1.63	-	0.49	-	95.40
Disposals	-	-	(0.14)	(24.29)	(0.31)	(1.56)	(0.35)	(0.59)	-	(0.13)	-	(27.37)
Other adjustments - Exchange differences [Refer note (d) below]				193.01								193.01
At 30th June 2012	**7.70**	**151.34**	**550.44**	**12,218.46**	**12.47**	**11.63**	**21.47**	**628.72**	**59.39**	**33.92**	**13.83**	**13,709.37**
Depreciation												
At 1st July 2010	0.57	-	130.68	5,033.78	6.82	6.59	9.89	289.91	16.90	30.81	2.76	5,528.71
Charge for the year	0.06	-	15.42	625.54	0.85	0.95	0.92	27.27	2.85	2.82	1.00	677.68
Disposals	-	-	(0.36)	(0.67)	(1.14)	(0.47)	(2.59)	(0.03)	-	(7.53)	-	(12.79)
At 30th June 2011	**0.63**	**-**	**145.74**	**5,658.65**	**6.53**	**7.07**	**8.22**	**317.15**	**19.75**	**26.10**	**3.76**	**6,193.60**
Charge for the year	0.09	-	15.11	659.91	0.45	1.13	1.36	27.04	2.88	2.38	0.99	711.34
Disposals	-	-	(0.04)	(12.05)	(0.02)	(0.92)	(0.45)	(0.25)	-	(0.14)	-	(13.87)
At 30th June 2012	**0.72**	**-**	**160.81**	**6,306.51**	**6.96**	**7.28**	**9.13**	**343.94**	**22.63**	**28.34**	**4.75**	**6,891.07**
Net Block												
At 30th June 2011	**7.07**	**145.09**	**396.66**	**6,314.25**	**5.66**	**5.25**	**13.05**	**310.53**	**39.64**	**7.46**	**10.07**	**7,254.73**
At 30th June 2012	**6.98**	**151.34**	**389.63**	**5,911.95**	**5.51**	**4.35**	**12.34**	**284.78**	**36.76**	**5.58**	**9.08**	**6,818.30**

(a) Freehold Land includes ₹ 3.77 crores (₹ 3.77 crores) being the cost of 58.70 acres (62.10 acres) land, which is yet to be registered in the Company's name.

(b) Buildings includes ₹ 0.12 crore (₹ 0.12 crore) being cost of shares in Cooperative Housing Society which are pending registration in the Company's name.

(c) Land, Buildings, Railway Sidings, Plant & Equipment and Electrical Installations aggregating to ₹ 11,340.89 crores (Gross block) as on 31st March 2006 were revalued by approved valuers on Replacement Cost basis and the net increase of ₹ 1,018.38 crores was transferred to Revaluation Reserve. In accordance with the option given in the Guidance Note on Accounting for Depreciation in Companies, the Company recoups such additional depreciation out of revaluation reserve.

(d) Represents foreign exchange differences on long term foreign currency monetary items relating to depreciable tangible assets capitalised ₹ 193.01 crores (₹ 63.46 crores de-capitalised).

(e) Freehold land includes land valuing ₹ 1.26 crores (₹ Nil) given on operating lease.

12. Capital Work-in-progress

	As at 30th June 2012 (₹ in crores)	As at 30th June 2011 (₹ in crores)
Buildings	**49.58**	30.33
Plant and Equipments	**366.29**	291.02
Capital Goods in Stock and in transit	**47.87**	31.00
Material with contractors/Fabricators	**8.29**	4.04
	472.03	356.39
Less: Transfer to Tangible Assets	**20.62**	31.42
	451.41	324.97
Less: Loss Written off on discard of CWIP Asset	**(247.66)**	(247.66)
Less: Provision for potential loss in Value of material in transit	**(10.32)**	(10.32)
Less: Salvage Value transferred to Current Assets	**(14.00)**	(14.00)
	179.43	52.99
Add: Pre-operative Expenses (Pending Allocation) (Note No. 12.1)	**8.07**	-
	187.50	52.99

12.1 Pre-operative Expenses (Pending Allocation)

During the year, the Group has incurred the following expenses relating to ongoing projects of the Group, which are accounted as pre-operative expenses and grouped under Capital Work-in-progress. Consequently, expenses disclosed under the respective notes are net of below amounts capitalised by the Group.

	As at 30th June 2012 (₹ in crores)	As at 30th June 2011 (₹ in crores)
Opening Balance	**-**	169.37
Employee Benefit Expenses		
Salaries, wages and bonus [Includes Gratuity Expense ₹ 0.03 crore (₹ Nil)]	**3.04**	0.42
Contribution to provident and other fund	**0.16**	0.03
Directors' Remuneration & Sitting Fee	**-**	0.24
Staff welfare expenses	**0.42**	0.07
Power and Fuel	**0.20**	0.05
Consumption of Stores & Production Consumables	**-**	0.01
Insurance	**0.04**	0.27
Rates and taxes	**0.05**	0.03
Travelling Expenses	**-**	0.14
Audit Fees	**-**	0.04
Sundry Balances Written Off	**-**	0.01
Professional Charges	**-**	0.23
Miscellaneous Expenses	**2.19**	0.23
Other Borrowing costs	**1.97**	-
Interest and Finance Charges	**-**	0.06
Depreciation	**-**	0.01

	As at 30th June 2012 (₹ in crores)	As at 30th June 2011 (₹ in crores)
Less:		
Preoperative Expense relating to Rewa Infrastructure Private Limited which has ceased to be a subsidiary w.e.f. 16th November 2010	-	(1.52)
Income from Banks and Others	-	(0.09)
	8.07	169.60
Less: Transfer to Exceptional Items	-	(169.60)
	8.07	-

13. Non-current investments

	As at 30th June 2012 (₹ in crores)	As at 30th June 2011 (₹ in crores)
Trade investments (valued at cost unless stated otherwise)		
Investment in equity instruments (quoted)		
1,500,000 (1,500,000) equity shares of ₹ 10 each fully paid-up in Ispat Profiles Ltd.@#	-	-
23,625,000 (23,625,000) equity shares of ₹ 10 each fully paid-up in JSW Energy Limited [net of pre-acquistion dividend of ₹ 2.36 crores]	**160.93**	163.29
	160.93	163.29
Investment in equity instruments (unquoted)		
50,000 (50,000) equity shares of ₹10 each fully paid-up in Steelscape Consultancy Pvt. Ltd.	**0.05**	0.05
Nil (50,000) equity shares of ₹100 each fully paid-up in Rewa Infrastructures Private Limited	-	0.05
20,000 (20,000) equity shares of USD 50 each fully paid-up in Drum International Inc	-	-
[At cost less provision for other than temporary diminution in value ₹ 4.46 crores (₹ 4.46 crores)]		
20,000 (20,000) equity shares of USD 40 each fully paid-up in Minandes S.A.	-	-
[At cost less provision for other than temporary diminution in value ₹ 3.58 crores (₹ 3.58 crores)]		
480,000 (480,000) equity shares of ₹ 10 each fully paid-up in Kalyani Mukand Limited @	-	-
	0.05	0.10
	160.98	163.39

Aggregate amount of quoted investments [Market value: ₹ 124.15 crores (₹ 157.93 crores)]	**160.93**	163.29
Aggregate amount of unquoted investments	**0.05**	0.10
Aggregate provision for other than temporary diminution in value of investments	**8.04**	8.04

@ Value written off in earlier years

Quotation not available

(a) Pursuant to the acquisition of equity shares in JSW Energy Limited in the previous year, one of the units (300 MW) of JSW Energy Ltd.'s Ratnagiri plant has become captive unit to the Company. The Company has entered into an 'Energy Wheeling Agreement' with JSW Energy Limited to ensure long term power supply from them.

