

# **N.C. AGGARWAL & CO.**

**CHARTERED ACCOUNTANTS**

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New Delhi-110 015. Ph: (O) 25920555-556 (R) 25221561  
E-Mail: nc.aggarwal@gmail.com. nc.a@rediffmail.com

## **INDEPENDENT AUDITORS' REPORT**

**To**  
**The Members of IUP JINDAL METALS & ALLOYS LIMITED**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of **IUP JINDAL METALS & ALLOYS LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss, the Statement of Change in Equity and the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements**

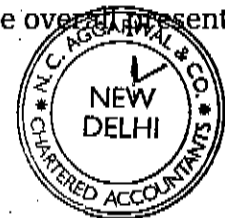
The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2016 and its profits and its cash flows for the year ended on that date.

### **Report on Other Legal and Regulatory Requirements**

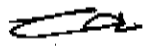
1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the **Annexure-A** a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143 (3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) The Balance Sheet, the Statement of Profit and Loss, the Statement of Change in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
  - (e) On the basis of the written representations received from the directors as on March 31, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
  - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to **Annexure-B**.
  - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company does not have any pending litigations which would impact its financial position;
    - ii. The Company did not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses;



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iii. There is no amount payable towards investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder.

**For N.C. Aggarwal & Co.**  
Chartered Accountants  
Firm Registration No. 003273N

  
**G. K. Aggarwal**  
Partner  
M. No. 086622



Date: May 26, 2016  
Place: New Delhi

**ANNEXURE-A TO INDEPENDENT AUDITORS' REPORT**

(Annexure referred to in our report of even date to the members of IUP JINDAL METALS & ALLOYS LIMITED on the accounts for the year ended March 31, 2016)

1. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.  
  
(b) A major portion of fixed assets has been physically verified by the management in accordance with a phased programme of verification adopted by company. In our opinion, the frequency of verification is reasonable having regard to the size of the company and the nature of its assets. To the best of our knowledge, no material discrepancies have been noticed on such verification.  
  
(c) The title deeds of the immovable properties are held in the name of the Company.
2. As explained to us, the management during the year has physically verified inventories. In respect of stores and spares there is a perpetual inventory system and a substantial part of stocks has been verified during the year. In our opinion, the frequency of verification is reasonable. The discrepancies noticed during physical verification of inventories as compared to book records were not material and the same have been properly dealt with in the books of account.
3. According to the information and the explanations given to us, the company has not granted any loans, secured or unsecured to companies, firms, limited liability partnership or other parties covered in the register maintained under section 189 of the Companies Act 2013. Accordingly, the provisions of clause 3(iii)(a), 3(iii)(b) and 3(iii)(c) of the order are not applicable to the company and hence not commented upon.
4. The Company has not granted any loans or given any guarantee and security covered under Section 185 and 186 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iv) of the order are not applicable to the company and hence not commented upon.
5. According to the information given to us, the Company has not accepted any deposits under the provisions of section 73 to 76 of the Companies Act, 2013 or any other relevant provisions of the companies Act and the Companies (Acceptance of Deposits) Rules, 2014 as amended from time to time. No order has been passed with respect to Section 73 to 76, by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other tribunal.
6. We have broadly reviewed the accounts and records maintained by the company in respect of manufacture of steel and steel products to which the said rule are made applicable pursuant to the order made by the central government for maintenance of cost records prescribed under sub-section (1) of section 148 of the Companies Act, 2013 and are of the opinion that prima facie, the prescribed records have been made and maintained. We have not, however, made a detailed examination of such records with a view to determine whether these are accurate and complete.



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7. (a) According to the information and explanations given to us, the Company is generally regular in depositing with the appropriate authorities undisputed statutory dues wherever applicable i.e. provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and other statutory dues with the appropriate authorities There are no arrears as at March 31, 2016 for a period of more than six months from the date they become payable.
- (b) According to the information and explanations given to us, there are no material dues of income tax, sales tax, service tax, duty of customs, duty of excise and value added tax which have not been deposited with the appropriate authorities on account of any dispute.
8. In our opinion, on the basis of books and records examined by us and according to the information and explanations given to us, the company has not defaulted in repayment of dues to banks. The company does not have any dues to financial institution, government or debenture holders.
9. The Company has not raised any money by way of initial public offer or further public offer or debt instruments. In our opinion, and according to the information and explanation given to us, the term loans have been applied for the purposes for which they were raised, other than temporary deployment pending allocation.
10. According to the information and explanations given to us and as represented by the Management and based on our examination of the books and records of the Company and in accordance with generally accepted auditing practices in India, we have been informed that no case of frauds has been committed on or by the Company or by its officers or employees during the year.
11. The Company has paid/ provided for managerial remuneration to whole-time director in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V of the Companies Act, 2013.
12. The company is not a Nidhi Company. Accordingly, the provisions of clause 3 (xii) of the Order are not applicable to the Company.
13. According to the information and explanations given to us, all transactions with the related parties are in compliance with section 177 and 188 of Act, and where applicable the details have been disclosed in the Financial Statements as required by the applicable accounting standards.
14. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, provisions of clause 3 (xiv) of the Order are not applicable to the Company.



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15. The Company has not entered into any non-cash transactions with the directors or persons connected with him as covered under Section 192 of the Companies Act, 2013. Accordingly, provisions of clause 3 (xv) of the Order are not applicable to the Company.
16. According to the information and explanations given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India, 1934. Accordingly, provisions of clause 3 (xvi) of the Order are not applicable to the Company.

**For N.C. Aggarwal & Co.**  
Chartered Accountants  
Firm Registration No. 003273N

  
**G. K. Aggarwal**  
Partner  
M. No. 086622  
Date: May 26, 2016  
Place: New Delhi



**ANNEXURE-B TO INDEPENDENT AUDITORS' REPORT**

**Annexure referred to in our report of even date to the members of IUP JINDAL METALS & ALLOYS LIMITED on the accounts for the year ended March 31, 2016**

**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of IUP JINDAL METALS & ALLOYS LIMITED ("the Company") as of March 31, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company and the components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.



**Meaning of Internal Financial Controls over Financial Reporting**

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial Controls over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company and the components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the ICAI.

**For N.C. Aggarwal & Co.**

Chartered Accountants

Firm Registration No. 003273N

  
**G. K. Aggarwal**

Partner

M. No. 086622

Date: May 26, 2016

Place: New Delhi



**JUP JINDAL METALS & ALLOYS LIMITED**

Balance Sheet as at March 31, 2016

CIN: U74999DL2004PLC128194

(Amount in ₹)

| Particulars                                | Note No. | As At March 31, 2016 | As At March 31, 2015 | As At April 1, 2014 |
|--|----------|----------------------|----------------------|---------------------|
| <b>ASSETS</b>                              |          |                      |                      |                     |
| (1) <b>Non-current Assets</b>              |          |                      |                      |                     |
| (a) Property, Plant and Equipment          | 5        | 7819,93,575          | 8061,12,523          | 8389,65,889         |
| (b) Capital Work-in-Progress               |          | 40,361               | 56,20,361            | 40,361              |
| (c) Other Intangible Assets                | 6        | 13,12,315            | 8,29,479             | 8,12,535            |
| (d) Financial Assets                       |          |                      |                      |                     |
| Others                                     | 7        | 11,95,600            | 11,95,600            | 11,95,600           |
| (e) Deferred Tax Assets (Net)              |          | -                    | -                    | 242,91,118          |
| (2) <b>Current Assets</b>                  |          |                      |                      |                     |
| (a) Inventories                            | 8        | 1301,45,104          | 1693,93,819          | 1211,16,594         |
| (b) Financial Assets                       |          |                      |                      |                     |
| (i) Investments                            | 9        | -                    | 39,07,491            | 35,87,180           |
| (ii) Trade Receivables                     | 10       | 2184,16,394          | 2462,19,054          | 2628,29,106         |
| (iii) Cash and Cash Equivalents            | 11       | 347,52,877           | 157,98,106           | 73,044              |
| (iv) Bank Balances other than (iii) above. | 12       | 67,25,970            | 54,96,860            | 101,03,605          |
| (v) Others                                 | 13       | 3,73,030             | 3,54,160             | 128,12,367          |
| (c) Current Tax Assets (Net)               | 14       | 53,64,015            | 50,73,252            | 60,89,637           |
| (d) Other Current Assets                   | 15       | 521,33,453           | 797,15,050           | 712,50,949          |
| <b>Total Assets</b>                        |          | <b>12324,52,694</b>  | <b>13397,15,755</b>  | <b>13531,67,985</b> |
| <b>EQUITY AND LIABILITIES</b>              |          |                      |                      |                     |
| <b>Equity</b>                              |          |                      |                      |                     |
| (a) Equity Share Capital                   | 16       | 1400,00,000          | 1400,00,000          | 1400,00,000         |
| (b) Other Equity                           |          | 6768,93,197          | 6185,53,635          | 5237,38,339         |
| <b>Liabilities</b>                         |          |                      |                      |                     |
| (1) <b>Non-current Liabilities</b>         |          |                      |                      |                     |
| (a) Financial Liabilities                  |          |                      |                      |                     |
| (i) Borrowings                             | 17       | 2660,21,957          | 4887,57,688          | 5334,83,931         |
| (ii) Other Financial Liabilities           |          | -                    | -                    | 701,93,013          |
| (b) Provisions                             | 18       | 46,55,492            | 39,60,084            | 60,53,831           |
| (c) Deferred Tax Liabilities (Net)         | 19       | 290,80,655           | 112,69,927           | -                   |
| (2) <b>Current Liabilities</b>             |          |                      |                      |                     |
| (a) Financial Liabilities                  |          |                      |                      |                     |
| (i) Borrowings                             | 20       | 176,50,455           | -                    | 23,29,104           |
| (ii) Trade Payables                        | 21       | 663,87,604           | 448,07,359           | 499,17,380          |
| (iii) Other Financial Liabilities          | 22       | 138,31,409           | 126,47,148           | 100,59,118          |
| (b) Other Current Liabilities              | 23       | 176,20,888           | 194,01,853           | 164,28,582          |
| (c) Provisions                             | 24       | 3,11,037             | 3,18,061             | 9,64,687            |
| <b>Total Equity and Liabilities</b>        |          | <b>12324,52,694</b>  | <b>13397,15,755</b>  | <b>13531,67,985</b> |

See accompanying notes to the financial statements

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As per our report of even date attached.

**N.C. AGGARWAL & CO.**

Chartered Accountants

Firm Registration No. 003273N

G.K. Aggarwal

Partner

M.No. 086622



Place: New Delhi

Date: May 26, 2016

**Indresh Batra**  
Managing Director  
DIN: 00093471

**Jagmohan Syal**  
President & Business Head

**Srinu Jindal**  
Director  
DIN: 00005317

**Sumit Kumar**  
CFO

**Arun Bhatta**  
Arun Bhatta

Company Secretary  
M. No. A27585

# HUP JINDAL METALS & ALLOYS LIMITED

## Statement of Profit and Loss for the year ended on March 31, 2016

(Amount in ₹)

|      | Particulars   | Note No. | Year Ended March 31, 2016 | Year Ended March 31, 2015 |
|------|---|----------|---------------------------|---------------------------|
| I    | Gross Revenue from Operations   | 25       | 15869,98,149              | 17451,88,643              |
| II   | Other Income  | 26       | 91,31,455                 | 780,56,784                |
| III  | <b>Total Income (I+II)</b>  |          | <b>15961,29,604</b>       | <b>18232,45,427</b>       |
| IV   | <b>EXPENSES</b>   |          |                           |                           |
|      | Cost of Materials Consumed  | 27       | 9733,38,828               | 11665,62,394              |
|      | Changes in Inventories of Finished Goods, Stock-in-Trade and Work-in-Progress | 28       | 234,32,110                | (333,59,927)              |
|      | Employee Benefits Expense   | 29       | 936,46,603                | 830,37,150                |
|      | Finance Costs   | 30       | 521,04,499                | 692,50,329                |
|      | Depreciation and Amortisation Expense   | 31       | 421,00,543                | 437,16,250                |
|      | Excise Duty   |          | 1648,53,373               | 1804,87,308               |
|      | <b>Other Expenses</b>   | 32       |                           |                           |
|      | Manufacturing Expenses  |          | 1436,35,124               | 1538,30,760               |
|      | Administrative, Selling and Other Expenses                                    |          | 181,08,586                | 184,98,733                |
|      | <b>Total Expenses (IV)</b>  |          | <b>15112,19,666</b>       | <b>16820,22,997</b>       |
| V    | <b>Profit before tax (III-IV)</b>   |          | <b>849,09,938</b>         | <b>1412,22,430</b>        |
| VI   | <b>Tax Expense:</b>   |          |                           |                           |
|      | (1) Current Tax   |          | 85,86,836                 | 126,86,802                |
|      | (2) Deferred Tax  |          | 261,76,736                | 462,92,202                |
|      | (3) MAT Credit Entitlement  |          | (83,08,871)               | (113,39,751)              |
|      | <b>Total Tax Expense</b>  |          | <b>264,54,701</b>         | <b>476,39,253</b>         |
| VII  | <b>Profit for the year (V-VI)</b>   |          | <b>584,55,237</b>         | <b>935,83,177</b>         |
| VIII | <b>Other Comprehensive Income</b>   |          |                           |                           |
|      | A. Items that will not be reclassified to profit or loss                      |          |                           |                           |
|      | (i) Re-measurement gains (losses) on defined benefit plans                    |          | (1,72,812)                | 18,40,715                 |
|      | Income tax effect on above  |          | 57,137                    | (6,08,596)                |
|      | <b>Total Other Comprehensive Income</b>                                       |          | <b>(1,15,675)</b>         | <b>12,32,119</b>          |
| IX   | <b>Total Comprehensive Income for the year (VII+VIII)</b>                     |          | <b>583,39,562</b>         | <b>948,15,296</b>         |
| X    | <b>Earnings per equity share:</b>   |          |                           |                           |
|      | Basic   |          | 4.18                      | 6.68                      |
|      | Diluted   |          | 4.18                      | 6.68                      |

See accompanying notes to the financial statements

1 - 46

As per our report of even date attached.