Maharashtra State Electricity Distribution Company Limited (MSEDCL) has, vide its letter dated 11th January 2012, accorded open access permission to the Company for wheeling of power from this unit. Accordingly, the Company has started receiving power with effect from 19th January 2012 and excess power, if any, is sold to MSEDCL.

14. Deferred tax assets (net)

Effective 1st April 2011, the Company had ceased recognition of additional Deferred Tax Assets (DTA). During the year, DTA of ₹ 779.18 crores (₹ 344.48 crores) has been recognised for the period from 1st April 2011 to 30th June 2012 and net DTA as on 30th June 2012 stands at ₹ 2087.94 crores (₹ 1308.76 crores). There are carried forward unabsorbed depreciation and business losses as at the Balance Sheet date. In view of various measures taken by the Company for enhancing operating efficiency, tie-up of reliable alternate sources of power and critical inputs, setting-up of crucial projects aimed at achieving raw material integration and major savings in input costs as well as the future profitability projections, the Company is virtually certain that there would be sufficient taxable income in future, to claim the above tax credit.

The break-up of DTA of ₹ 2087.94 crores (₹ 1308.76 crores) is as follows:

	As at 30th June 2012 (₹ in crores)	As at 30th June 2011 (₹ in crores)
Deferred tax liability		
Arising on account of timing difference in depreciable assets	**1,072.40**	1,151.23
Gross deferred tax liability	**1,072.40**	1,151.23
Deferred tax asset		
On Unabsorbed Depreciation	**1,815.98**	1,687.35
On Unabsorbed Business Losses	**1,166.53**	482.59
On Other timing differences	**177.83**	290.05
Gross deferred tax asset	**3,160.34**	2,459.99
Net deferred tax asset	**2,087.94**	1,308.76

15. Loans and advances

	Non-current		Current	
	As at 30th June 2012 (₹ in crores)	As at 30th June 2011 (₹ in crores)	**As at 30th June 2012 (₹ in crores)**	As at 30th June 2011 (₹ in crores)
Unsecured, considered good (unless stated otherwise):				
Capital advances				
Considered good	**24.78**	8.87	-	-
Considered doubtful	**31.91**	31.91	-	-
	56.69	40.78	-	-
Less: Provision for doubtful capital advances	**31.91**	31.91	-	-
(A)	**24.78**	8.87	-	-

	Non-current		Current	
	As at 30th June 2012 (₹ in crores)	As at 30th June 2011 (₹ in crores)	**As at 30th June 2012 (₹ in crores)**	As at 30th June 2011 (₹ in crores)
Security deposit				
Considered good [to related parties ₹ 0.03 crore (₹ 25.64 crores)]	**18.08**	19.78	**53.33**	56.93
Considered doubtful [to related parties(Note No. 39)]	**-**	-	**24.69**	-
	18.08	19.78	**78.02**	56.93
Less: Provision for doubtful advances [Refer Note No. 27 (d)]	**-**	-	**24.69**	-
(B)	**18.08**	19.78	**53.33**	56.93
Loan and advances to related parties (Note No. 39)				
Considered good	**26.89**	25.36	**-**	-
Considered doubtful	**101.83**	101.78	**9.38**	9.38
	128.72	127.14	**9.38**	9.38
Less: Provision for doubtful advances	**101.83**	101.78	**9.38**	9.38
(C)	**26.89**	25.36	**-**	-
Advances recoverable in cash or kind				
Considered good	**56.38**	66.15	**125.38**	138.34
Considered doubtful	**-**	-	**203.14**	187.90
	56.38	66.15	**328.52**	326.24
Less: Provision for doubtful advances	**-**	-	**203.14**	187.90
(D)	**56.38**	66.15	**125.38**	138.34
Other loans and advances				
Advance income-tax	**30.80**	30.15	**0.05**	0.05
Other Advances	**-**	-	**-**	1.33
Prepaid expenses	**28.74**	31.51	**31.92**	44.60
Loans to employees				
Considered good	**-**	-	**1.09**	0.91
Considered doubtful	**-**	-	**1.54**	1.57
	-	-	**2.63**	2.48
Less: Provision for doubtful advances	**-**	-	**1.54**	1.57
	-	-	**1.09**	0.91
Balances with Statutory / Government authorities				
Considered good	**3.47**	7.84	**108.78**	93.74
Considered doubtful	**4.70**	2.23	**0.92**	1.44
	8.17	10.07	**109.70**	95.18
Less: Provision for doubtful advances	**4.70**	2.23	**0.92**	1.44
	3.47	7.84	**108.78**	93.74
(E)	**63.01**	69.50	**141.84**	140.63
Total (A+B+C+D+E)	**189.14**	189.66	**320.55**	335.90

Advances recoverable in cash or kind includes :

Loans and advances due from directors or other officers, etc.

	Non-current		Current	
	As at 30th June 2012 (₹ in crores)	As at 30th June 2011 (₹ in crores)	**As at 30th June 2012 (₹ in crores)**	As at 30th June 2011 (₹ in crores)
Dues from ex-executive directors (Refer Note No. 23)	**-**	-	**9.54**	18.75

16. Trade Receivables and other assets

16.1 Trade Receivables

	Current	
	As at 30th June 2012 (₹ in crores)	As at 30th June 2011 (₹ in crores)
Unsecured, considered good unless stated otherwise		
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	**53.18**	249.87
Considered doubtful	**323.53**	321.57
	376.71	571.44
Less: Provision for doubtful trade receivables	**323.53**	321.57
(A)	**53.18**	249.87
Other receivables		
Unsecured, considered good	**282.38**	144.70
(B)	**282.38**	144.70
Total (A+B)	**335.56**	394.57

16.2 Other assets

	Non-current		Current	
	As at 30th June 2012 (₹ in crores)	As at 30th June 2011 (₹ in crores)	**As at 30th June 2012 (₹ in crores)**	As at 30th June 2011 (₹ in crores)
Unsecured, considered good unless stated otherwise				
Non-current bank balances (Note No. 18)	**57.65**	202.69	**-**	-
(A)	**57.65**	202.69	**-**	-
Unamortised expenditure				
Ancillary cost of arranging the borrowings	**24.69**	-	**7.08**	1.00
(B)	**24.69**	-	**7.08**	1.00
Others				
Interest accrued on fixed deposits	**-**	-	**5.68**	11.71
Fixed assets held for sale	**-**	-	**14.45**	14.43

	Non-current		Current	
	As at 30th June 2012 (₹ in crores)	As at 30th June 2011 (₹ in crores)	**As at 30th June 2012 (₹ in crores)**	As at 30th June 2011 (₹ in crores)
Export Incentive Receivable				
Unsecured, considered good	**-**	-	**12.90**	13.57
Doubtful	**-**	-	**1.29**	1.27
	-	-	**14.19**	14.84
Less: Provision for doubtful receivables	**-**	-	**1.29**	1.27
	-	-	**12.90**	13.57
(C)	**-**	-	**33.03**	39.71
Total (A+B+C)	**82.34**	202.69	**40.11**	40.71

17. Inventories (valued at lower of cost and net realisable value)

	As at 30th June 2012 (₹ in crores)	As at 30th June 2011 (₹ in crores)
Raw materials [includes in transit ₹ 497.43 crores (₹ 240.15 crores)]	**1,191.13**	1,465.91
Less: Provision for potential loss against inventory	**104.83**	104.83
	1,086.30	1,361.08
Work-in-progress	**18.55**	18.37
Landed Property	**224.50**	-
Finished goods	**379.30**	431.32
Stores and spares [includes in transit ₹ 18.44 crores (₹ 19.53 crores)]	**218.46**	221.62
By-products and Saleable scrap	**10.64**	7.74
	1,937.75	2,040.13

18. Cash and bank balances

	Non-current		Current	
	As at 30th June 2012 (₹ in crores)	As at 30th June 2011 (₹ in crores)	**As at 30th June 2012 (₹ in crores)**	As at 30th June 2011 (₹ in crores)
Cash and cash equivalents				
Balances with banks:				
- On current accounts			**4.81**	2.15
- Deposits with original maturity of less than three months			**2.00**	390.00
Cheques/ drafts on hand			**0.31**	5.01
Cash on hand			**0.07**	0.09
			7.19	397.25
Other bank balances				
Deposits with Original maturity for more than 12 months	**0.22**	0.22	**-**	-
Margin money deposit	**57.43**	202.47	**2.73**	1.55
	57.65	202.69	**2.73**	1.55
Amount disclosed under non-current assets (Refer Note No. 16.2)	**(57.65)**	(202.69)	**-**	-
	-	-	**9.92**	398.80

Margin money deposits given as security

Margin money deposits with a carrying amount of ₹ 60.16 crores (₹204.02 crores) are subject to first charge to secure the Company's working capital facilities.

19. Revenue from operations

	Jul'11 - Jun'12 (₹ in crores)	Jul'10 - Jun'11 (₹ in crores)
Revenue from operations		
Sale of products		
Finished goods	**11,743.56**	8,838.92
Other operating revenue		
Sale of Traded Power [Refer Note No. 13(a)]	**85.82**	-
Saleable Scrap & By products sale	**276.25**	137.03
Export Benefits	**11.82**	14.12
Job work income	**6.10**	4.57
Revenue from operations (gross)	**12,123.55**	8,994.64

20. Other income

	Jul'11 - Jun'12 (₹ in crores)	Jul'10 - Jun'11 (₹ in crores)
Interest income		
On Bank deposits	**16.85**	27.47
On Receivables	**0.17**	0.39
From Customers and others	**0.00**	4.87
	17.02	32.73
Interest liability no longer required written back	**-**	27.07
Net gain on Exchange Rates/ Forward Exchange Contract	**-**	15.03
Insurance Claims	**2.94**	4.23
Liabilities no longer required written back	**7.69**	9.87
Miscellaneous Receipts	**9.70**	11.67
Gain on prepayment of deferred Value Added/Sales Tax*	**386.89**	219.82
	424.24	320.42

*Gain arising on pre-payment of ₹ 470.16 crores (₹ 267.98 crores) being the net present value of the deferred Value Added Tax/Sales Tax liability payable in future years, in terms of Section 94(2) of Maharashtra Value Added Tax Act, 2002 read with Rule 84 of Maharashtra Value Added Tax Rules, 2005.

21. Cost of raw material consumed

	Jul'11 - Jun'12 (₹ in crores)	Jul'10 - Jun'11 (₹ in crores)
Cost of raw material consumed	**7,323.83**	**5,591.39**

22. (Increase)/ decrease in inventories

	Jul'11 - Jun'12 (₹ in crores)	Jul'10 - Jun'11 (₹ in crores)	(Inc)/ Dec (₹ in crores)
			Jul'11 - Jun'12
Inventories at the end of the year			
Finished goods	**379.30**	431.32	**52.02**
Work-in-progress	**18.55**	18.37	**(0.18)**
By-products and Saleable scrap	**10.64**	7.74	**(2.90)**
	408.49	457.43	**48.94**
			Jul'10 - Jun'11
Inventories at the beginning of the year			
Finished goods	**431.32**	335.48	(95.84)
Work-in-progress	**18.37**	12.11	(6.26)
By-products and Saleable scrap	**7.74**	16.77	9.03
	457.43	364.36	(93.07)
	48.94	(93.07)	
Transferred to tangible fixed assets	**(1.46)**	(1.47)	
Excise duties on (Increase) / decrease of finished goods	**(0.76)**	6.71	
	46.72	(87.83)	

23. Employee benefits expense

	Jul'11 - Jun'12 (₹ in crores)	Jul'10 - Jun'11 (₹ in crores)
Salaries, wages and bonus	**212.52**	168.85
Contribution to provident and other fund	**12.42**	13.24
Gratuity expense (Note No. 29)	**6.22**	9.75
Staff welfare expenses	**29.84**	28.10
	261.00	219.94

(a) Directors' remuneration of ₹ 1.67 crores (including ₹ 0.70 crore accounted for in earlier years) payable to the Managing and Other Whole Time Directors has been expensed off in the Consolidated Statement of Profit and Loss, which is in excess of the limit specified under the Companies Act, 1956. The above remuneration has been approved by the Remuneration Committee and Shareholders of the Company but approvals of the Ministry of Corporate Affairs (MCA) are awaited.

In addition to above, the Company has initiated the process of recovering the remuneration already paid to them in earlier years, which is in excess of the limit specified under Section 198 of the Companies Act, 1956 as well as the approvals received from the MCA. The outstanding recoverable amount as on 30th June 2012 of ₹ 9.54 crores appears under the head 'Short-term loans and advances' in note no. 15 of the Consolidated Financial Statements.

(b) In Case of Ispat Energy Limited, remuneration aggregating to ₹ 0.42 crore (including ₹ 0.34 crore for earlier years) paid to a Whole Time Director who resigned w.e.f. 1st November 2010, is in excess of the limit specified under Section 198 of the Companies Act, 1956. The applications for such excess remuneration are pending for approval with the Central Government.

24. Finance costs

	Jul'11 - Jun'12 (₹ in crores)	Jul'10 - Jun'11 (₹ in crores)
Interest:		
On Term Loans	**738.63**	666.20
On Cash Credit and Others	**211.99**	257.75
Other borrowing costs	**62.40**	91.65
Amortisation of ancillary borrowing costs	**4.27**	-
Exchange difference to the extent considered as an adjustment to borrowing cost	**58.72**	7.31
	1,076.01	1,022.91

25. Depreciation and amortisation expense

	Jul'11 - Jun'12 (₹ in crores)	Jul'10 - Jun'11 (₹ in crores)
Depreciation of tangible assets	**711.34**	677.67
Less: Recoupment from revaluation reserve	**(84.51)**	(81.41)
	626.83	596.26

26. Other expenses

	Jul'11 - Jun'12 (₹ in crores)	Jul'10 - Jun'11 (₹ in crores)
Consumption of stores and spare parts	**320.11**	347.14
Power charges	**1,040.83**	902.46
Fuel charges *	**856.18**	498.51
Slitting, packing and other expenses	**44.27**	35.66
Freight and forwarding charges [Net of recovery of ₹ 139.03 crores (₹ 127.03 crores)]	**52.26**	61.21
Rent	**22.35**	25.53
Rates and Taxes	**5.80**	4.78
Insurance	**17.15**	17.71
Repairs and Maintenance		
Plant and machinery	**159.18**	152.49
Buildings	**14.85**	14.71
Others	**3.16**	3.25
Advertising and Sales promotion	**3.24**	3.09
Sales commission	**2.24**	3.06
Communication costs	**3.73**	6.58