**N.C. AGGARWAL & CO.**

Chartered Accountants

Firm Registration No. 003273N

**G.K. Aggarwal**

Partner

M.No. 086622



**Indresh Batra**  
Managing Director  
DIN: 00093471

**Jagmohan Syal**  
President & Business Head

**Sminu Jindal**  
Director  
DIN: 00005317

**Sumit Kumar**  
CFO

**Arun Bhalla**  
Arun Bhalla

Company Secretary  
M. No. A27585

Place: New Delhi  
Date: May 26, 2016

# IUP JINDAL METALS & ALLOYS LIMITED


Cash Flow Statement For The Year Ended March 31, 2016

(Amount in ₹)

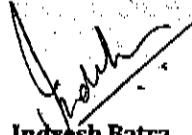
| Particulars   | Year Ended<br>March 31, 2016 | Year Ended<br>March 31, 2015 |
|---|------------------------------|------------------------------|
| <b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>                     |                              |                              |
| Net Profit before tax and extraordinary item                      | 849,09,938                   | 1412,22,430                  |
| Adjustment for  |                              |                              |
| Depreciation  | 421,00,543                   | 437,16,250                   |
| Interest Expense  | 472,98,767                   | 656,64,291                   |
| Provision for Doubtful Debts created during the year              | 9,47,044                     | 7,56,762                     |
| Provision for Doubtful Debts written Back                         | (58,65,687)                  | (34,52,287)                  |
| Loss/(Profit) on sale of assets                                   | 1,74,389                     | 2,91,717                     |
| Gain on sale of Current Investment                                | (3,24,591)                   | -                            |
| Interest Income   | (27,33,190)                  | (7,94,412)                   |
| Gain on Mutual Funds fair valuation                               | -                            | (3,20,311)                   |
| Unrealised Exchange Fluctuation                                   | 16,18,029                    | (12,84,816)                  |
| <b>Operating Profit before working capital changes:</b>           | <b>1681,25,243</b>           | <b>2457,99,624</b>           |
| (Increase) / Decrease in Sundry Debtors                           | 310,70,162                   | 193,05,578                   |
| (Increase) / Decrease in Inventories                              | 392,48,715                   | (482,77,225)                 |
| (Increase) / Decrease in Loans and Advances                       | 275,81,597                   | 38,23,114                    |
| Increase / (Decrease) in Current/ Non-Current Liabilities         | 215,79,441                   | (692,41,781)                 |
| <b>Cash generated from Operating Activities</b>                   | <b>2876,05,158</b>           | <b>1514,09,310</b>           |
| Tax Paid  | (88,77,599)                  | (116,70,417)                 |
| <b>Net cash from Operating Activities</b>                         | <b>2787,27,559</b>           | <b>1397,38,893</b>           |
| <b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>                     |                              |                              |
| Sale/ (Purchase) of fixed assets / capital work-in-progress       | (130,58,820)                 | (167,51,545)                 |
| Sale/ (Purchase) of Current Investments                           | 42,32,082                    | -                            |
| Interest received   | 27,14,320                    | 9,65,404                     |
| <b>Net cash used in Investing Activities</b>                      | <b>(61,12,419)</b>           | <b>(157,86,141)</b>          |
| <b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>                     |                              |                              |
| Loan/ (repayment) of Vehicle loan                                 | (47,216)                     | (1,14,797)                   |
| Working capital borrowings from bank                              | 176,50,455                   | (23,29,104)                  |
| Loan taken from/ (repaid) to Holding Company                      | (2227,35,731)                | (447,26,243)                 |
| Interest paid   | (472,98,767)                 | (656,64,291)                 |
| <b>Net cash used in Financing Activities</b>                      | <b>(2524,31,259)</b>         | <b>(1128,34,435)</b>         |
| <b>(Decrease) / increase in cash and cash equivalents (A+B+C)</b> | <b>201,83,881</b>            | <b>111,18,317</b>            |
| Cash and cash equivalents at beginning of the year                | 223,62,744                   | 112,44,427                   |
| Cash and cash equivalents at end of the year                      | 425,46,625                   | 223,62,744                   |

As per our report of even date attached.

**N.C. AGGARWAL & CO.**  
Chartered Accountants  
Firm Registration No. 003273N

  
**G.K. Aggarwal**  
Partner  
M.No. 086622




  
**Indresh Batra**  
Managing Director  
DIN: 00093471

  
**Sminu Jindal**  
Director  
DIN: 00005317

  
**Jagdishan Syal**  
President & Business Head

  
**Sumit Kumar**  
CFO

  
**Arun Bhalla**  
Company Secretary  
M. No. A27585

Place: New Delhi  
Date: May 26, 2016

**IUP JINDAL METALS & ALLOYS LIMITED**  
**Statement of Changes in Equity for the year ended March 31, 2016**

**A. Equity Share Capital**

| (Amount in ₹)               |  |                              |  |                              |
|-----------------------------|--|------------------------------|--|------------------------------|
| Balance as at April 1, 2014 | Changes in equity share capital during 2014-15 | Balance as at March 31, 2015 | Changes in equity share capital during 2015-16 | Balance as at March 31, 2016 |
| 1400,00,000                 | -  | 1400,00,000                  | -  | 1400,00,000                  |

**B. Other Equity**


| Particulars                                     | Reserves and Surplus       |                   | Items of Other Comprehensive Income                    | Total       |
|---|----------------------------|-------------------|--|-------------|
|   | Securities Premium Reserve | Retained Earnings | Re-measurement gains (losses) on defined benefit plans |             |
| Balance as at April 1, 2014                     | 4660,00,000                | 577,38,339        | -  | 5237,38,339 |
| Total Comprehensive Income for the year 2014-15 | -                          | 935,83,177        | 12,32,119  | 948,15,296  |
| Balance as at March 31, 2015                    | 4660,00,000                | 1513,21,516       | 12,32,119  | 6185,53,635 |
| Total Comprehensive Income for the year 2015-16 | -                          | 584,55,237        | (1,15,675)   | 583,39,562  |
| Balance as at March 31, 2016                    | 4660,00,000                | 2097,76,753       | 11,16,444  | 6768,93,197 |

See accompanying notes to the financial statements

1 - 46

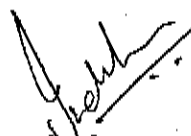
As per our report of even date attached.

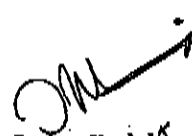
**N.C. AGGARWAL & CO.**  
 Chartered Accountants  
 Firm Registration No. 003273N

  
**G.K. Aggarwal**  
 Partner  
 M.No. 086622



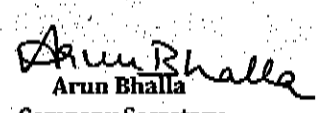
Place: New Delhi  
 Date: May 26, 2016

  
**Indresh Batra**  
 Managing Director  
 DIN: 00093471

  
**Smitu Jindal**  
 Director  
 DIN: 00005317

  
**Jagmohan Syal**  
 President & Business Head

  
**Sumit Kumar**  
 CFO

  
**Arun Bhalla**  
 Company Secretary  
 M. No. A27585

# IUP Jindal Metals & Alloys Limited

## Notes to Financial Statements

### 1. Corporate and General Information

IUP Jindal Metals and Alloys Limited ("IUPJ" or "the Company") is domiciled and incorporated in India. The company is a Joint Venture between M/s. Jindal Saw Limited and M/s. Arcelor Mittal Stainless Precision Europe. This JV is in the ratio of 80.71:19.29 as on March 31, 2016 between M/s. Jindal Saw Limited and M/s. Arcelor Mittal Stainless Precision Europe respectively. The Registered Office of the company is 28, Najafgarh Road, New Delhi- 110015 and Works at Dehkhora Road, Village Rohad, District Jhajjar (Haryana)-124501

The Company is a leading manufacturer of High Quality Precision Stainless Steel strips. It offers a wide choice of thin and ultra-thin cold rolled strips. The Precision Stainless Steel & Nickel Alloys manufactured are useful in manufacturing of various products like auto components, clocks, watches & electrical equipment.

### 2. Basis of preparation

The Company has elected to voluntarily adopt IND AS for the financial year beginning on April 1, 2015 with April 1, 2014 as the date of transition. These are the Company's first annual financial statements prepared complying in all material respects with the accounting standards notified under Section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rule 2014. The financial statements comply with IND AS notified by Ministry of Company Affairs ("MCA"). The Company has consistently applied the accounting policies used in the preparation of its opening IND AS Balance Sheet at April 1, 2014 throughout all periods presented, as if these policies had always been in effect and are covered by IND AS 101 "First-time adoption of Indian Accounting Standards". The transition was carried out from accounting principles generally accepted in India ("Indian GAAP") which is considered as the previous GAAP, as defined in IND AS 101. The reconciliation of effects of the transition from Indian GAAP on the equity as of April 1, 2014 and March 31, 2015 and on the net profit and cash flows for the year ended March 31, 2015 is disclosed in Note no. 44 to these financial statements.

The financial statement has been prepared considering all IND AS as notified by MCA till reporting date i.e. March 31, 2016.

The financial statements provide comparative information in respect to the previous year. In addition, the company presents additional statement of Balance Sheet as at the beginning of the previous year, which is the transition date to IND AS.

The significant accounting policies used in preparing the financial statements are set out in Note no. 3 of the Notes to the Financial Statements.

The preparation of the financial statements requires management to make estimates and assumptions. Actual results could vary from these estimates. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future years (refer Note no. 4 on critical accounting estimates, assumptions and judgements).

### 3.0 Significant Accounting Policies

#### 3.1 Basis of Measurement

The financial statements have been prepared on accrual basis and under the historical cost convention except following which have been measured at fair value:

- financial assets and liabilities except certain investments and borrowings carried at amortised cost,
- defined benefit plans – plan assets measured at fair value,
- Property, plant and equipment on transition to IND AS, refer Note no. 44.

The standalone financial statements are presented in Indian Rupees (₹), which is the Company's functional and presentation currency and all amounts are rounded to the nearest two decimals thereof, except as stated otherwise.



# IUP Jindal Metals & Alloys Limited

## 3.2 Property, Plant and Equipment

On transition to IND AS, the Company has adopted optional exception under IND AS 101 to measure Property, Plant and Equipment at fair value (refer Note no 44). Consequently the fair value has been assumed to be deemed cost of Property, Plant and Equipment on the date of transition. Subsequently Property, Plant and Equipment are carried at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition and installation of the items.

Assets are depreciated to the residual values on a straight line basis over the estimated useful lives based on technical estimates on the date of transition to IND AS i.e. April 1, 2014. Additions on or after April 1, 2014 are depreciated over the useful life on technical estimates of assets. However, in the absence of such technical estimates, assets are depreciated over useful life provided in the Schedule II of the Companies Act 2013. The assets' residual values and useful lives are reviewed at each financial year end considering the physical condition of the assets and benchmarking analysis or whenever there are indicators for review and adjusted residual life prospectively. Freehold land is not depreciated. Estimated useful lives of the assets are as follows:

| Category of Assets                    | Years |
|---------------------------------------|-------|
| <b>Bulidings</b>                      | 5-60  |
| <b>Equipment &amp; Machinery</b>      |       |
| -Plant & Machinery                    | 2-40  |
| -Electrical Equipment & Installations | 15-25 |
| <b>Other Office Equipment</b>         |       |
| -Computer Equipment                   | 3-8   |
| -Office Furniture and Equipment       | 3-10  |
| -Vehicles                             | 8-10  |

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Statement of Profit and Loss on the date of disposal or retirement.

## 3.3 Intangible Assets

Identifiable intangible assets are recognised a) when the Company controls the asset, b) it is probable that future economic benefits attributed to the asset will flow to the Company and c) the cost of the asset can be reliably measured.

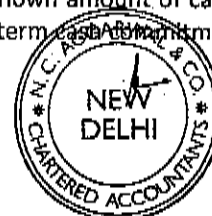
Computer software's are capitalised at the amounts paid to acquire the respective license for use and are amortised over the period of license, generally not exceeding six years on straight line basis. The assets' useful lives are reviewed at each financial year end.

## 3.4 Impairment of non-current assets

An asset is considered as impaired when at the date of Balance Sheet there are indications of impairment and the carrying amount of the asset, or where applicable the cash generating unit to which the asset belongs exceeds its recoverable amount (i.e. the higher of the net asset selling price and value in use). The carrying amount is reduced to the recoverable amount and the reduction is recognized as an impairment loss in the Statement of Profit and Loss. The impairment loss recognized in the prior accounting period is reversed if there has been a change in the estimate of recoverable amount. Post impairment, depreciation is provided on the revised carrying value of the impaired asset over its remaining useful life.

## 3.5 Cash and cash equivalents

Cash and cash equivalents includes Cash on hand and at bank, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value and are held for the purpose of meeting short-term cash requirements.



# IUP Jindal Metals & Alloys Limited

For the purpose of the Statement of Cash Flows, cash and cash equivalents consists of cash and short term deposits, as defined above, net of outstanding bank overdraft as they are considered an integral part of the Company's cash management.

## 3.6 Inventories

Inventories are valued at the lower of cost and net realizable value except scrap, which is valued at net realizable value. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. The cost of inventories comprises of cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their respective present location and condition. Cost is computed on the weighted average basis.

## 3.7 Employee benefits

a) Short term employee benefits are recognized as an expense in the Statement of Profit and Loss of the year in which the related services are rendered.

b) Leave encashment being a short term benefit is accounted for using the Projected Unit Credit Method, on the basis of actuarial valuations carried out by third party actuaries at each Balance Sheet date. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to profit and loss in the period in which they arise.

c) Contribution to Provident Fund, a defined contribution plan, is made in accordance with the statute, and is recognised as an expense in the year in which employees have rendered services.

d) The cost of providing gratuity, a defined benefit plans, is determined using the Projected Unit Credit Method, on the basis of actuarial valuations carried out by third party actuaries at each Balance Sheet date. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to Other Comprehensive Income in the period in which they arise. Other costs are accounted in statement of profit and loss.

The Company operates a defined benefit plan for gratuity, which requires contributions to be made to a separately administered fund. The fund is managed by a trust. The trust has taken policies from an insurance company. These benefits are fully funded.