	Jul'11 - Jun'12 (₹ in crores)	Jul'10 - Jun'11 (₹ in crores)
Items pertaining to previous years (Refer details below)		
At Debit	**0.32**	6.39
Less: At Credit	**-**	(4.12)
Legal expenses	**2.43**	7.00
Professional charges	**15.04**	27.46
Directors' sitting fees	**0.12**	0.16
Payment to auditors (Refer details below)	**2.53**	3.05
Amortisation of Foreign Currency Monetary Item Translation Difference	**-**	2.08
Bad debts / Advances Written off	**0.03**	6.41
Less: Adjusted against provisions	**(0.02)**	-
Provision for doubtful debts and advances	**0.99**	6.51
Loss on sale of fixed assets (net)	**6.21**	2.64
Miscellaneous expenses	**34.58**	45.49
	2,607.58	2,179.25

Payment to auditors

	Jul'11 - Jun'12 (₹ in crores)	Jul'10 - Jun'11 (₹ in crores)
As auditor:		
Audit fee	**1.32**	1.30
Tax audit fee	**0.18**	0.18
Limited review	**0.51**	0.51
In other capacity:		
Other services (certification fees)	**0.45**	0.85
Out-of-pocket of expenses	**0.07**	0.21
	2.53	3.05

Items pertaininig to previous years comprise of the following:

	At Debit		At Credit	
	Jul'11 - Jun'12 (₹ in crores)	Jul'10 - Jun'11 (₹ in crores)	Jul'11 - Jun'12 (₹ in crores)	Jul'10 - Jun'11 (₹ in crores)
Consumption of stores and spare parts	**-**	0.21	**-**	0.76
Cost of materials consumed	**0.10**	1.86	**-**	2.62
Repairs and Maintenance	**0.13**	0.83	**-**	-
Freight & forwarding Charges	**-**	1.12	**-**	-
Power and Fuel	**-**	0.22	**-**	-
Rates and Taxes	**-**	0.45	**-**	-
Others	**0.09**	1.70	**-**	0.74
Total	**0.32**	6.39	**-**	4.12

* The Petroleum and Natural Gas Regulatory Board (PNGRB) established under PNGRB Act, 2006 has, vide its order dated 12th March 2012, determined lower provisional tariff for transportation of Natural Gas with effect from 20th November 2008. Consequently, the Company has been allowed credit of ₹ 39.70 crores by the supplier towards refund of excess tariff charged in earlier years, which has been adjusted with the cost of fuel.

27. Exceptional items

	Jul'11 - Jun'12 (₹ in crores)	Jul'10 - Jun'11 (₹ in crores)
Foreign exchange fluctuation loss on operating balances [Refer Note (a) below]	**379.09**	-
Write-down of inventories due to deterioration in quality [Refer Note (b) below]	**106.67**	-
Custom Duty liability and interest thereon on [Refer Note (c) below]	**3.75**	66.99
Provision towards doubtful security deposits [Refer Note (d) below]	**24.69**	-
Provision towards doubtful loans and advances [Refer Note (e) below]	**17.78**	-
Provision against doubtful trade receivables overdue since long/ disputed	**1.04**	319.43
Provision towards diminution in the value of investment in Subsidiaries	**-**	8.04
Provision towards doubtful loans and advances	**-**	297.53
Provision towards potential loss of inventory in transit	**-**	104.83
Loss on Discard of CWIP Asset	**-**	450.24
	533.02	1,247.06

(a) Due to unusual depreciation in the value of Indian Rupee against foreign currencies, the Company has incurred net foreign exchange fluctuation loss of ₹ 379.09 crores during the year on operating balances/forward exchange contracts (both realised and unrealised) and mark to market loss on derivative contract, which has been considered as an exceptional item.

(b) The Company had valued slag generated from its plant in earlier years on the basis of expected extraction of iron based on estimate made by the slag processing company and the management. However, on processing of a large portion of slag during the year, actual iron extraction/ recovery turned out to be lower than the earlier estimates. Hence, as a matter of prudence, the value of slag has been written down to the extent of ₹ 80.68 crores to bring it to its net realisable value based on revised estimation.

Further, Iron ore fines/Nut coke were lying unconsumed for a long time in a plant area. On cleaning the said area for setting up a unit, it was observed that a part of such materials could not be consumed due to contamination/quality deterioration. Hence, the value has been written down by ₹ 25.99 crores to bring it to its net realisable value.

(c) The 2X55 MW Power Project undertaken by Ispat Energy Limited (IEL) is not being pursued and due to write offs/ provisions for Assets/ Expenditure related to Project, the net worth is fully eroded. Consequently, the Company has assumed the liability towards customs duty and interest thereon, aggregating to ₹ 70.74 crores payable on import of power plant by IEL under EPCG Scheme. During the previous year, IEL had provided for ₹ 66.99 crores in its standalone financial statements against above liability, which has been written back during the current year. Hence, differential amount of ₹ 3.75 crores has been considered as exceptional item.

(d) Security deposit of ₹ 24.69 crores towards leased premises has become due and recoverable from certain parties. These parties have denied the refund and raised counter claim for damage of the premises. The Company is now contemplating to take legal recourse to recover the said amount. However, as a matter of prudence, a provision of ₹ 24.69 crores has been made considering doubtful of recovery.

(e) Certain old advances aggregating to ₹ 15.31 crores made to parties have not been confirmed/have been disputed by respective parties. Hence, being doubtful of recovery, provision of ₹ 15.31 crores has been made thereagainst, as a matter of prudence.

Further, ₹ 2.47 crores is recoverable from government authorities for a long time. As a matter of prudence, the amount has been fully provided for.

28. Earnings per share (EPS)

The following reflects the profit and share data used in the basic and diluted EPS computations:

	Jul'11 - Jun'12 (₹ in crores)	Jul'10 - Jun'11 (₹ in crores)
Loss after tax	**(263.64)**	(1,872.29)
Less : Cumulative Dividend on Cumulative Redeemable Preference Shares (CRPS) & tax thereon	**(0.06)**	(65.01)
Net Loss for calculation of basic and diluted EPS	**(263.70)**	(1,937.30)
Weighted average number of equity shares in calculating basic and diluted EPS	**2,491,833,366**	1,765,266,622
Nominal Value of equity shares	**₹ 10**	₹ 10
Basic and Diluted Earnings Per Share	**₹ (1.06)**	₹ (10.97)

29. Gratuity and other post-employment benefit plans

The Group operates one defined benefit plan, viz., gratuity benefit, for its employees. The Gratuity plan provides for a lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days salary payable for each completed year of service. The Group does not have any fund for gratuity liability and the same is accounted for as provision.

Under the other long-term employment benefit plan, the Group extends benefit of compensated absences to the employees, whereby they are eligible to carry forward their entitlement of earned leave for encashment upon retirement/separation or during tenure of service. The plan is not funded by the Group.

The following tables summarise the components of net benefit expense recognised in the Consolidated Statement of Profit and Loss and amounts recognised in the Consolidated Balance Sheet for the respective plans.

Consolidated Statement of Profit and Loss

(a) Net employee benefit expense recognised in the employee cost

	Gratuity		Leave	
	Jul'11 - Jun'12 (₹ in crores)	Jul'10 - Jun'11 (₹ in crores)	**Jul'11 - Jun'12 (₹ in crores)**	Jul'10 - Jun'11 (₹ in crores)
Current service cost	**3.00**	2.70	**1.15**	1.10
Interest cost on benefit obligation	**2.50**	1.79	**1.10**	0.82
Net actuarial (gain)/ loss	**0.75**	5.26	**(0.47)**	2.88
Past service cost	**-**	-	**-**	-
Net benefit expense*	**6.25**	9.75	**1.78**	4.80

*Gratuity and leave expense includes ₹ 0.03 crore (₹ Nil) and ₹ 0.01 crore (₹ Nil) respectively taken to pre-operative expenses

Consolidated Balance Sheet

(b) Benefit asset/liability

	Gratuity		Leave	
	As at 30th June 2012 (₹ in crores)	As at 30th June 2011 (₹ in crores)	**As at 30th June 2012 (₹ in crores)**	As at 30th June 2011 (₹ in crores)
Present value of defined benefit obligation	**33.79**	31.44	**13.42**	14.33
Fair value of plan assets	**-**	-	**-**	-
Less: Unrecognised past service cost	**-**	-	**-**	-
Net asset/(liability)	**(33.79)**	(31.44)	**(13.42)**	(14.33)

(c) Changes in the present value of the defined benefit obligation are as follows:

	Gratuity		Leave	
	As at 30th June 2012 (₹ in crores)	As at 30th June 2011 (₹ in crores)	**As at 30th June 2012 (₹ in crores)**	As at 30th June 2011 (₹ in crores)
Opening defined benefit obligation	**31.44**	24.83	**14.33**	11.75
Current service cost	**3.00**	2.70	**1.15**	1.11
Interest cost	**2.50**	1.79	**1.10**	0.82
Benefits paid	**(3.90)**	(3.14)	**(2.69)**	(2.23)
Actuarial (gains)/losses on obligation	**0.75**	5.26	**(0.47)**	2.88
Closing defined benefit obligation	**33.79**	31.44	**13.42**	14.33

(d) The principal assumptions used in determining gratuity and leave encashment obligations for the Company's plans are shown below:

	Gratuity		Leave	
	Jul'11 - Jun'12	Jul'10 - Jun'11	**Jul'11 - Jun'12**	Jul'10 - Jun'11
Discount rate	**8.30%**	8.50%	**8.30%**	8.50%
Mortality table	**LIC (1994-1996) ultimate**	LIC (1994-1996) ultimate	**LIC (1994-1996) ultimate**	LIC (1994-1996) ultimate

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

(e) Amounts for the current and previous four periods are as follows:

	As at 30th June 12 (₹ in crores)	As at 30th June 11 (₹ in crores)	As a 30th June 10 (₹ in crores)	As at 31st March 2009 (₹ in crores)	As at 31st March 2008 (₹ in crores)
Gratuity					
Defined benefit obligation	**33.79**	31.44	24.83	22.87	21.36
Plan assets	**-**	-	-	-	-
Surplus/(deficit)	**(33.79)**	(31.44)	(24.83)	(22.87)	(21.36)
Experience adjustments on plan liabilities (gains)/losses	**0.39**	6.64	0.22	2.79	2.13
Experience adjustments on plan assets	**-**	-	-	-	-
Leave					
Defined benefit obligation	**13.42**	14.33	11.75	12.10	11.99
Plan assets	**-**	-	-	-	-
Surplus/(deficit)	**(13.42)**	(14.33)	(11.75)	(12.10)	(11.99)
Experience adjustments on plan liabilities (gains)/losses	**(0.62)**	3.48	(0.44)	1.43	(0.60)
Experience adjustments on plan assets	**-**	-	-	-	-

(f) Amounts provided for the defined contribution plans are as follows:

	Jul'11 - Jun'12 (₹ in crores)	Jul'10 - Jun'11 (₹ in crores)
Defined Contribution plans		
Amount recognised in the Statement of Profit and Loss		
(i) Provident Fund	**9.51**	9.95
(ii) Superannuation Fund	**3.07**	3.32
Total *	**12.58**	13.27

*Includes ₹ 0.16 crore (₹ 0.03 crore) taken to pre-operative expenses

30. Leases

Operating lease: Company as lessee

The Company has taken certain plant and equipments on non-cancellable operating leases for a period of 10-15 years, which are renewable on expiry of the lease period at mutually acceptable terms. There is no escalation clause in the present lease agreement. Lease payments recognised in the Consolidated Statement of Profit and Loss under 'rent' amount to ₹ 16.40 crores (₹ 16.40 crores) for the year.

Future minimum rentals payable under non-cancellable operating leases are as follows:

	As at 30th June 2012 (₹ in crores)	As at 30th June 2011 (₹ in crores)
Within one year	**12.94**	12.94
After one year but not more than five years	**35.84**	43.15
More than five years	**20.83**	26.46
	69.61	82.55

31. Segment Information

(i) **Business Segment:** The Group is only engaged in the business of manufacture and sale of Iron and Steel products.

(ii) **Geographical Segment:** The Group primarily operates in India and therefore the analysis of geographical segment is based on the areas in which customers of the Group are located.

Information for Secondary Geographical Segments:

	Jul'11 - Jun'12 (₹ in crores)	Jul'10 - Jun'11 (₹ in crores)
Domestic Revenues (Net of Excise Duty)	**10,950.21**	7,708.88
Export Revenues (Including Export Benefits)	**153.90**	522.33
	11,104.11	8,231.21

	As at 30th June 2012 (₹ in crores)	As at 30th June 2011 (₹ in crores)
Domestic Trade Receivables	**335.56**	377.36
Export Trade Receivables	**-**	17.21
	335.56	394.57

(iii) Since the Group has all fixed assets in India only, separate figures for fixed assets / additions to fixed assets for Domestic and Overseas segments are not furnished.

32. Capital and other commitments

a) At 30th June 2012, the Company has commitments of ₹ 325.40 crores (₹ 128.53 crores) net of advances ₹ 24.78 crores (₹ 8.87 crores) relating to estimated amount of contracts to be executed on capital account and not provided for.

b) At 30th June 2012, the Company has commitment of ₹ 119.80 crores (₹ 134.72 crores) towards monthly operation and maintenance charges of a plant taken on lease and is payable up to FY 2020-21.

c) The Company has imported capital goods under the Export Promotion Capital Goods Scheme to utilise the benefit of a zero or concessional customs duty rate. These benefits are subject to future exports. Such export obligations at year end aggregating to ₹ 1011.52 crores (₹ 815.78 crores) need to be fulfilled by the Company within the stipulated period.

d) For commitments relating to lease arrangements, please refer note no. 30.

33. Contingent liabilities

	As at 30th June 2012 (₹ in crores)	As at 30th June 2011 (₹ in crores)
Claims by customers, suppliers and third parties not acknowledged as debts [Including claim for Forest Development Tax by Supplier ₹ 47.45 crores (₹ Nil)]	**124.50**	95.19
Excise and Custom demand under dispute/ appeal	**14.75**	14.64
Income Tax / Wealth Tax demands under appeal	**3.86**	3.86
Sales Tax matters (under dispute/ appeal)	**4.89**	1.63
Bills discounted	**1,584.41**	993.91
Bank Guarantees outstanding	**148.42**	166.82
	1,880.83	1,276.05

34. Arrears of fixed cumulative dividends on preference shares (CRPS)

	As at 30th June 2012 (₹ in crores)	As at 30th June 2011 (₹ in crores)
Arrear Dividend (including tax) on Cumulative Redeemable Preference Shares	**0.37**	813.33

The Company's proposal for waiver of accrued dividend on both 12% CRPS and 10% CRPS up to 30th September 2011 was approved by CDR Empowered Group at its meeting held on 12th January 2011 subject to redemption of both the CRPS. As the Company has redeemed both 12% CRPS and 10% CRPS by 30th September 2011, the arrears of accrued dividend has been waived by the CRPS holders (Banks and Financial Institutions).