## 3.8 Foreign currency reinstatement and translation

(a) Functional and presentation currency

The financial statements have been presented in Indian Rupees (₹), which is the Company's functional and presentation currency.

(b) Transactions and balances

Transactions in foreign currencies are initially recorded by the Company at rates prevailing at the date of the transaction. Subsequently monetary items are translated at closing exchange rates of balance sheet date and the resulting exchange difference recognised in profit or loss. Differences arising on settlement of monetary items are also recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the transaction. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the exchange rates prevailing at the date when the fair value was determined. Exchange component of the gain or loss arising on fair valuation of non-monetary items is recognised in line with the gain or loss of the item that gave rise to such exchange difference.

## 3.9 Financial Instruments – initial recognition, subsequent measurement and impairment

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.



# IUP Jindal Metals & Alloys Limited

## a. Financial Assets

Financial Assets are measured at amortised cost or fair value through Other Comprehensive Income or fair value through Profit or Loss, depending on its business model for managing those financial assets and the assets contractual cash flow characteristics.

Subsequent measurements of financial assets are dependent on initial categorisation. For impairment purposes significant financial assets are tested on an individual basis, other financial assets are assessed collectively in groups that share similar credit risk characteristics.

### Trade receivables

A receivable is classified as a 'trade receivable' if it is in respect to the amount due from customers on account of goods sold or services rendered in the ordinary course of business. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. For some trade receivables the Company may obtain security in the form of guarantee, security deposit or letter of credit which can be called upon if the counterparty is in default under the terms of the agreement.

Impairment is made on the expected credit losses, which are the present value of the cash shortfalls over the expected life of financial assets. The estimated impairment losses are recognised in a separate provision for impairment and the impairment losses are recognised in the Statement of Profit and Loss within other expenses.

Subsequent changes in assessment of impairment are recognised in provision for impairment and the change in impairment losses are recognised in the Statement of Profit and Loss within other expenses.

For foreign currency trade receivable, impairment is assessed after reinstatement at closing rates.

Individual receivables which are known to be uncollectible are written off by reducing the carrying amount of trade receivable and the amount of the loss is recognised in the Statement of Profit and Loss within other expenses.

Subsequent recoveries of amounts previously written off are credited to Other Income.

## b. Financial Liabilities

At initial recognition, all financial liabilities other than fair valued through profit and loss are recognised initially at fair value less transaction costs that are attributable to the issue of financial liability. Transaction costs of financial liability carried at fair value through profit or loss is expensed in profit or loss.

Financial liabilities are classified in two categories; subsequent measurement of financial liabilities is depended on initial categorisation. These categories and their classification are as below:

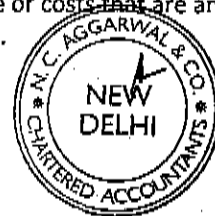
### i. Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading. The Company has not designated any financial liabilities upon initial measurement recognition at fair value through profit or loss. Financial liabilities at fair value through profit or loss are reported at fair value at each reporting date with all the changes recognized in the Statement of Profit and Loss.

### ii. Financial liabilities measured at amortised cost

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method ("EIR") except for those designated in an effective hedging relationship.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in the Statement of Profit and Loss.



# IUP Jindal Metals & Alloys Limited

After initial recognition, interest-bearing borrowings are subsequently measured at amortised cost using the effective interest method. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

## Trade and other payables

A payable is classified as 'trade payable' if it is in respect of the amount due on account of goods purchased or services received in the normal course of business. These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

## 3.10 Borrowing costs

Borrowing costs specifically relating to the acquisition or construction of qualifying assets that necessarily takes a substantial period of time to get ready for its intended use are capitalized (net of income on temporarily deployment of funds) as part of the cost of such assets. Borrowing costs consist of interest and other costs that the Company incurs in connection with the borrowing of funds.

For general borrowing used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalization is determined by applying a capitalization rate to the expenditures on that asset. The capitalization rate is the weighted average of the borrowing costs applicable to the borrowings of the Company that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset. The amount of borrowing costs capitalized during a period does not exceed the amount of borrowing cost incurred during that period.

All other borrowing costs are expensed in the period in which they occur.

## 3.11 Taxation

Income tax expense represents the sum of current and deferred tax (including MAT). Tax is recognised in the Statement of Profit and Loss, except to the extent that it relates to items recognised directly in equity or other comprehensive income, in such cases the tax is also recognised directly in equity or in other comprehensive income. Any subsequent change in direct tax on items initially recognised in equity or other comprehensive income is also recognised in equity or other comprehensive income, such change could be for change in tax rate.

Current tax provision is computed for income calculated after considering allowances and exemptions under the provisions of the applicable Income Tax Laws. Current tax assets and current tax liabilities are off set, and presented as net.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the Balance sheet and the corresponding tax bases used in the computation of taxable profit and are accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are generally recognised for all deductible temporary differences, carry forward tax losses and allowances to the extent that it is probable that future taxable profits will be available against which those deductible temporary differences, carry forward tax losses and allowances can be utilised. Deferred tax assets and liabilities are measured at the applicable tax rates. Deferred tax assets and deferred tax liabilities are off set, and presented as net.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available against which the temporary differences can be utilised.



# IUP Jindal Metals & Alloys Limited

Minimum Alternative Tax (MAT) is applicable to the Company. Credit of MAT is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the MAT credit becomes eligible to be recognised as an asset, the said asset is created by way of a credit to the profit and loss account and shown as MAT credit entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT credit entitlement to the extent there is no longer convincing evidence to the effect that the Company will pay normal income tax during the specified period.

## 3.12 Revenue recognition and Other income

### Sale of Goods

Revenue is recognized at the fair value of consideration received or receivable and represents the net invoice value of goods supplied to third parties after deducting discounts, volume rebates and outgoing sales tax and are recognized either on delivery or on transfer of significant risk and rewards of ownership of the goods. Revenue is inclusive of excise duty. Material returned/ rejected is accounted for in the year of return/ rejection.

### Sale of Services-Job work

Revenue from job work charges is accounted for on the basis of work performed and rendering of service as per the terms of the specific contract.

### Other Operating Income

Incentives on export as per the policy of government are recognized in books after due consideration of certainty of utilization.

### Other Income

### Interest

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

## 3.13 Earnings per share

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

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

## 3.14 Provisions and contingencies

### Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a 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. If the effect of the time value of money is material, provisions are discounted using equivalent period government securities interest rate. Unwinding of the discount is recognised in the Statement of Profit and Loss as a finance cost. Provisions are reviewed at each balance sheet date and are adjusted to reflect the current best estimate.

### Gratuity and leave encashment provision

Refer Note no 3.7 for provision relating to gratuity and leave encashment.



# IUP Jindal Metals & Alloys Limited

## Contingencies

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made. Information on contingent liability is disclosed in the Notes to the Financial Statements. Contingent assets are not recognised. However, when the realisation of income is virtually certain, then the related asset is no longer a contingent asset, but it is recognised as an asset.

### 3.15 Current versus non-current classification

The Company presents assets and liabilities in statement of financial position based on current/non-current classification.

The Company has presented non-current assets and current assets before equity, non-current liabilities and current liabilities in accordance with Schedule III, Division II of Companies Act, 2013 notified by MCA.

An asset is classified as current when it is:

- a) Expected to be realised or intended to be sold or consumed in normal operating cycle,
- b) Held primarily for the purpose of trading,
- c) Expected to be realised within twelve months after the reporting period, or
- d) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

- a) It is expected to be settled in normal operating cycle,
- b) It is held primarily for the purpose of trading,
- c) It is due to be settled within twelve months after the reporting period, or
- d) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

## 4. Critical accounting estimates, assumptions and judgements

In the process of applying the Company's accounting policies, management has made the following estimates, assumptions and judgements, which have significant effect on the amounts recognised in the financial statement:

### (a) Property, plant and equipment

External adviser or internal technical team assess the remaining useful lives and residual value of property, plant and equipment. Management believes that the assigned useful lives and residual value are reasonable.

On transition to IND AS, the Company has adopted optional exemption under IND AS 101 for fair valuation of property, plant and equipment, impact of fair valuation is provided in Note no 44, subsequent to fair valuation depreciation has been charged on fair valued amount less estimated salvage value. On transition to IND AS, the Company has revisited useful life of various categories of assets, impact of revision in estimate of useful life of various assets is provided in Note no 44. Property, plant and equipment also represent a significant proportion of the asset base of the Company. Therefore, the estimates and assumptions made to determine their carrying value and related depreciation are critical to the Company's financial position and performance.



## IUP Jindal Metals & Alloys Limited

### (b) Intangibles

Internal technical or user team assess the remaining useful lives of Intangible assets. Management believes that assigned useful lives are reasonable.

Before transition to IND AS, the company has revisited the useful life of the assets and the impact of change in life on transition is considered in opening carrying values. Also all Intangibles are carried at net book value on transition. Refer Note no 5 and 44 for impact of change in life on transition and accumulated depreciation netted off against the opening carrying values.

### (c) Income taxes

Management judgment is required for the calculation of provision for income taxes and deferred tax assets and liabilities. The Company reviews at each balance sheet date the carrying amount of deferred tax assets. The factors used in estimates may differ from actual outcome which could lead to significant adjustment to the amounts reported in the financial statements.

### (d) Contingencies

Management judgement is required for estimating the possible outflow of resources, if any, in respect of contingencies/claim/litigations against the Company as it is not possible to predict the outcome of pending matters with accuracy.

### (e) Allowance for uncollected accounts receivable and advances

Trade receivables do not carry any interest and are stated at their normal value as reduced by appropriate allowances for estimated irrecoverable amounts. Individual trade receivables are written off when management deems them not to be collectible.

Impairment is made on the expected credit losses, which are the present value of the cash shortfall over the expected life of the financial assets.

### (f) Insurance claims

Insurance claims are recognised when the Company have reasonable certainty of recovery. Subsequently any change in recoverability is provided for.

### (g) Liquidated damages

Liquidated damages payable are estimated and recorded as per contractual terms; estimate may vary from actuals as levy by customer.



**IUP Jindal Metals & Alloys Limited**  
Notes to Financial Statements

**5. Property, Plant and Equipment**

| Particulars                     | (Amount in ₹) |                  |                 |                      |                   |           |                        | Total    |             |
|---------------------------------|---------------|------------------|-----------------|----------------------|-------------------|-----------|------------------------|----------|-------------|
|                                 | Freehold land | Factory Building | Office Building | Plant and Equipments | Office Equipments | Vehicles  | Furniture and Fixtures |          | Computers   |
| <b>Gross Block</b>              |               |                  |                 |                      |                   |           |                        |          |             |
| As of April 1, 2014             | 1331,66,000   | 1516,89,649      | 380,92,740      | 5106,12,147          | 12,72,476         | 33,20,721 | 3,19,417               | 4,92,739 | 8389,65,889 |
| Additions                       | -             | -                | -               | 92,16,390            | 2,63,150          | 19,94,525 | 12,150                 | 2,89,405 | 117,75,620  |
| Disposal                        | -             | -                | -               | 7,69,822             | -                 | 8,27,441  | -                      | 9,653    | 16,06,916   |
| Adjustments                     | -             | -                | -               | -                    | -                 | -         | -                      | -        | -           |
| As of March 31, 2015            | 1331,66,000   | 1516,89,649      | 380,92,740      | 5190,58,715          | 15,35,626         | 44,87,805 | 3,31,567               | 7,72,491 | 8491,34,593 |
| Additions                       | -             | -                | -               | 161,71,106           | 3,22,194          | 23,96,298 | -                      | 17,173   | 189,06,771  |
| Disposal                        | -             | -                | -               | -                    | 13,700            | 14,05,703 | -                      | -        | 14,19,403   |
| Adjustments                     | -             | -                | -               | -                    | -                 | -         | -                      | -        | -           |
| As of March 31, 2016            | 1331,66,000   | 1516,89,649      | 380,92,740      | 5352,29,821          | 18,44,120         | 54,78,400 | 3,31,567               | 7,89,664 | 8666,21,961 |
| <b>Accumulated Depreciation</b> |               |                  |                 |                      |                   |           |                        |          |             |
| As of April 1, 2014             | -             | -                | -               | -                    | -                 | -         | -                      | -        | -           |
| Charge for the year             | -             | 77,64,437        | 11,07,625       | 332,87,963           | 2,66,175          | 6,98,177  | 50,324                 | 2,83,069 | 434,57,770  |
| Disposal                        | -             | -                | -               | 3,85,287             | -                 | 50,413    | -                      | -        | 4,35,700    |
| Adjustments                     | -             | -                | -               | -                    | -                 | -         | -                      | -        | -           |
| As of March 31, 2015            | -             | 77,64,437        | 11,07,625       | 329,02,676           | 2,66,175          | 6,47,764  | 50,324                 | 2,83,069 | 430,22,070  |
| Charge for the year             | -             | 59,41,385        | 11,07,625       | 334,60,380           | 2,92,528          | 7,27,280  | 15,555                 | 2,31,001 | 417,75,754  |
| Disposal                        | -             | -                | -               | -                    | 1,198             | 1,68,240  | -                      | -        | 1,69,438    |
| Adjustments                     | -             | -                | -               | -                    | -                 | -         | -                      | -        | -           |
| As of March 31, 2016            | -             | 137,05,822       | 22,15,250       | 663,63,056           | 5,57,505          | 12,06,804 | 65,879                 | 5,14,070 | 846,28,386  |
| <b>Net Carrying Amount</b>      |               |                  |                 |                      |                   |           |                        |          |             |
| As of April 1, 2014             | 1331,66,000   | 1516,89,649      | 380,92,740      | 5106,12,147          | 12,72,476         | 33,20,721 | 3,19,417               | 4,92,739 | 8389,65,889 |
| As of March 31, 2015            | 1331,66,000   | 1439,25,212      | 369,85,115      | 4861,56,039          | 12,69,451         | 38,40,041 | 2,81,243               | 4,89,422 | 8061,12,523 |
| As of March 31, 2016            | 1331,66,000   | 1379,83,827      | 358,77,490      | 4688,66,765          | 12,86,615         | 42,71,596 | 2,65,688               | 2,75,594 | 7819,93,575 |

**Notes:**

- (i) The Company has elected to measure the items of Property, Plant and equipment at their fair value on date of transition. Refer note no. 44  
(ii) The depreciation for 2014-15 is lower by ₹ 23,235,006 due to change in life and salvage value.