35. Derivative instruments and unhedged foreign currency exposure

(a) The quantum of mark to market losses on all outstanding derivatives contracts amounts to ₹ 56.74 crores (₹ 29.59 crores) as at the Balance Sheet date, which has been duly provided for in line with principle of prudence.

(b) Derivative instruments outstanding as at the Balance Sheet date

(i) Outstanding Forward Cover Contracts of US$ 3,300,000 (US Nil) are on export orders, US$ 46,573,753 (US$ 80,540,273) on trade payables and US$ Nil (US$ 36,345,500) on long term borrowings from a bank.

(ii) Outstanding Principal Only Swap contracts for ₹ / ¥ (Japanese Yen) for ¥ 1,868,631,051 (¥ 1,868,631,051) at various strike price together with a right to receive differential interest on the notional principal amount.

(c) Particulars of unhedged foreign currency exposure as at the Balance Sheet date

	As at 30th June 2012 (₹ in crores)	As at 30th June 2011 (₹ in crores)
Trade Receivables	**-**	17.21
Advances given	**13.94**	8.96
Trade Payables (including acceptances)	**1,958.22**	627.35
Borrowings (including interest)	**958.17**	2,169.90
Investment in Associates [net of provision of ₹ 8.04 crores (₹ 8.04 crores)]	**-**	-
	2,930.33	2,823.42

36. Details of dues to micro and small enterprises as defined under the MSMED Act, 2006

Based on the information / documents available with the Company, information as per the requirement of Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006 are as follows :

	As at 30th June 2012 (₹ in crores)	As at 30th June 2011 (₹ in crores)
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year		
Principal amount due to micro and small enterprises	**1.00**	0.78
Interest due on above	**0.02**	0.01
	1.02	0.79
The amount of interest paid by the buyer in terms of section 16 of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	**-**	-
Amount of interest adjusted	**(0.88)**	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006.	**-**	0.12
The amount of interest accrued and remaining unpaid at the end of each accounting year	**0.02**	0.13
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006	**0.56**	1.42

37. Impairment of Assets

In terms of Accounting Standard 28 "Impairment of Assets" issued by the Institute of Chartered Accountants of India, the management has carried out the impairment test at year end. The carrying value of each cash generating unit (CGU) is lower than their respective recoverable value, arrived at, based on their 'value in use' and hence, no impairment charge is required to be recognised in the books of accounts. The 'value in use' is computed based on the management's latest operational and profitability projections, which have been extrapolated till the remaining useful life of the respective assets. The cash flows have been discounted using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

38. The financial results for the current year have been adversely impacted due to steep and significant depreciation in the value of Indian Rupee (INR) against US Dollar (USD) and other currencies as well as due to adverse market conditions. However, the Group has taken various measures for achieving operational efficiencies and further it also expects to have significant savings in raw material and energy costs in view of various ongoing projects. The Group has also chalked out revised turnaround strategies which would enable generation of operational surpluses and adequate cash-flows to meet its requirement of additional funds in the near future, out of internal accruals. Accordingly, these Consolidated Financial Statements have been drawn up as per the going concern assumption, which is appropriate in the opinion of the Company.

39. Related Party Disclosures

a) Names of related parties and related party relationship

Related parties with whom transactions have taken place during the year:

Enterprise having significant influence over the Company	JSW Steel Ltd. (w.e.f. 24th January 2011)
Associate Companies	Kalyani Mukand Ltd.
	Drum International Inc.
	Minandes S.A.
Joint Venture Company	Amba River Coke Ltd. (ceased w.e.f. 14th February 2011)
Key Management Personnel and their Relatives	Mr. M. L. Mittal (Father of Mr. Pramod Mittal and Mr. Vinod Mittal) (Ceased w.e.f. 20th June 2012)
	Mr. Pramod Mittal (Brother of Mr. Vinod Mittal) (ceased w.e.f. 20th June 2012)
	Mr. Vinod Mittal (ceased w.e.f. 20th June 2012)
	Mr. Vinod Garg (ceased w.e.f. 16th April 2011)
	Mr. Anil Sureka (ceased w.e.f. 1st July 2011)
	Mr. B. K. Singh
	Mr. Rajesh Asher (w.e.f. 1st May 2011)
	Mr. Ashok Aggarwal (w.e.f. 1st April 2011)
	Mr. Yadvendra Sahai (ceased w.e.f. 21st November 2011)
	Mrs. Natasha Mittal Saraf (Daughter of Mr. Vinod Mittal) (ceased w.e.f. 1st June 2011)
	Mr. Atulya Mittal (Son of Mr. Vinod Mittal) (ceased w.e.f. 13th August 2011)
	Mr. Shishir Tamotia (ceased w.e.f. 31st October 2010)
Enterprises over which Key Management Personnel / Share Holders / Relatives have significant influence	Global Steels Holdings Ltd. #
	Navoday Exim (P) Ltd. #
	Navoday Management Services Ltd. #
	Navoday Consultants Ltd. #
	Denro Holding (P) Ltd. #
	Mita Holdings (P) Ltd. #
	Goldline Tracom (P) Ltd. #
	Gontermann Peipers India Ltd. #
	Kartik Credit (P) Ltd. #
	Ushaditya Trading (P) Ltd. #
	Navdisha Real Estate (P) Ltd. #
	Balasore Alloys Ltd. #
	Peddar Realty (P) Ltd. (ceased w.e.f. 16th May 2012)
	Chattisgarh Energy Ltd. #
	Amba River Coke Ltd. (w.e.f. 4th October 2011)
	Rewa Infrastructures Pvt. Ltd. (w.e.f. 16th November 2010) #
	Chancellor Build Estate (P) Ltd. #
	E-Star Exchange (P) Ltd. (ceased w.e.f. 3rd October 2011)
	North East Natural Resources (P) Ltd. (ceased w.e.f. 2nd November 2011)
	Central India Power Company Ltd. #

Ceased w.e.f. 20th June 2012

(b) Related party transactions

(₹ in crores)

Nature of Transactions	Associate Companies	Enterprise having significant influence over the Company	Key Management Personnel and their Relatives	Enterprises over which Key Management Personnel / Share Holders / Relatives have significant influence	Total
1. In relation to Statement of Profit and Loss					
Sales of raw materials, intermediaries and finished goods					
JSW Steel Ltd.		3,144.51 (1,130.13)			3,144.51 (1,130.13)
Others				58.40 (1.66)	58.40 (1.66)
Purchases of raw materials, intermediaries and finished goods					
JSW Steel Ltd.		821.63 (767.01)			821.63 (767.01)
Others				20.63 (37.83)	20.63 (37.83)
Services received					
JSW Steel Ltd. #		10.68 (1.23)			10.68 (1.23)
E-Star Exchange (P) Ltd.				- (2.22)	- (2.22)
Others				0.08 (0.17)	0.08 (0.17)
Services given					
JSW Steel Ltd.		3.94 (0.59)			3.94 (0.59)
Amba River Coke Ltd.				3.12 (-)	3.12 (-)
Salary/Managerial remuneration					
Mr. Vinod Mittal			2.00 (0.57)		2.00 (0.57)
Mr. Anil Sureka			- (0.86)		- (0.86)
Mr. Vinod Garg			- (1.57)		- (1.57)
Mr. B. K. Singh			1.34 (1.34)		1.34 (1.34)
Mr. Rajesh Asher			1.69 (0.27)		1.69 (0.27)
Mr. Ashok Aggarwal			1.37 (0.32)		1.37 (0.32)
Others			0.29 (1.10)		0.29 (1.10)
Rent expense (including lease rent)					
Chancellor Build Estate (P) Ltd.				- (0.60)	- (0.60)
Goldline Tracom (P) Ltd.				0.03 (0.85)	0.03 (0.85)
Denro Holding (P) Ltd.				0.02 (0.62)	0.02 (0.62)
Kartik Credit (P) Ltd.				0.02 (0.53)	0.02 (0.53)
Navoday Exim (P) Ltd.				0.02 (0.50)	0.02 (0.50)
Mita Holdings (P) Ltd.				0.01 (0.44)	0.01 (0.44)