**IUP Jindal Metals & Alloys Limited**  
**Notes to Financial Statements**

**6. Intangible Assets**

(Amount in ₹)

| Particulars                     | Software         |
|---------------------------------|------------------|
| <b>Cost</b>                     |                  |
| As at April 1, 2014             | 8,12,535         |
| Additions                       | 2,75,424         |
| Disposal                        | -                |
| Adjustments                     | -                |
| <b>As at March 31, 2015</b>     | <b>10,87,959</b> |
| Additions                       | 8,07,625         |
| Disposal                        | -                |
| Adjustments                     | -                |
| <b>As at March 31, 2016</b>     | <b>18,95,584</b> |
| <b>Accumulated Depreciation</b> |                  |
| As at April 1, 2014             | -                |
| Charge for the year             | 2,58,480         |
| Disposal                        | -                |
| Adjustments                     | -                |
| <b>As at March 31, 2015</b>     | <b>2,58,480</b>  |
| Charge for the year             | 3,24,789         |
| Disposal                        | -                |
| Adjustments                     | -                |
| <b>As at March 31, 2016</b>     | <b>5,83,269</b>  |
| <b>Net carrying amount</b>      |                  |
| As at April 1, 2014             | 8,12,535         |
| As at March 31, 2015            | 8,29,479         |
| As at March 31, 2016            | 13,12,315        |

**Note:**

On transition to IND AS, Intangibles are carried at net block, the accumulated depreciation on transition was ₹ 18,90,537.



**IUP JINDAL METALS & ALLOYS LIMITED**
**Notes to Financial Statements**

(Amount in ₹)

| Note | Particulars                                      | As At<br>March 31, 2016 | As At<br>March 31, 2015 | As At<br>April 1, 2014 |
|------|--|-------------------------|-------------------------|------------------------|
| 7    | <b>FINANCIAL ASSETS - OTHERS</b>                 |                         |                         |                        |
|      | Security Deposits                                |                         |                         |                        |
|      | -Unsecured, Considered good                      | 1,27,822                | 1,27,822                | 1,27,822               |
|      | Bank Deposits with more than 12 months maturity* | 10,67,778               | 10,67,778               | 10,67,778              |
|      | <b>Total Financial Assets - Others</b>           | <b>11,95,600</b>        | <b>11,95,600</b>        | <b>11,95,600</b>       |

\*Pledged with bank against Bank Guarantees and Securities with Govt. Authorities

|   |                          |                    |                    |                    |
|---|--------------------------|--------------------|--------------------|--------------------|
| 8 | <b>INVENTORIES</b>       |                    |                    |                    |
|   | Raw Materials            | 228,49,249         | 365,64,287         | 245,87,636         |
|   | Work-in-Progress         | 563,62,579         | 897,72,821         | 506,98,903         |
|   | Finished Goods           | 312,00,997         | 187,67,234         | 248,25,433         |
|   | Scrap                    | 15,12,856          | 23,47,522          | 27,33,705          |
|   | Stores and Spares        | 182,19,423         | 219,41,955         | 182,70,917         |
|   | <b>Total Inventories</b> | <b>1301,45,104</b> | <b>1693,93,819</b> | <b>1211,16,594</b> |

|   |   |          |                  |                  |
|---|---|----------|------------------|------------------|
| 9 | <b>INVESTMENTS</b>  |          |                  |                  |
|   | <b>Unquoted</b>   |          |                  |                  |
|   | Investments in Mutual Funds   |          |                  |                  |
|   | SBI Premier Liquid Fund -Growth<br>(31.03.2016 - NIL, 31.03.2015- 1779.593 units, 31.03.2014- 1779.593 units) | -        | 39,07,491        | 35,87,180        |
|   | <b>Total Investments</b>  | <b>-</b> | <b>39,07,491</b> | <b>35,87,180</b> |

Investment has been valued at fair value through profit and loss. Cost of investment as on 31.03.2016 NIL (31.03.2015 ₹ 34,71,742/-, 31.03.2014 ₹ 34,71,742/-)

|    |                                    |                    |                    |                    |
|----|------------------------------------|--------------------|--------------------|--------------------|
| 10 | <b>TRADE RECEIVABLES</b>           |                    |                    |                    |
|    | <b>Secured</b>                     |                    |                    |                    |
|    | - considered good                  | 19,50,000          | 79,68,788          | -                  |
|    | - considered doubtful              | -                  | -                  | -                  |
|    | Less: Provision for Doubtful Debts | -                  | -                  | -                  |
|    | <b>Total Secured</b>               | <b>19,50,000</b>   | <b>79,68,788</b>   | <b>-</b>           |
|    | <b>Unsecured</b>                   |                    |                    |                    |
|    | - considered good                  | 2164,66,394        | 2382,50,266        | 2628,29,106        |
|    | - considered doubtful              | 241,55,685         | 290,74,328         | 317,69,854         |
|    | Less: Provision for Doubtful Debts | (241,55,685)       | (290,74,328)       | (317,69,854)       |
|    | <b>Total Unsecured</b>             | <b>2164,66,394</b> | <b>2382,50,266</b> | <b>2628,29,106</b> |
|    | <b>Total Trade Receivables</b>     | <b>2184,16,394</b> | <b>2462,19,054</b> | <b>2628,29,106</b> |



**IUP JINDAL METALS & ALLOYS LIMITED**

**Notes to Financial Statements**

(Amount in ₹)

| Note      | Particulars                            | As At<br>March 31, 2016 | As At<br>March 31, 2015 | As At<br>April 1, 2014 |
|-----------|--|-------------------------|-------------------------|------------------------|
| <b>11</b> | <b>CASH AND CASH EQUIVALENTS</b>       |                         |                         |                        |
|           | Balance with Banks                     |                         |                         |                        |
|           | -In Current Accounts                   | 346,96,756              | 157,31,395              | 61,157                 |
|           | Cash on Hand                           | 56,121                  | 66,711                  | 11,887                 |
|           | <b>Total Cash and Cash Equivalents</b> | <b>347,52,877</b>       | <b>157,98,106</b>       | <b>73,044</b>          |

|           |  |                  |                  |                   |
|-----------|--|------------------|------------------|-------------------|
| <b>12</b> | <b>OTHER BANK BALANCES</b>   |                  |                  |                   |
|           | Fixed Deposits with Banks - original maturity of more than three month but less than twelve month* | 67,25,970        | 54,96,860        | 101,03,605        |
|           | <b>Total Other Bank Balances</b>   | <b>67,25,970</b> | <b>54,96,860</b> | <b>101,03,605</b> |

\*Pledged with bank against Bank Guarantees and Securities with Govt. Authorities.

|           |                                     |                 |                 |                   |
|-----------|-------------------------------------|-----------------|-----------------|-------------------|
| <b>13</b> | <b>OTHER FINANCIAL ASSETS</b>       |                 |                 |                   |
|           | Interest Accrued on Fixed Deposits  | 3,73,030        | 3,54,160        | 5,25,152          |
|           | Insurance Claim Receivable          | -               | -               | 122,87,215        |
|           | <b>Total Other Financial Assets</b> | <b>3,73,030</b> | <b>3,54,160</b> | <b>128,12,367</b> |

|           |                                       |                  |                  |                  |
|-----------|---------------------------------------|------------------|------------------|------------------|
| <b>14</b> | <b>CURRENT TAX ASSETS (NET)</b>       |                  |                  |                  |
|           | Advance Taxation                      | 53,64,015        | 50,73,252        | 60,89,637        |
|           | <b>Total Current Tax Assets (Net)</b> | <b>53,64,015</b> | <b>50,73,252</b> | <b>60,89,637</b> |

|           |   |                   |                   |                   |
|-----------|---|-------------------|-------------------|-------------------|
| <b>15</b> | <b>OTHER CURRENT ASSETS</b>                   |                   |                   |                   |
|           | Balance with Central Excise/Port Authorities  | 92,334            | 92,334            | 4,68,629          |
|           | Value Added Tax (Including Refund Receivable) | 382,73,601        | 629,68,400        | 519,17,439        |
|           | Duty Drawback Receivable                      | 13,309            | 2,23,678          | 2,70,911          |
|           | Advance to Suppliers                          | 13,43,346         | 48,93,746         | 78,73,443         |
|           | Others*                                       | 124,10,863        | 115,36,892        | 107,20,527        |
|           | <b>Total Other Current Assets</b>             | <b>521,33,453</b> | <b>797,15,050</b> | <b>712,50,949</b> |

\* includes cenvat credit, Govt. incentives etc.



**IUP JINDAL METALS & ALLOYS LIMITED**  
**Notes to Financial Statements**

(Amount in ₹)

| Note | Particulars   | As At          | As At          |
|------|---|----------------|----------------|
|      |   | March 31, 2016 | March 31, 2015 |
| 16   | <b>SHARE CAPITAL</b>  |                |                |
|      | <b>Authorised</b><br>15,000,000 Equity Shares of ₹ 10/- each                      | 1500,00,000    | 1500,00,000    |
|      | <b>Issued, Subscribed and Paid up.</b><br>14,000,000 Equity Shares of ₹ 10/- each | 1400,00,000    | 1400,00,000    |

**16 (a) Reconciliation of the number of shares at the beginning and end of the Reporting year:**

| Particulars                                      | As At<br>March 31, 2016 | As At<br>March 31, 2015 |
|--|-------------------------|-------------------------|
| Shares outstanding at the beginning of the year  | 140,00,000              | 140,00,000              |
| Shares issued during the year                    | -                       | -                       |
| <b>Shares outstanding at the end of the year</b> | <b>140,00,000</b>       | <b>140,00,000</b>       |

|  |            |            |
|--|------------|------------|
| <b>16 (b) Shares held by the Holding Company</b> | 113,00,000 | 113,00,000 |
| Percentage of Holding                            | 80.71      | 80.71      |

**16 (c) Shares held by each shareholder holding more than 5% shares**

| Particulars                                | As At<br>March 31, 2016 |              | As At<br>March 31, 2015 |              |
|--|-------------------------|--------------|-------------------------|--------------|
|  | No of Shares held       | % of holding | No of Shares held       | % of holding |
| Jindal Saw Limited                         | 113,00,000              | 80.71        | 113,00,000              | 80.71        |
| Arcelor Mittal Stainless Precision, Europe | 27,00,000               | 19.29        | 27,00,000               | 19.29        |

|   | As At          | As At          |
|---|----------------|----------------|
|   | March 31, 2016 | March 31, 2015 |
| <b>16 (d) Aggregate number of bonus shares issued, shares issued for consideration other than cash and bought back shares during the period of five years immediately preceding the reporting date:</b> | NIL            | NIL            |

**16 (e) Terms/Rights attached to Equity Shares**

The Company has only one class of equity shares having a par value of ₹ 10/- per equity share. Each equity shareholder is entitled to one vote per share.

**Nature of Reserves**

Retained Earnings represent the undistributed profits of the Company.

Other Comprehensive Income Reserve represent the balance in equity for items to be accounted in Other Comprehensive Income. OCI is classified into i). Items that will not be reclassified to profit and loss ii). Items that will be reclassified to profit and loss.

Securities Premium Reserve represents the amount received in excess of par value of equity shares. Section 52 of Companies Act, 2013 specify restriction and utilisation of security premium.



**IUP JINDAL METALS & ALLOYS LIMITED**
**Notes to Financial Statements**

(Amount in ₹)

| Note | Particulars                        | As at<br>March 31, 2016 | As at<br>March 31, 2015 | As at<br>April 1, 2014 |
|------|------------------------------------|-------------------------|-------------------------|------------------------|
| 17   | <b>BORROWINGS</b>                  |                         |                         |                        |
|      | <b>(a) Secured Loan</b>            |                         |                         |                        |
|      | Vehicle Loan from Finance Company* | -                       | -                       | 47,216                 |
|      | <b>Unsecured Loan</b>              |                         |                         |                        |
|      | Loan from Related Party            |                         |                         |                        |
|      | -Jindal Saw Limited                | 2660,21,957             | 4887,57,688             | 5334,36,715            |
|      | <b>Total Borrowings</b>            | <b>2660,21,957</b>      | <b>4887,57,688</b>      | <b>5334,83,931</b>     |

\* Vehicle loan is secured by way of hypothecation of vehicles of the Company. The loan carries interest 7.50% p.a. The loan is repayable in FY 2015-16 ₹ 47,216/-

There is no default in repayment of principal and interest thereon.

|    |                                       |                  |                  |                  |
|----|---------------------------------------|------------------|------------------|------------------|
| 18 | <b>PROVISIONS</b>                     |                  |                  |                  |
|    | <b>Provision for Employee Benefit</b> |                  |                  |                  |
|    | Provision for Leave Encashment        | 46,55,492        | 39,60,084        | 47,92,966        |
|    | <b>Total Provisions</b>               | <b>46,55,492</b> | <b>39,60,084</b> | <b>60,53,831</b> |

|    |  |                    |                    |                     |
|----|--|--------------------|--------------------|---------------------|
| 19 | <b>DEFERRED TAX LIABILITIES (NET)</b>                        |                    |                    |                     |
|    | <b>Deferred Tax Liability</b>                                |                    |                    |                     |
|    | Difference between Book and Tax Base Related to Fixed Assets | 1445,53,529        | 1466,60,320        | 1462,33,447         |
|    | Other Items giving rise to temporary differences             | -                  | 1,44,072           | 37,454              |
|    | <b>Total Deferred Tax Liability - A</b>                      | <b>1445,53,529</b> | <b>1468,04,392</b> | <b>1462,70,901</b>  |
|    | <b>Deferred Tax Assets</b>                                   |                    |                    |                     |
|    | Disallowance under Income Tax Act, 1961                      | 96,28,677          | 105,78,842         | 353,59,011          |
|    | Carried forward Losses/Allowances                            | 861,95,575         | 1136,15,872        | 1352,03,008         |
|    | <b>Total Deferred Tax Assets - B</b>                         | <b>958,24,252</b>  | <b>1241,94,714</b> | <b>1705,62,019</b>  |
|    | <b>Net Deferred Tax Liabilities (A-B)</b>                    | <b>487,29,277</b>  | <b>226,09,678</b>  | <b>(242,91,118)</b> |
|    | <b>Less: MAT Credit Entitlement</b>                          | <b>196,48,622</b>  | <b>113,39,751</b>  | <b>-</b>            |
|    | <b>Deferred Tax Liabilities (Net)</b>                        | <b>290,80,655</b>  | <b>112,69,927</b>  | <b>(242,91,118)</b> |

|    |  |                   |          |                  |
|----|--|-------------------|----------|------------------|
| 20 | <b>BORROWINGS</b>                      |                   |          |                  |
|    | <b>Secured Loan</b>                    |                   |          |                  |
|    | Working Capital Borrowings from Banks* | 176,50,455        | -        | 23,29,104        |
|    | <b>Total Borrowings</b>                | <b>176,50,455</b> | <b>-</b> | <b>23,29,104</b> |

\*Secured by way of first charge on the hypothecation of the current assets extended by second charge on the fixed assets of the Company.

|    |                                     |                   |                   |                   |
|----|-------------------------------------|-------------------|-------------------|-------------------|
| 21 | <b>TRADE PAYABLES</b>               |                   |                   |                   |
|    | <b>Sundry Creditors</b>             |                   |                   |                   |
|    | -Due to Micro and Small Enterprise* | -                 | -                 | 91,655            |
|    | -Due to Others                      | 663,87,604        | 448,07,359        | 498,25,725        |
|    | <b>Total Trade Payables</b>         | <b>663,87,604</b> | <b>448,07,359</b> | <b>499,17,380</b> |

\* There are no Micro and Small Enterprises, to whom the Company owes dues as at March 31, 2016. This Information as Required to be disclosed under the Micro, Small and Medium Enterprises Development Act 2006 has been Determined to the extent such Parties have been Identified on the basis of information available with the Company.



**IUP JINDAL METALS & ALLOYS LIMITED**

**Notes to Financial Statements**

(Amount in ₹)

| Note | Particulars                              | As At<br>March 31, 2016 | As At<br>March 31, 2015 | As At<br>April 1, 2014 |
|------|--|-------------------------|-------------------------|------------------------|
| 22   | <b>OTHER FINANCIAL LIABILITIES</b>       |                         |                         |                        |
|      | Current Maturities of Long Term Debts    | -                       | 47,216                  | 1,62,013               |
|      | <b>Other Payables</b>                    |                         |                         |                        |
|      | Dues to Employees                        | 78,32,915               | 71,48,867               | 35,82,856              |
|      | Retention Money                          | 35,94,013               | 35,94,013               | 37,61,513              |
|      | Other Liabilities                        | 24,04,481               | 18,57,052               | 25,52,736              |
|      | <b>Total Other Financial Liabilities</b> | <b>138,31,409</b>       | <b>126,47,148</b>       | <b>100,59,118</b>      |

|    |  |                   |                   |                   |
|----|--|-------------------|-------------------|-------------------|
| 23 | <b>OTHER CURRENT LIABILITIES</b>       |                   |                   |                   |
|    | Statutory Dues Payable                 | 65,52,228         | 76,29,133         | 75,33,197         |
|    | Advance from Customers                 | 68,12,384         | 91,37,409         | 55,29,682         |
|    | Other Liability*                       | 42,56,276         | 26,35,311         | 33,65,703         |
|    | <b>Total Other Current Liabilities</b> | <b>176,20,888</b> | <b>194,01,853</b> | <b>164,28,582</b> |

\*Includes provision for excise duty on closing stock

|    |                                |                 |                 |                 |
|----|--------------------------------|-----------------|-----------------|-----------------|
| 24 | <b>PROVISIONS</b>              |                 |                 |                 |
|    | Provision for Employee Benefit |                 |                 |                 |
|    | Provision for Leave Encashment | 3,11,037        | 3,18,061        | 8,81,941        |
|    | <b>Total Provisions</b>        | <b>3,11,037</b> | <b>3,18,061</b> | <b>9,64,687</b> |



# IUP JINDAL METALS & ALLOYS LIMITED

## Notes to Financial Statements

(Amount in ₹)

| Note | Particulars   | Year Ended<br>March 31, 2016 | Year Ended<br>March 31, 2015 |
|------|---|------------------------------|------------------------------|
| 25   | <b>REVENUE FROM OPERATIONS</b>  |                              |                              |
|      | <b>a) Sale of Products</b>  |                              |                              |
|      | Cold Rolled S.S Coils   | 15178,07,815                 | 16722,18,687                 |
|      | <b>b) Sale of Services</b>  |                              |                              |
|      | Job Work Charges - CR SS Coils  | 689,62,323                   | 727,21,137                   |
|      | <b>b) Other Operating Revenues</b>  |                              |                              |
|      | Export Benefit  | 2,28,011                     | 2,48,819                     |
|      | <b>Revenue from Operations</b>  | <b>15869,98,149</b>          | <b>17451,88,643</b>          |
| 26   | <b>OTHER INCOME</b>   |                              |                              |
|      | <b>Interest Income</b>  |                              |                              |
|      | On Fixed Deposit with Banks   | 6,08,872                     | 7,94,412                     |
|      | Others  | 21,24,318                    | -                            |
|      | Provision for Doubtful Debts Written Back                                   | 58,65,687                    | 34,52,287                    |
|      | Gain on Sale of Current Investment  | 3,24,591                     | -                            |
|      | Gain on Mutual Funds Fair Valuation   | -                            | 3,20,311                     |
|      | Net Gain on Foreign Currency Transactions                                   | -                            | 15,39,667                    |
|      | Other Non-Operating Income  | 2,07,987                     | 17,57,911                    |
|      | Liabilities no Longer Required Written Back                                 | -                            | 701,92,196                   |
|      | <b>Total Other Income</b>   | <b>91,31,455</b>             | <b>780,56,784</b>            |
| 27   | <b>COST OF MATERIALS CONSUMED</b>   |                              |                              |
|      | Raw Material Consumed - Cold Rolled S.S. Coils                              | 9733,38,828                  | 11665,62,394                 |
|      | <b>Total Cost of Materials Consumed</b>                                     | <b>9733,38,828</b>           | <b>11665,62,394</b>          |
| 28   | <b>CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND SCRAP</b> |                              |                              |
|      | <b>(a) Opening Stock</b>  |                              |                              |
|      | (i) Work-In-Progress  | 897,72,821                   | 506,98,903                   |
|      | (ii) Finished Goods*  | 187,67,234                   | 248,25,433                   |
|      | (iii) Scrap   | 23,47,522                    | 27,33,705                    |
|      | <b>Total Opening Stock</b>  | <b>1108,87,577</b>           | <b>782,58,041</b>            |
|      | <b>(b) Closing Stock</b>  |                              |                              |
|      | (i) Work-In-Progress  | 563,62,579                   | 897,72,821                   |
|      | (ii) Finished Goods*  | 312,00,997                   | 187,67,234                   |
|      | (iii) Scrap   | 15,12,856                    | 23,47,522                    |
|      | <b>Total Closing Stock</b>  | <b>890,76,432</b>            | <b>1108,87,577</b>           |
|      | <b>Net (Increase)/Decrease In Stock</b>                                     | <b>218,11,145</b>            | <b>(326,29,536)</b>          |
|      | Excise Duty on Increase/(Decrease) in Closing Stock                         | 16,20,965                    | (7,30,391)                   |
|      | <b>Total (Increase)/Decrease In Stock</b>                                   | <b>234,32,110</b>            | <b>(333,59,927)</b>          |

\* Cold Rolled S.S. Coils

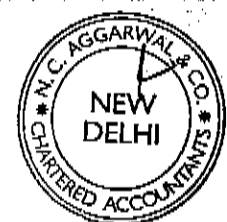


# IUP JINDAL METALS & ALLOYS LIMITED

## Notes to Financial Statements

(Amount in ₹)

| Note      | Particulars  | Year Ended<br>March 31, 2016 | Year Ended<br>March 31, 2015 |
|-----------|--|------------------------------|------------------------------|
| <b>29</b> | <b>EMPLOYEE BENEFIT EXPENSES</b>                   |                              |                              |
|           | Salaries and Wages                                 | 827,76,582                   | 727,84,452                   |
|           | Contribution to Provident Fund and Other Funds     | 53,56,505                    | 50,32,832                    |
|           | Workmen and Staff Welfare Expenses                 | 55,13,516                    | 52,19,866                    |
|           | <b>Total Employee Benefit Expenses</b>             | <b>936,46,603</b>            | <b>830,37,150</b>            |
| <b>30</b> | <b>FINANCE COSTS</b>                               |                              |                              |
|           | Interest on Term Loan                              | 725                          | 9,726                        |
|           | Interest on Working Capital Loan                   | 3,25,858                     | 41,47,969                    |
|           | Interest on Other Loans and Advances               | 469,72,184                   | 615,06,596                   |
|           | Bank and Finance Charges                           | 48,05,732                    | 35,86,038                    |
|           | <b>Total Finance Costs</b>                         | <b>521,04,499</b>            | <b>692,50,329</b>            |
| <b>31</b> | <b>Depreciation and Amortisation Expense</b>       |                              |                              |
|           | Depreciation on Property, Plant and Equipment      | 417,75,754                   | 434,57,770                   |
|           | Amortisation of Other Intangible Assets            | 3,24,789                     | 2,58,480                     |
|           | <b>Total Depreciation and Amortisation Expense</b> | <b>421,00,543</b>            | <b>437,16,250</b>            |
| <b>32</b> | <b>OTHER EXPENSES</b>                              |                              |                              |
|           | <b>Manufacturing Expenses</b>                      |                              |                              |
|           | Store and Spares Consumed                          | 418,03,196                   | 394,65,370                   |
|           | Power and Fuel                                     | 882,53,923                   | 998,73,044                   |
|           | Job Charges  | 3,630                        | 1,41,560                     |
|           | Water  | 9,85,600                     | 8,96,000                     |
|           | Freight and Cartage                                | 13,26,833                    | 13,72,493                    |
|           | Other Manufacturing Expenses                       | 1,11,048                     | 3,97,692                     |
|           | <b>Repair and Maintenance</b>                      |                              |                              |
|           | - Buildings  | 12,52,350                    | 7,88,396                     |
|           | - Plant and Machinery                              | 98,98,543                    | 108,96,205                   |
|           | <b>Total Manufacturing Expenses</b>                | <b>1436,35,124</b>           | <b>1538,30,760</b>           |



**IUP JINDAL METALS & ALLOYS LIMITED****Notes to Financial Statements**

(Amount in ₹)

| Note | Particulars                                       | Year Ended<br>March 31, 2016 | Year Ended<br>March 31, 2015 |
|------|---|------------------------------|------------------------------|
| 32   | <b>OTHER EXPENSES</b>                             |                              |                              |
|      | <b>Administrative, Selling and Other Expenses</b> |                              |                              |
|      | Rent, Rates and Taxes                             | 6,80,651                     | 13,41,048                    |
|      | Insurance   | 15,12,629                    | 14,03,448                    |
|      | Travelling and Conveyance                         | 48,75,158                    | 52,83,711                    |
|      | Vehicle Running and Maintenance                   | 5,62,445                     | 5,60,688                     |
|      | Postage and Telephone                             | 9,12,147                     | 10,78,805                    |
|      | Legal and Professional Expenses                   | 11,13,378                    | 9,97,141                     |
|      | Repair and Maintenance - Others                   | 18,63,685                    | 30,03,469                    |
|      | Recruitment Expenses                              | 16,921                       | 6,530                        |
|      | Office Expenses                                   | 1,78,764                     | 2,03,262                     |
|      | Printing and Stationary                           | 2,52,604                     | 2,61,178                     |
|      | Director Sitting Fees                             | 1,60,000                     | -                            |
|      | Auditors' Remuneration                            | 3,25,336                     | 3,07,570                     |
|      | Cost Auditor Remuneration                         | 1,04,800                     | 93,900                       |
|      | Freight and Cartage (Outward)                     | 14,84,775                    | 20,41,825                    |
|      | Other Selling Expenses                            | 2,53,847                     | 1,46,466                     |
|      | Provision for Doubtful Debts                      | 9,47,044                     | 7,56,762                     |
|      | Bad Debts   | 1,66,698                     | -                            |
|      | Loss on Sale of Fixed Assets                      | 1,74,389                     | 2,91,717                     |
|      | Net Loss on Foreign Currency Transactions         | 14,06,686                    | -                            |
|      | Miscellaneous Expenses                            | 11,16,630                    | 7,21,213                     |
|      | <b>Total Other Expenses</b>                       | <b>181,08,586</b>            | <b>184,98,733</b>            |



# IUP Jindal Metals & Alloys Limited

## 33. Financial risk management

### 33.1 Financial risk factors

The Company's principal financial liabilities, other than derivatives, comprise borrowings, trade and other payables, and financial guarantee contracts. The main purpose of these financial liabilities is to manage finances for the Company's operations. The Company has loan and other receivables, trade and other receivables, and cash and short-term deposits that arise directly from its operations. The Company's activities expose it to a variety of financial risks:

#### i) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk: currency rate risk, interest rate risk and other price risks, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, deposits, investments, and derivative financial instruments. Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. This is based on the financial assets and financial liabilities held as of March 31, 2016 and March 31, 2015.

#### ii) Credit risk

Credit risk is the risk that a counter party will not meet its obligations under a financial instrument or customer contract, leading to a financial loss.

#### iii) Liquidity risk

Liquidity risk is the risk that the Company may not be able to meet its present and future cash and collateral obligations without incurring unacceptable losses.

The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

Risk management is carried out by the treasury department under policies approved by the board of directors. The treasury team identifies, evaluates and hedges financial risks in close co-operation with the Company's operating units. The board provides principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, and credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

#### Market Risk

The sensitivity analysis excludes the impact of movements in market variables on the carrying value of post-employment benefit obligations provisions and on the non-financial assets and liabilities. The sensitivity of the relevant Statement of Profit and Loss item is the effect of the assumed changes in the respective market risks. The Company's activities expose it to a variety of financial risks, including the effects of changes in foreign currency exchange rates and interest rates. However, such effect is not material.