(₹ in crores)

Nature of Transactions	Associate Companies	Enterprise having significant influence over the Company	Key Management Personnel and their Relatives	Enterprises over which Key Management Personnel / Share Holders / Relatives have significant influence	Total
Ushaditya Trading (P) Ltd.				0.01 (0.44)	0.01 (0.44)
Navdisha Real Estate (P) Ltd.				0.09 (0.13)	0.09 (0.13)
Others				0.01 (0.01)	0.01 (0.01)
Provision for doubtful advances / deposits					
Goldline Tracom (P) Ltd.				6.64 (-)	6.64 (-)
Kartik Credit (P) Ltd.				4.17 (-)	4.17 (-)
Denro Holding (P) Ltd.				3.31 (-)	3.31 (-)
Navoday Exim (P) Ltd.				3.84 (-)	3.84 (-)
Mita Holdings (P) Ltd.				3.30 (-)	3.30 (-)
Ushaditya Trading (P) Ltd.				3.43 (-)	3.43 (-)
Minandes S.A.	- (18.73)				- (18.73)
Global Steels Holdings Ltd.				- (2.14)	- (2.14)
Drum International Inc	- (91.60)				- (91.60)
Chattisgarh Energy Ltd.				- (5.95)	- (5.95)
Central India Power Company Ltd.				- (9.38)	- (9.38)
Rewa Infrastructures Pvt. Ltd.				- (0.75)	- (0.75)
Provision for diminution in value of investments					
Drum International Inc	- (4.46)				- (4.46)
Minandes S.A.	- (3.58)				- (3.58)
2. In relation to Balance Sheet items					
Purchase of fixed assets					
Rewa Infrastructures Pvt. Ltd.				- (3.44)	- (3.44)
Guarantees obtained					
Mr. M. L. Mittal			552.73 (552.73)		552.73 (552.73)
Mr. Pramod Mittal			9,193.50 (9,193.50)		9,193.50 (9,193.50)
Mr. Vinod Mittal			9,193.50 (9,193.50)		9,193.50 (9,193.50)
Navoday Consultants Ltd.				143.68 (143.68)	143.68 (143.68)

(₹ in crores)

Nature of Transactions	Associate Companies	Enterprise having significant influence over the Company	Key Management Personnel and their Relatives	Enterprises over which Key Management Personnel / Share Holders / Relatives have significant influence	Total
Application money outstanding towards Equity Shares					
Goldline Tracom (P) Ltd.				15.60 (15.60)	15.60 (15.60)
Denro Holding (P) Ltd.				6.00 (6.00)	6.00 (6.00)
Kartik Credit (P) Ltd.				6.00 (6.00)	6.00 (6.00)
Balance outstanding as at the year end – Debit					
JSW Steel Ltd.		85.19 (-)			85.19 (-)
Peddar Realty (P) Ltd.				- (255.61)	- (255.61)
Amba River Coke Ltd.				99.12 (-)	99.12 (-)
Others			9.54 (18.75)	0.15 (18.21)	9.69 (36.96)
Balance outstanding as at the year end – Credit					
JSW Steel Ltd.		55.63 (278.25)			55.63 (278.25)
Others			0.90 (-)	18.29 (25.34)	19.19 (25.34)

Includes ₹ 1.69 crores (₹ 0.27 crore) and ₹ 1.37 crores (₹ 0.32 crore) also disclosed as remuneration to Key Managerial Personnel Mr. Rajesh Asher and Mr. Ashok Aggarwal respectively.

c) The remuneration to the Key Managerial Personnel does not include the provisions made for gratuity and leave benefits, as they are determined on an actuarial basis for the Company as a whole.

40. In case of Ispat Energy Limited, the Central Intelligence Unit (CIU) of Customs, Mumbai has seized the plant/machinery owing to non-compliance of the EPCG License requirement. The seized plant/machinery would be released after payment of custom duty and interest thereon aggregating to ₹ 70.74 crores till 30th June 2012.

41. In case of certain Subsidiary Companies namely, Ispat Energy Limited, Erebus Ltd, Arima Holdings Ltd, Lakeland Securities Ltd, Nippon Ispat Singapore Pte Ltd and Peddar Realty Pvt Ltd, the accumulated losses of the respective Companies have exceeded their paid up share capital as at 31st March 2012 and as at 16th May 2012 in case of Peddar Realty Pvt Ltd. The report of the auditors of these Companies contains audit qualification/ emphasis of matter relating to preparation of financial statements on 'going concern' basis. The aggregate value of total assets and total liabilities of all these subsidiaries are ₹ 238.92 crores and ₹ 301.83 crores respectively as at 31st March 2012. However, on account of above, there is no impact on the preparation of the financial statements of the Group under 'going concern assumption' basis.

42. The effect of acquisition of a Subsidiary Company (Peddar Realty Pvt Ltd. w.e.f. 16th May 2012) on the financial position and the results as included in Consolidated Financial Statements for the year ended on 30th June 2012 is given below :

(₹ in crores)

EQUITY AND LIABILITIES	
Shareholders' funds	(31.11)
Non-current liabilities	-
Current liabilities	255.63
TOTAL	**224.52**
ASSETS	
Non-current assets	-
Current assets	224.52
TOTAL	**224.52**
Revenue from Operations	-
Expenses	-
Profit/(Loss) for the year	-

43. Information of subsidiaries as at 31st March 2012 as required under Section 212 of the Companies Act, 1956 :

(₹ in crores)

Particulars	Ispat Energy Limited	Nippon Ispat Singapore (Pte) Ltd.	Erebus Ltd.	Arima Holdings Ltd.	Lakeland Securities Ltd.	Peddar Realty Pvt Ltd.	Total
Reporting Currency	INR	Singapore Dollar	US Dollar	US Dollar	US Dollar	INR	
Exchange Rate	NA	43.94	56.31	56.31	56.31	NA	
Share Capital	**110.00** (110.00)	**3.45** (2.85)	**121.06** (96.09)	**28.15** (22.35)	**0.00** (0.00)	**0.01** -	**262.67** (231.39)
Reserves & Surplus	**-138.43** NIL	**-7.68** (-2.62)	**-121.26** (-0.14)	**-28.28** (-0.10)	**-0.14** (-0.08)	**-31.12** -	**-326.91** (-2.94)
Total liabilities	**42.82** (370.86)	**4.23** (3.47)	**0.20** (0.11)	**0.13** (1.40)	**0.14** (0.08)	**255.63** -	**303.15** (375.92)
Total assets	**14.39** (480.86)	**0.00** (3.71)	**0.00** (96.06)	**0.00** (23.65)	**0.00** (0.00)	**224.52** -	**238.91** (604.28)
Investments included in total assets (Refer Note No. 13 for details)	- -	- -	- (4.46)	- (3.58)	- -	- -	- (8.04)
Turnover	- -	- -	- -	- -	- -	- -	- -
Profit before taxation	**-138.43** -	**-4.51** (-0.02)	**-121.08** (-0.04)	**-28.15** (-0.03)	**-0.04** (-0.02)	**(0.00)** -	**-292.21** (-0.11)
Provision for taxation	- -	- -	- -	- -	- -	- -	- -
Profit after taxation	**-138.43** -	**-4.51** (-0.02)	**-121.08** (-0.04)	**-28.15** (-0.03)	**-0.04** (-0.02)	**(0.00)** -	**-292.21** (-0.11)
Proposed dividend	- -	- -	- -	- -	- -	- -	- -

Notes :

(a) The above disclosure has been compiled from the Audited Financial Statement of the respective subsidiaries for the year ended 31st March 2012.