#### (a) Foreign exchange risk and sensitivity

The Company transacts business primarily in Indian Rupee, USD and Euro. The Company has obtained foreign currency loans and has foreign currency trade payables and receivables and is therefore, exposed to foreign exchange risk. Certain transactions of the Company act as a natural hedge as a portion of both assets and liabilities are denominated in similar foreign currencies.

The following table demonstrates the sensitivity in the USD, Euro to the Indian Rupee with all other variables held constant. The impact on the Company's profit before tax and other comprehensive income due to changes in the fair value of monetary assets and liabilities is given below:



# IUP Jindal Metals & Alloys Limited

(Amount in ₹)

| Particulars                              | Change in currency exchange rate | Effect on profit before tax |
|--|----------------------------------|-----------------------------|
| <b>For the year ended March 31, 2016</b> |                                  |                             |
| USD                                      | + 5%                             | (1,490,850)                 |
|  | - 5%                             | 1,490,850                   |
| Euro                                     | + 5%                             | 64,316                      |
|  | - 5%                             | (64,316)                    |
| <b>For the year ended March 31, 2015</b> |                                  |                             |
| USD                                      | + 5%                             | (1,408,293)                 |
|  | - 5%                             | 1,408,293                   |
| Euro                                     | + 5%                             | -                           |
|  | - 5%                             | -                           |

The assumed movement in exchange rate sensitivity analysis is based on the currently observable market environment.

Summary of exchange difference accounted in Statement of Profit and Loss:

(Amount in ₹)

| Particulars   | For the year ended on 31st March 2016 | For the year ended on 31st March 2015 |
|---|---------------------------------------|---------------------------------------|
| Net foreign exchange (gain)/losses as operating expense | 1,406,686                             | -                                     |
| <b>Total</b>  | <b>1,406,686</b>                      | <b>-</b>                              |

## (b) Interest rate risk and sensitivity

The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long term debt obligations with floating interest rates, any changes in the interest rates environment may impact future cost of borrowing.

With all other variables held constant, the following table demonstrates the impact of borrowing cost on floating rate portion of loans and borrowings.

(Amount in ₹)

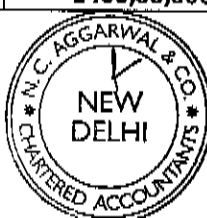
| Interest rate sensitivity                | Increase/ Decrease in basis points | Effect on profit before tax |
|--|------------------------------------|-----------------------------|
| <b>For the year ended March 31, 2016</b> |                                    |                             |
| INR borrowings                           | +50                                | (1,343,995)                 |
|  | -50                                | 1,343,995                   |
| <b>For the year ended March 31, 2015</b> |                                    |                             |
| INR borrowings                           | +50                                | (2,616,620)                 |
|  | -50                                | 2,616,620                   |

The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

## Unused line of credit

(Amount in ₹)

| Particulars  | As of March 31, 2016 | As of March 31, 2015 |
|--------------|----------------------|----------------------|
| Secured      | 1,223,49,545         | 1,400,00,000         |
| Unsecured    | -                    | -                    |
| <b>Total</b> | <b>1,223,49,545</b>  | <b>1,400,00,000</b>  |



# IUP Jindal Metals & Alloys Limited

## Interest rate & currency of borrowings

The below table demonstrates the borrowing of fixed and floating rate of interest:

| Particulars                       | Total borrowings   | (Amount in ₹)            |                       |
|-----------------------------------|--------------------|--------------------------|-----------------------|
|                                   |                    | Floating rate borrowings | Fixed rate borrowings |
| INR                               | 2836,72,412        | 2660,94,973              | 175,77,439            |
| <b>Total as at March 31, 2016</b> | <b>2836,72,412</b> | <b>2660,94,973</b>       | <b>175,77,439</b>     |
| INR                               | 4888,04,904        | 4887,57,688              | 47,216                |
| <b>Total as at March 31, 2015</b> | <b>4888,04,904</b> | <b>4887,57,688</b>       | <b>47,216</b>         |

## (c) Commodity price risk and sensitivity

The Company is exposed to the movement in price of key raw materials in domestic and international markets. The Company has in place policies to manage exposure to fluctuations in the prices of the key raw materials used in operations. The Company enter into contracts for procurement of material, most of the transactions are short term fixed price contract and a few transactions are long term fixed price contracts.

## Credit risk

The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks, mutual funds and financial institutions and other financial instruments.

## Trade Receivables

The Company extends credit to customers in normal course of business. The Company considers factors such as credit track record in the market and past dealings for extension of credit to customers. The Company monitors the payment track record of the customers. Outstanding customer receivables are regularly monitored. The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets. The Company has also taken advances and security deposits from its customers & distributors, which mitigate the credit risk to an extent.

The ageing of trade receivable is as below:

| Particulars                 | Not due not impaired<br>(including unbilled) | Past Due           |                  |                  | Total               |
|-----------------------------|--|--------------------|------------------|------------------|---------------------|
|                             |  | upto 6 months      | 6 to 12 months   | Above 12 months  |                     |
| <b>Trade Receivables</b>    |  |                    |                  |                  |                     |
| <b>As at March 31, 2016</b> |  |                    |                  |                  |                     |
| Secured                     | -  | 19,50,000          | -                | -                | 19,50,000           |
| Unsecured                   |  |                    |                  |                  |                     |
| -Considered good            | 11,69,19,702                                 | 9,49,49,841        | 37,22,142        | 8,74,709         | 21,64,66,394        |
| -Considered doubtful        | -  | 82,989             | -                | 2,40,72,696      | 2,41,55,685         |
| Less: Provision             | -  | 82,989             | -                | 2,40,72,696      | 2,41,55,685         |
| Net Unsecured               | 11,69,19,702                                 | 9,49,49,841        | 37,22,142        | 8,74,709         | 21,64,66,394        |
| <b>Net Trade Receivable</b> | <b>11,69,19,702</b>                          | <b>9,68,99,841</b> | <b>37,22,142</b> | <b>8,74,709</b>  | <b>21,84,16,394</b> |
| <b>As at March 31, 2015</b> |  |                    |                  |                  |                     |
| Secured                     | -  | 79,68,788          | -                | -                | 79,68,788           |
| Unsecured                   |  |                    |                  |                  |                     |
| -Considered good            | 14,66,40,366                                 | 8,34,88,202        | 59,23,934        | 21,97,764        | 23,82,50,266        |
| -Considered doubtful        | -  | 1,27,283           | 2,71,469         | 2,86,75,576      | 2,90,74,328         |
| Less: Provision             | -  | 1,27,283           | 2,71,469         | 2,86,75,576      | 2,90,74,328         |
| Net Unsecured               | 14,66,40,366                                 | 8,34,88,202        | 59,23,934        | 21,97,764        | 23,82,50,266        |
| <b>Net Trade Receivable</b> | <b>14,66,40,366</b>                          | <b>9,14,56,990</b> | <b>59,23,934</b> | <b>21,97,764</b> | <b>24,62,19,054</b> |



# IUP Jindal Metals & Alloys Limited

## Financial instruments and cash deposits

The Company considers factors such as track record, size of the institution, market reputation and service standards to select the banks with which balances and deposits are maintained. Generally, the balances are maintained with the institutions with which the Company has also availed borrowings. The Company does not maintain significant cash and deposit balances other than those required for its day to day operations.

### Liquidity risk

The Company's objective is to; at all times maintain optimum levels of liquidity to meet its cash and collateral requirements. The Company relies on a mix of borrowings, capital infusion and excess operating cash flows to meet its needs for funds. The current committed lines of credit are sufficient to meet its short to medium term expansion needs. The Company monitors rolling forecasts of its liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Company does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities.

The table below provides undiscounted cash flows towards non-derivative financial liabilities and net-settled derivative financial liabilities into relevant maturity based on the remaining period at the balance sheet to the contractual maturity date.

As at March 31, 2016

| Particulars                 | Carrying Amount    | On demand         | (Amount In ₹)      |                 |                    | Total              |
|-----------------------------|--------------------|-------------------|--------------------|-----------------|--------------------|--------------------|
|                             |                    |                   | Less than 6 months | 6 to 12 months  | More than 1 years  |                    |
| Interest bearing borrowings | 2836,72,412        | -                 | 175,77,439         | 73,016          | 2660,21,957        | 2836,72,412        |
| Trade Payable               | 663,87,604         | 549,29,204        | 114,58,400         | -               | -                  | 663,87,604         |
| Other financial liabilities | 138,31,409         | 89,92,488         | 45,13,921          | 3,25,000        | -                  | 138,31,409         |
| <b>Total</b>                | <b>3638,91,425</b> | <b>639,21,692</b> | <b>335,49,760</b>  | <b>3,98,016</b> | <b>2660,21,957</b> | <b>3638,91,425</b> |

As at March 31, 2015

| Particulars                 | Carrying Amount    | On demand         | (Amount In ₹)      |                 |                    | Total              |
|-----------------------------|--------------------|-------------------|--------------------|-----------------|--------------------|--------------------|
|                             |                    |                   | Less than 6 months | 6 to 12 months  | More than 1 years  |                    |
| Interest bearing borrowings | 4888,04,904        | -                 | 47,216             | -               | 4887,57,688        | 4888,04,904        |
| Trade payable               | 448,07,359         | 387,04,048        | 61,03,311          | -               | -                  | 448,07,359         |
| Other financial liabilities | 125,99,932         | 87,72,504         | 35,38,256          | 2,89,172        | -                  | 125,99,932         |
| <b>Total</b>                | <b>5462,12,195</b> | <b>474,76,552</b> | <b>96,88,783</b>   | <b>2,89,172</b> | <b>4887,57,688</b> | <b>5462,12,195</b> |

The Company is required to maintain ratios (including total debt to EBITDA / net worth, EBITDA to gross interest, debt service coverage ratio and secured coverage ratio) as mentioned in the loan agreements at specified levels. In the event of failure to meet any of these ratios these loans become callable at the option of lenders, except where exemption is provided by lender.

### 33.1 Competition and price risk

The Company faces competition from local and foreign competitors. Nevertheless, it believes that it has competitive advantage in terms of high quality products and by continuously upgrading its expertise and range of products to meet the needs of its customers.

### 33.2 Capital risk management

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The primary objective of the Company's capital management is to maximize the shareholder value. The Company's primary objective when managing capital is to ensure that it maintains an efficient capital structure and healthy capital ratios and safeguard the Company's ability to continue as a going concern in order to support its business and provide maximum returns for shareholders. The Company also proposes to maintain an optimal capital structure to reduce the cost of capital. No changes were made in the objectives, policies or processes during the year ended March 31, 2016 and March 31, 2015.

For the purpose of the Company's capital management, capital includes issued capital, share premium and all other equity reserves. Net debt includes, interest bearing loans and borrowings, trade and other payables less cash and short term deposits, excluding discontinued operations.



# IUP Jindal Metals & Alloys Limited

The Company monitors capital using gearing ratio, which is net debt divided by total capital.

During 2015-16, the company's strategy was to have lower borrowings and therefore, the gearing ratio of the company is lower to 23% in financial year 2015-16 as compared to 38% in financial year 2014-15.

| Particulars                   | (Amount in ₹)           |                         |
|-------------------------------|-------------------------|-------------------------|
|                               | As at<br>March 31, 2016 | As at<br>March 31, 2015 |
| Loans and Borrowings          | 2836,72,412             | 4888,04,904             |
| Less: Cash & Cash Equivalents | 347,52,877              | 157,98,106              |
| Net debt                      | 2489,19,535             | 4730,06,798             |
| Total Capital                 | 8168,93,197             | 7585,53,635             |
| Capital and Net Debt          | 10658,12,732            | 12315,60,433            |
| Gearing Ratio                 | 23%                     | 38%                     |

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches of the financial covenants of any interest bearing loans and borrowing for reported periods.

### 34. Fair value of financial assets and liabilities

Set out below is a comparison by class of the carrying amounts and fair value of the Company's financial instruments that are recognised in the financial statements.

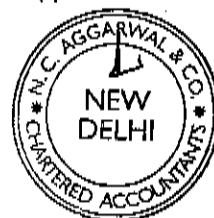
| Particulars  | (Amount in ₹)        |                    |                      |                    |                     |                    |
|--|----------------------|--------------------|----------------------|--------------------|---------------------|--------------------|
|  | As at March 31, 2016 |                    | As at March 31, 2015 |                    | As at April 1, 2014 |                    |
|  | Carrying amount      | Fair Value         | Carrying amount      | Fair Value         | Carrying amount     | Fair Value         |
| <b>Financial assets designated at fair value through profit and loss</b> |                      |                    |                      |                    |                     |                    |
| Investment (In mutual funds - current)                                   | -                    | -                  | 3,907,491            | 3,907,491          | 3,587,180           | 3,587,180          |
| <b>Financial assets designated at amortised cost</b>                     |                      |                    |                      |                    |                     |                    |
| Fixed deposits with banks  | 7,793,748            | 7,793,748          | 6,564,638            | 6,564,638          | 11,171,383          | 11,171,383         |
| Cash and cash equivalents  | 34,752,877           | 34,752,877         | 15,798,106           | 15,798,106         | 73,044              | 73,044             |
| Trade receivables  | 218,416,394          | 218,416,394        | 246,219,054          | 246,219,054        | 262,829,106         | 262,829,106        |
| Other financial assets   | 500,852              | 500,852            | 481,982              | 481,982            | 12,940,189          | 12,940,189         |
|  | <b>261,463,871</b>   | <b>261,463,871</b> | <b>272,971,271</b>   | <b>272,971,271</b> | <b>290,600,902</b>  | <b>290,600,902</b> |
| <b>Financial liabilities designated at amortised cost</b>                |                      |                    |                      |                    |                     |                    |
| Borrowings- fixed rate   | 17,577,439           | 17,577,439         | 47,216               | 47,216             | 209,229             | 209,229            |
| Borrowings- floating rate  | 266,094,973          | 266,094,973        | 488,757,688          | 488,757,688        | 535,765,819         | 535,765,819        |
| Trade payables   | 66,387,604           | 66,387,604         | 44,807,359           | 44,807,359         | 49,917,380          | 49,917,380         |
| Other financial liabilities  | 13,831,409           | 13,831,409         | 12,599,932           | 12,599,932         | 80,090,118          | 80,090,118         |
|  | <b>363,891,425</b>   | <b>363,891,425</b> | <b>546,212,195</b>   | <b>546,212,195</b> | <b>665,982,546</b>  | <b>665,982,546</b> |

### Fair valuation techniques

The Company maintains policies and procedures to value financial assets or financial liabilities using the best and most relevant data available. The fair values of the financial assets and liabilities are included at the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The following methods and assumptions were used to estimate the fair values:

- 1) Fair value of cash and deposits, trade receivables, trade payables, and other current financial assets and liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.
- 2) Long-term fixed-rate and variable-rate receivables / borrowings are evaluated by the Company based on parameters such as interest rates, specific country risk factors, credit risk and other risk characteristics. Fair value of variable interest rate borrowings is not materially different from carrying values. For fixed interest rate borrowing fair value is determined by using the discounted cash flow (DCF) method using discount rate that reflects the issuer's borrowings rate. Risk of non-performance for the company is considered to be insignificant in valuation.
- 3) IND AS 101 allow Company to fair value property, plant and machinery on transition to IND AS, the Company has fair valued property, plant and equipment, and the fair valuation is based on replacement cost approach.