(b) Information relating to Ispat Jharkhand Steels Limited has not been disclosed above as it has ceased to be a Subsidiary Company w.e.f. 29th June 2012.

(c) Peddar Realty Pvt Ltd. has become a wholly owned subsidiary of JSW ISPAT Steel Ltd. w.e.f. 16th May 2012, hence the financial have been considered from that date.

(d) The figures of foreign subsidiaries as disclosed above have been translated using the exchange rate as on closing day of the financial year of the Holding Company.

44. Previous Year Figures

Till the year ended 30th June 2011, the Group was using Pre-Revised Schedule VI to the Companies Act, 1956, for preparation and presentation of its Consolidated Financial Statements. During the year ended 30th June 2012, the Revised Schedule VI notified under the Companies Act, 1956, has become applicable to the Group. The Group has reclassified previous year's figures to conform to current year's classification. The adoption of Revised Schedule VI does not impact recognition and measurement principles followed for preparation of Consolidated Financial Statements. However, it significantly impacts presentation and disclosures made in the Consolidated Financial Statements, particularly presentation of Consolidated Balance Sheet.

As per our report of even date

For **S. R. Batliboi & Co.**
Firm Registration Number: 301003E
Chartered Accountants

per Hemal Shah
Partner
Membership no.: 42650

For and on behalf of the Board

T. P. Subramanian
President &
Company Secretary

B.K.Singh
Chief Executive Officer

Seshagiri Rao M.V.S.
Director

Place: Mumbai
Date: 25th July 2012

JSW ISPAT Steel Limited

Registered Office: Victoria House, 2nd Floor, Pandurang Budhkar Marg, Lower Parel, Mumbai 400 013.

E-COMMUNICATION REGISTRATION FORM

Link Intime India Private Limited
Unit: JSW ISPAT Steel Limited
C-13, Pannalal Silk Mills Compound
LBS Marg, Bhandup (West)
Mumbai - 400 078.

Green Initiative in Corporate Governance

I/We hereby exercise my/our option to receive all documents/communication from the Company, such as Notice of General Meeting, Explanatory Statement, Audited Financial Statement, Balance Sheet, Profit & Loss Account, Directors' Report, Auditors' Report, etc. in electronic mode pursuant to the 'Green Initiative in Corporate Governance' notified by the Ministry of Corporate Affairs vide circular no. 17/2011 dated 21st April, 2011.

Please register my e-mail ID as given below, in your records, for sending the documents/communication :

Folio No. / DP ID & Client ID No. : ....

Name of 1st Registered Holder : ....

Name of Joint Holder(s), if any : ....

Registered Address of the Sole/ 1st Registered Holder : ....

....

....

No. of Shares held : ....

E-mail ID (to be registered) : ....

Date: .... Signature :..

Notes:

1) On registration, all documents/communication will be sent to the e-mail ID registered.
2) The form is also available on the website of the Company www.jswispat.in under the section 'Investor Services'.
3) Shareholders are requested to keep the Company's Registrar - Link Intime India Private Limited informed as and when there is any change in their e-mail address.

ATTENDANCE SLIP

JSW ISPAT Steel Limited

Registered Office: Victoria House, 2nd Floor, Pandurang Budhkar Marg, Lower Parel, Mumbai 400 013.

PLEASE FILL ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL

D.P. Id*	
Client Id*	

Master Folio No.	

NAME AND ADDRESS OF THE SHAREHOLDER:

No. of Share(s) held :

I/We hereby record my/our presence at the **TWENTY SEVENTH ANNUAL GENERAL MEETING** of the Company held on Friday, the 28th day of December, 2012 at 10.30 a.m. at Yashwantrao Chavan Pratishthan, Y B Chavan Auditorium, General Jagannath Bhosale Marg, Mumbai – 400021

Signature of the shareholder or proxy

*Applicable for investors holding shares in electronic form.

PROXY FORM

JSW ISPAT Steel Limited

Registered Office: Victoria House, 2nd Floor, Pandurang Budhkar Marg, Lower Parel, Mumbai 400 013.

D.P. Id*	
Client Id*	

Master Folio No.	

I/We .... of ....

.... being a member/members of **JSW ISPAT Steel Limited**

hereby appoint .... of ....

.... or failing him ....

of .... or failing him ....

of .... as my/our proxy to vote for me/us and on my/our behalf at the **TWENTY SEVENTH ANNUAL GENERAL MEETING** to be held on Friday, the 28th day of December, 2012 at 10.30 a.m. at Yashwantrao Chavan Pratishthan, Y B Chavan Auditorium, General Jagannath Bhosale Marg, Mumbai – 400021 or at any adjournment therof.

Signed this .... **day of** .... **, 2012**

Affix a Revenue Stamp

*Applicable for investors holding shares in electronic form.

Note: The Proxy in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the aforesaid meeting. The Proxy need not be a member of the Company.

NOTES

NOTES

JSW ISPAT Steel

...Projects Under Construction

The Company is undertaking various initiatives to improve operational efficiency. Construction of captive coke oven plant, pellet plant, power plant and lime calcination plant at Dolvi will help in achieving complete integration of steel making facilities. Apart from this, construction of railway siding will significantly improve logistics of finished goods. The Company is also setting up a second colour coating line at Kalmeshwar.

Creating Value To Stakeholders

Coke Oven:
The coke oven plant with 1 MTPA capacity is being set-up through a Special Purpose Vehicle Company at Dolvi Steel Complex. The project is expected to be commissioned by March 2014.

Power Plant:
The Company is setting up a power plant with 55 MW capacity at Dolvi Steel Complex. The power plant is expected to be commissioned by July 2013.

Pellet Plant:
The pellet plant of 4 MTPA capacity is also being set-up through a Special Purpose Vehicle Company at Dolvi Steel Complex. The project is expected to be commissioned by September 2014.

Railway Siding:
The Company is setting up a railway siding facility at Dolvi Steel Complex. The railway siding will help economic transportation of raw material as well as finished steel products. It is expected to be completed by March 2013.

Lime Calcination Plant:
The lime calcination plant with the capacity of 600 Tons per day is also being set-up at Dolvi Steel Complex. Commissioning is expected by June 2013.

Colour Coating Line:
The Company is setting up a second colour coating line at Kalmeshwar. The project would cater to the growing demand of colour coated steel with galvanised base in project and construction sectors as well as in consumer durable segment. The project is expected to be fully operational by December 2012.

1 - Coke Oven Plant 2 - Power Plant
3 - Pellet Plant 4 - Railway Siding
5 - Lime Calcination Plant 6 - Colour Coating Line

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ISPAT Steel Limited

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