# IUP Jindal Metals & Alloys Limited

## Fair Value Hierarchy

The following table provides the fair value measurement hierarchy of Company's asset and liabilities, grouped into Level 1 to Level 3 as described below:

- Quoted prices / published NVA (unadjusted) in active markets for identical assets or liabilities (level 1). It includes fair value of financial instruments traded in active markets and are based on quoted market prices at the balance sheet date and financial instruments like mutual funds for which net assets value( NAV) is published mutual fund operators at the balance sheet date.
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2). It includes fair value of the financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on the company specific estimates. If all significant inputs required to fair value an instrument are observable then instrument is included in level 2.
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3). If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

The following table provides the fair value measurement hierarchy of Company's asset and liabilities, grouped into Level 1 to Level 2 as described below:

### Assets / Liabilities measured at fair value (Accounted)

(Amount in ₹)

| Particulars                 | As at March 31, 2016 |         |         |
|-----------------------------|----------------------|---------|---------|
|                             | Level 1              | Level 2 | Level 3 |
| <b>Financial assets</b>     |                      |         |         |
| Investment                  |                      |         |         |
| - In mutual funds - current | -                    | -       | -       |

| Particulars                 | As at March 31, 2015 |         |         |
|-----------------------------|----------------------|---------|---------|
|                             | Level 1              | Level 2 | Level 3 |
| <b>Financial assets</b>     |                      |         |         |
| Investment                  |                      |         |         |
| - In mutual funds - current | 39,07,491            | -       | -       |

| Particulars                 | As at April 1, 2014 |         |         |
|-----------------------------|---------------------|---------|---------|
|                             | Level 1             | Level 2 | Level 3 |
| <b>Financial assets</b>     |                     |         |         |
| Investment                  |                     |         |         |
| - In mutual funds - current | 35,87,180           | -       | -       |



# IUP Jindal Metals & Alloys Limited

## Assets / Liabilities for which fair value is disclosed:

(Amount in ₹)

| Particulars                  | As at March 31, 2016 |            |         |
|------------------------------|----------------------|------------|---------|
|                              | Level 1              | Level 2    | Level 3 |
| <b>Financial liabilities</b> |                      |            |         |
| Borrowings- fixed rate       | -                    | 175,77,439 | -       |
| Other financial liabilities  | -                    | 138,31,409 | -       |

| Particulars                  | As at March 31, 2015 |            |         |
|------------------------------|----------------------|------------|---------|
|                              | Level 1              | Level 2    | Level 3 |
| <b>Financial liabilities</b> |                      |            |         |
| Borrowings- fixed rate       | -                    | 47,216     | -       |
| Other financial liabilities  | -                    | 125,99,932 | -       |

| Particulars                  | As at April 1, 2014 |           |         |
|------------------------------|---------------------|-----------|---------|
|                              | Level 1             | Level 2   | Level 3 |
| <b>Financial liabilities</b> |                     |           |         |
| Borrowings- fixed rate       | -                   | 2,09,229  | -       |
| Other financial liabilities  | -                   | 98,97,105 | -       |

During the year ended March 31, 2016 and March 31, 2015, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfer into and out of Level 3 fair value measurements. There is no transaction/balance under level 3.

Following table describes the valuation techniques used and key inputs for valuation under fair value hierarchy as of March 31, 2016, March 31, 2015 and April 1, 2014 respectively:

### a) Assets / Liabilities measured at fair value

| Particulars                         | Fair value hierarchy | Valuation technique         | Inputs used               | Quantitative information about significant unobservable inputs |
|-------------------------------------|----------------------|-----------------------------|---------------------------|--|
| <b>Financial assets</b>             |                      |                             |                           |  |
| Investment in Mutual Funds- Current | Level 1              | Market Valuation techniques | As per NAV of Mutual Fund |  |

### b) Assets / Liabilities for which fair value is disclosed

| Particulars                  | Fair value hierarchy | Valuation technique  | Inputs used   |
|------------------------------|----------------------|----------------------|---|
| <b>Financial assets</b>      |                      |                      |   |
| Other financial assets       | Level 2              | Discounted Cash Flow | Prevailing interest rates to discount future cash flows |
| <b>Financial liabilities</b> |                      |                      |   |
| Other borrowings- fixed rate | Level 2              | Discounted Cash Flow | Prevailing interest rates in market, Future payouts     |
| Other financial liabilities  | Level 2              | Discounted Cash Flow | Prevailing interest rates to discount future cash flows |



# IUP Jindal Metals & Alloys Limited

## 35. Segment information

### Information about primary segment

The Company's primary segment as identified by management is cold rolled stainless steel coils and strips.

Segments have been identified taking into account nature of product and differential risk and returns of the segment.

### Information about Geographical Segment – Secondary

The Company's operations are located in India. The following table provides an analysis of the Company's sales by geography in which the customer is located, irrespective of the origin of the goods.

| Particulars             | 2015-16        |               |                | 2014-15        |               |                | April 1, 2014 |               |              |
|-------------------------|----------------|---------------|----------------|----------------|---------------|----------------|---------------|---------------|--------------|
|                         | Within India   | Outside India | Total          | Within India   | Outside India | Total          | Within India  | Outside India | Total        |
| Revenue from Operations | 1,57,21,93,079 | 1,48,05,070   | 1,58,69,98,149 | 1,73,24,81,221 | 1,27,07,422   | 1,74,51,88,643 |               |               |              |
| Non current Assets      | 78,33,46,251   | -             | 78,33,46,251   | 81,25,62,363   | -             | 81,25,62,363   | 83,98,18,785  | -             | 83,98,18,785 |

## 36. Income tax expense

| Particulars   | (Amount in ₹)                     |                                   |
|---|-----------------------------------|-----------------------------------|
|   | For the year ended March 31, 2016 | For the year ended March 31, 2015 |
| Current tax   | 85,86,836                         | -                                 |
| Deferred tax  | 85,86,836                         | -                                 |
| - Relating to origination & reversal of temporary differences | 261,76,736                        | 462,92,202                        |
| - Relating to change in tax rate                              | -                                 | -                                 |
|   | 261,76,736                        | 462,92,202                        |
| Tax expense attributable to current year's profit             | 347,63,572                        | 462,92,202                        |
| Adjustments in respect of income tax of previous year         |                                   |                                   |
| -Current income tax   | -                                 | 13,47,051                         |
| -Deferred tax   | -                                 | -                                 |
|   | -                                 | 13,47,051                         |
| MAT   |                                   |                                   |
| MAT credit entitlement  | -83,08,871                        | -                                 |
| MAT credit utilisation  | -                                 | -                                 |
|   | -83,08,871                        | -                                 |
| <b>Total Tax expense</b>                                      | <b>264,54,701</b>                 | <b>476,39,253</b>                 |

### Effective Tax Rate (ETR) reconciliation

A reconciliation of the theoretical income tax expense/ (benefit) applicable to profit/ (loss) before income tax at the statutory tax rate in India to the income expense/ (benefit) at the Company's effective tax rate is as follows:

| S.No | Description   | 2015-16            | 2014-15            |
|------|---|--------------------|--------------------|
|      | Net Income/(Loss) before taxes                      | 8,49,09,938        | 14,12,22,430       |
|      | Enacted tax rate                                    | 33.063%            | 33.063%            |
|      | Computed tax (Income)/Expense                       | 2,80,73,773        | 4,66,92,372        |
|      | <b>Increase/(reduction) in taxes on account of:</b> |                    |                    |
| 1    | Previous year tax adjustments                       | -                  | 13,47,051          |
| 2    | Other non-deductible expenses                       | 42,335             | 7,41,260           |
| 3    | Income not taxable/ exempt from tax                 | -19,39,372         | -11,41,430         |
| 4    | Taxes of which no deduction is admissible           | 2,77,965           | -                  |
|      | <b>Income tax Expense/(Income) reported</b>         | <b>2,64,54,701</b> | <b>4,76,39,253</b> |



# IUP Jindal Metals & Alloys Limited

## 37. Deferred income tax

The analysis of deferred tax expenses/ (income) is as follows:

| Particulars                                      | (Amount in ₹)                |                              |
|--|------------------------------|------------------------------|
|  | Year ended<br>March 31, 2016 | Year ended<br>March 31, 2015 |
| Book base and tax base of Fixed Assets           | (21,06,791)                  | 4,26,873                     |
| (Disallowance)/ Allowance (net) under Income Tax | 8,63,230                     | 2,42,78,193                  |
| Brought forward losses set off                   | 2,74,20,297                  | 2,15,87,136                  |
| <b>Total</b>                                     | <b>2,61,76,736</b>           | <b>4,62,92,202</b>           |

| Particulars                                       | (Amount in ₹)                |                              |
|---|------------------------------|------------------------------|
|   | Year ended<br>March 31, 2016 | Year ended<br>March 31, 2015 |
| <b>Component of OCI</b>                           |                              |                              |
| Deferred tax Gain/ (Loss) on defined benefit plan | 57,137                       | (6,08,596)                   |
| <b>Total</b>                                      | <b>57,137</b>                | <b>(6,08,596)</b>            |

## 38. Retirement benefit obligations

### 1. Expense recognised for Defined Contribution plan

| Particulars                                   | (Amount in ₹)                        |                                      |
|---|--------------------------------------|--------------------------------------|
|   | For the year ended<br>March 31, 2016 | For the year ended<br>March 31, 2015 |
| Company's contribution to provident fund      | 4,387,653                            | 3,945,383                            |
| Company's contribution to ESI                 | 605,656                              | 685,431                              |
| Company's contribution to superannuation fund | -                                    | -                                    |
| <b>Total</b>                                  | <b>4,993,309</b>                     | <b>4,630,814</b>                     |

Below tables sets forth the changes in the projected benefit obligation and plan assets and amounts recognised in Balance Sheet as of March 31, 2016 and March 31, 2015, being the respective measurement dates:

### 2. Movement in obligation

#### a.) Gratuity

| Particulars  | (Amount in ₹)                         |                                       |
|--|---------------------------------------|---------------------------------------|
|  | Gratuity (funded) as<br>on 31.03.2016 | Gratuity (funded) as on<br>31.03.2015 |
| Present value of the obligation at the beginning of the year | 12,288,798                            | 12,294,681                            |
| Interest cost  | 983,104                               | 983,574                               |
| Current service cost   | 1,429,148                             | 1,260,476                             |
| Benefits paid  | (187,380)                             | (421,374)                             |
| Acquisitions / Transfer in/ Transfer out                     | -                                     | -                                     |
| Remeasurements - actuarial loss/ (gain)                      | 123,801                               | (1,828,559)                           |
| Present value of the obligation at the end of the year       | 14,637,471                            | 12,288,798                            |

#### b.) Leave Encashment (Compensated Absence)

| Particulars  | Leave Encashment (unfunded) as on |             |
|--|-----------------------------------|-------------|
|  | 31.03.2016                        | 31.03.2015  |
| Present value of the obligation at the beginning of the year | 4,278,145                         | 5,674,907   |
| Interest cost  | 342,252                           | 453,993     |
| Current service cost   | 755,157                           | 728,437     |
| Benefits paid  | (1,466,928)                       | (899,596)   |
| Acquisitions / Transfer in/ Transfer out                     | -                                 | -           |
| Remeasurements - actuarial loss/ (gain)                      | 1,057,903                         | (1,679,596) |
| Present value of the obligation at the end of the year       | 4,966,529                         | 4,278,145   |



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## 3. Movement in Plan Assets – Gratuity

| Particulars                                    | ( Amount in ₹ )                      |                                      |
|--|--------------------------------------|--------------------------------------|
|  | For the year ended<br>March 31, 2016 | For the year ended<br>March 31, 2015 |
| Fair value of plan assets at beginning of year | 13,645,257                           | 11,021,069                           |
| Expected return on plan assets                 | 1,210,535                            | 986,653                              |
| Employer contributions                         | 1,998,715                            | 2,046,753                            |
| Benefits paid                                  | (187,380)                            | (421,374)                            |
| Amount received on redemption of plan assets   | -                                    | -                                    |
| Acquisitions / Transfer in/ Transfer out       | -                                    | -                                    |
| Actuarial gain / (loss)                        | (49,011)                             | 12,156                               |
| Fair value of plan assets at end of year       | 16,618,116                           | 13,645,257                           |
| Present value of obligation                    | 14,637,471                           | 12,288,798                           |
| Net funded status of plan Assets / (Liab)      | 1,980,645                            | 1,356,459                            |
| Actual return on plan assets                   | 1,161,524                            | 998,809                              |

The components of the gratuity & leave encashment cost are as follows:

## 4. Recognised in profit and loss

### a.) Gratuity

| Particulars                           | ( Amount in ₹ )                          |  |
|---------------------------------------|--|--|
|                                       | For the year ended<br>on 31st March 2016 | For the year ended<br>on 31st March 2015 |
| Current Service cost                  | 1,429,148                                | 1,260,476                                |
| Interest cost                         | 983,104                                  | 983,574                                  |
| Expected return on plan assets        | (1,210,535)                              | (986,653)                                |
| Remeasurement - Actuarial loss/(gain) | -  | -  |
| Past service cost                     | -  | -  |
| Expenses recognised in P&L/A/c        | 1,201,717                                | 1,257,397                                |
| Actual return on plan assets          | 1,161,524                                | 998,809                                  |

### b.) Leave Encashment (Compensated Absence)

| Particulars                           | ( Amount in ₹ )                          |  |
|---------------------------------------|--|--|
|                                       | For the year ended<br>on 31st March 2016 | For the year ended<br>on 31st March 2015 |
| Current Service cost                  | 755,157                                  | 728,437                                  |
| Interest cost                         | 342,252                                  | 453,993                                  |
| Expected return on plan assets        | -  | -  |
| Remeasurement - Actuarial loss/(gain) | 1,057,903                                | (1,679,596)                              |
| Past service cost                     | -  | -  |
| Expenses recognised in P&L/A/c        | 2,155,312                                | (497,166)                                |

## 5. Recognised in other comprehensive income

| Gratuity                              | ( Amount in ₹ )                          |  |
|---------------------------------------|--|--|
|                                       | For the year ended<br>on 31st March 2016 | For the year ended<br>on 31st March 2015 |
| Remeasurement - Actuarial loss/(gain) | 172,812                                  | (1,840,715)                              |

6. The principal actuarial assumptions used for estimating the Company's defined benefit obligations are set out below:

| Weighted average actuarial assumptions                        | As of                                    | As of                                    |
|---|--|--|
|   | 31st March, 2016                         | 31st March, 2015                         |
| Attrition rate  | 3.93%                                    | 5.00%                                    |
| Discount Rate   | 8.00%                                    | 8.00%                                    |
| Expected Rate of Increase in Compensation levels              | 6.00%                                    | 6.00%                                    |
| Expected Rate of Return on Plan Assets                        | 8.00%                                    | 8.00%                                    |
| Mortality rate  | IALM 2006-08 Ultimate<br>Mortality Table | IALM 2006-08 Ultimate<br>Mortality Table |
| Expected Average remaining working lives of employees (years) | 18.1                                     | 18.9                                     |



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The assumption of future salary increase takes into account the inflation, seniority, promotion and other relevant factors such as supply and demand in employment market. Same assumptions were considered for comparative period i.e. 2014-15 as considered in previous GAAP on transition to IND AS.

## 7. Sensitivity analysis:

### a.) Gratuity

( Amount in ₹ )

| Particulars        | Change in Assumption | Effect for the year 31st March, 2016 | Effect for the year 31st March, 2015 |
|--------------------|----------------------|--------------------------------------|--------------------------------------|
| Discount rate      | +1%                  | 13,575,574                           | 11,445,068                           |
|                    | -1%                  | 15,858,176                           | 13,251,664                           |
| Salary Growth rate | +1%                  | 15,870,300                           | 13,261,446                           |
|                    | -1%                  | 13,547,155                           | 11,422,599                           |
| Withdrawal Rate    | +1%                  | 14,792,783                           | 12,396,749                           |
|                    | -1%                  | 14,461,531                           | 12,166,208                           |

### b.) Leave Encashment (Compensated Absence)

| Particulars        | Change in Assumption | Effect for the year 31st March, 2016 | Effect for the year 31st March, 2015 |
|--------------------|----------------------|--------------------------------------|--------------------------------------|
| Discount rate      | +1%                  | 4,568,380                            | 3,954,710                            |
|                    | -1%                  | 5,429,627                            | 4,650,605                            |
| Salary Growth rate | +1%                  | 5,434,298                            | 4,654,337                            |
|                    | -1%                  | 4,557,763                            | 3,946,134                            |
| Withdrawal Rate    | +1%                  | 5,035,579                            | 4,330,171                            |

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (projected unit credit method) has been applied as when calculating the defined benefit obligation recognised within the Balance Sheet.

## 8. History of experience adjustments is as follows:

( Amount in ₹ )

| Particulars                              | Gratuity  | Leave Encashment |
|--|-----------|------------------|
| <b>For the year ended March 31, 2016</b> |           |                  |
| Plan Liabilities - (loss)/gain           | (270,742) | (1,118,787)      |
| Plan Assets - (loss)/gain                | (49,011)  | -                |
| <b>For the year ended March 31, 2015</b> |           |                  |
| Plan Liabilities - (loss)/gain           | -         | 782,135          |
| Plan Assets - (loss)/gain                | 12,156    | -                |

Estimate of expected benefit payments (In absolute terms i.e. undiscounted)

| Particulars                | Gratuity   |
|----------------------------|------------|
| 01 Apr 2016 to 31 Mar 2017 | 1,093,900  |
| 01 Apr 2017 to 31 Mar 2018 | 2,366,844  |
| 01 Apr 2018 to 31 Mar 2019 | 1,909,643  |
| 01 Apr 2019 to 31 Mar 2020 | 1,297,674  |
| 01 Apr 2020 to 31 Mar 2021 | 656,772    |
| 01 Apr 2021 Onwards        | 10,001,230 |

## 9. Statement of Employee benefit provision

( Amount in ₹ )

| Particulars             | For the year ended March 31, 2016 | For the year ended March 31, 2015 |
|-------------------------|-----------------------------------|-----------------------------------|
| Gratuity*               | -                                 | -                                 |
| Compensated absences    | 4,966,529                         | 4,278,145                         |
| Other employee benefits | -                                 | -                                 |
| <b>Total</b>            | <b>4,966,529</b>                  | <b>4,278,145</b>                  |

\* Due to overfunding



# IUP Jindal Metals & Alloys Limited

The following table sets out the funded status of the plan and the amounts recognised in the Company's balance sheet.

## 10. Current and non-current provision for Gratuity and leave encashment

For the year ended March 31, 2016

| Particulars            | Gratuity* | Leave Encashment |
|------------------------|-----------|------------------|
| Current provision      | -         | 311,037          |
| Non current provision  | -         | 4,655,492        |
| <b>Total Provision</b> | -         | <b>4,966,529</b> |

\* Due to overfunding

For the year ended March 31, 2015

| Particulars            | Gratuity* | Leave Encashment |
|------------------------|-----------|------------------|
| Current provision      | -         | 318,061          |
| Non current provision  | -         | 3,960,084        |
| <b>Total Provision</b> | -         | <b>4,278,145</b> |

\* Due to overfunding

## 11. Employee benefit expenses

| Employee benefit expenses       | For the year ended<br>March 31, 2016 | For the year ended<br>March 31, 2015 |
|---------------------------------|--------------------------------------|--------------------------------------|
| Salaries and Wages              | 79,682,559                           | 72,426,239                           |
| Costs-defined benefit plan      | 1,301,907                            | 1,257,397                            |
| Costs-defined contribution plan | 7,148,621                            | 4,133,648                            |
| Welfare expenses                | 5,513,516                            | 5,219,866                            |
| <b>Total</b>                    | <b>93,646,603</b>                    | <b>83,037,150</b>                    |

( Figures in no.)

| Particulars                   | For the year ended<br>March 31, 2016 | For the year ended<br>March 31, 2015 |
|-------------------------------|--------------------------------------|--------------------------------------|
| Average no of people employed | 199                                  | 204                                  |

### OCI presentation of defined benefit plan

-Gratuity is in the nature of defined benefit plan, Re-measurement gains/(losses) on defined benefit plans is shown under OCI as Items that will not be reclassified to profit or loss and also the income tax effect on the same.

-Leave encashment cost is in the nature of short term employee benefits.

### Presentation in Statement of Profit and Loss and Balance Sheet

Expense for service cost, net interest on net defined benefit liability (asset) is charged to Statement of Profit & Loss.

IND AS 19 do not require segregation of provision in current and non-current, however net defined liability ( Assets) is shown as current and non-current provision in balance sheet as per IND AS 1.

Actuarial liability for short term benefits (leave encashment cost) is shown as current and non-current provision in balance sheet.

When there is surplus in defined benefit plan, company is required to measure the net defined benefit asset at the lower of; the surplus in the defined benefit plan and the assets ceiling, determined using the discount rate specified, i.e. market yield at the end of the reporting period on government bonds, this is applicable for domestic companies, foreign company can use corporate bonds rate.

The Company assesses these assumptions with its projected long-term plans of growth and prevalent industry standards. The mortality rates used are as published by one of the leading life insurance companies in India.



# IUP Jindal Metals & Alloys Limited

## 39. Other disclosures

### a) Auditors Remuneration

| Particulars               | (Amount in ₹)                    |                                  |
|---------------------------|----------------------------------|----------------------------------|
|                           | For year ended<br>March 31, 2016 | For year ended<br>March 31, 2015 |
| <b>Statutory Auditors</b> |                                  |                                  |
| a) Audit Fees             | 220,000                          | 198,000                          |
| b) Tax Audit Fees         | 30,000                           | 30,000                           |
| c) Certification / Others | 66,105                           | 74,400                           |
| d) Out of Pocket Expenses | 10,231                           | 5,170                            |
| <b>Total</b>              | <b>326,336</b>                   | <b>307,570</b>                   |
| <b>Cost Auditors</b>      |                                  |                                  |
| a) Audit Fees             | 100,000                          | 90,000                           |
| b) Out of Pocket Expenses | 4,800                            | 3,900                            |
| <b>Total</b>              | <b>104,800</b>                   | <b>93,900</b>                    |

- b) The company has not incurred any expenditure during the year on Corporate Social Responsibility Activities as per Section 135 of the Companies Act, 2013.
- c) The company has not proposed any dividend to its shareholders during the year.
- d) The company has not given any loans, made investments or given any guarantee with respect the parties covered u/s 186(4) of the Companies Act, 2013
- e) The company was not able to lift the contracted quantity of gas from GAIL (India) Ltd as per the contract agreement and therefore, was liable to make up good the shortfall of Gas during the contract period that is within 2025 (with a Grace period of one more year). The actual lift of Gas of the Company is however, below the contracted quantity. As Gas being scarce resource, management has surrendered the shortfall lift to GAIL so as to pay Gas Supply charges on actual lift by the Company. Hence, the Company has provided Gas Supply Charges on actual lift from financial year ended 2013 onwards.

## 40. Contingent liabilities

### i) Guarantees

| Particulars   | (Amount in ₹)           |                         |                        |
|---|-------------------------|-------------------------|------------------------|
|   | As at<br>March 31, 2016 | As at<br>March 31, 2015 | As at<br>April 1, 2014 |
| Guarantees issued by Company's bankers on behalf of the company | -                       | 9,04,321                | 42,79,321              |
| <b>Total</b>  | <b>-</b>                | <b>9,04,321</b>         | <b>42,79,321</b>       |

### ii) Letter of Credit Outstanding

| Particulars                  | (Amount in ₹)           |                         |                        |
|------------------------------|-------------------------|-------------------------|------------------------|
|                              | As at<br>March 31, 2016 | As at<br>March 31, 2015 | As at<br>April 1, 2014 |
| Letter of Credit Outstanding | 2,81,53,558             | 2,12,00,000             | 2,12,00,000            |
| <b>Total</b>                 | <b>2,81,53,558</b>      | <b>2,12,00,000</b>      | <b>2,12,00,000</b>     |

It is not possible to predict the outcome of the pending litigations with accuracy, the Company believes, based on legal opinions received, that it has meritorious defences to the claims. The management believe the pending actions will not require outflow of resources embodying economic benefits and will not have a material adverse effect upon the results of the operations, cash flows or financial condition of the Company.

## 41. Estimated amount of contract remaining to be executed on capital account and not provided for (net of advances)- Nil



# IUP Jindal Metals & Alloys Limited

## 42. Related party transactions

In accordance with the requirements of IND AS 24, on related party disclosures, name of the related party, related party relationship, transactions and outstanding balances including commitments where control exists and with whom transactions have taken place during reported periods, are:

### Related party name and relationship

#### 1. Key Management personnel:

| S. No. | Name              | Designation                 |
|--------|-------------------|-----------------------------|
| 1      | Mr. Jagmohan Syal | President and Business Head |
| 2      | Mr. Manish Sarin  | Whole Time Director         |
| 3      | Mr. Sumit Kumar   | Chief Financial Officer     |
| 4      | Mr. Arun Bhalla   | Company Secretary           |

#### 2. Relatives of key management personnel where transactions have taken place:

| S. No. | Name             | Relationship             |
|--------|------------------|--------------------------|
| 1      | Ms. Sameena Dang | Wife of Mr. Manish Sarin |

#### 3. Enterprises over which KMP or KMP of parent company & their relatives have significant influence:

| S. No. | Name                             |
|--------|----------------------------------|
| 1      | Jindal Stainless (Hisar) Limited |



# IUP Jindal Metals & Alloys Limited

## 4. Related parties:

### i. Parent Company: Jindal Saw Limited

### ii. Fellow Subsidiaries:

| S.No. | Name of the entity in the group                            | Principal place of operation / Country of Incorporation | Principal Activities                 | % Shareholding / Voting Power |                      | Functional currency | Financial |
|-------|--|---|--------------------------------------|-------------------------------|----------------------|---------------------|-----------|
|       |  |   |                                      | As at March 31, 2016          | As at March 31, 2015 |                     |           |
| 1     | Jindal ITF Limited   | India   | Coal Logistics                       | 100%                          | 100%                 | INR                 | 31-Mar-16 |
| 2     | Jindal Rail Infrastructure Limited                         | India   | Rail Wagon Manufacturing             | 100.00%                       | 100.00%              | INR                 | 31-Mar-16 |
| 3     | S.V. Trading Limited                                       | Nevis   | Investment holding                   | 100%                          | 100%                 | GBP                 | 31-Mar-16 |
| 4     | Quality Iron and Steel Limited                             | India   | Investment                           | 51%                           | 51%                  | INR                 | 31-Mar-16 |
| 5     | Ralael Holdings Limited                                    | Cyprus  | Investment holding                   | 100%                          | 100%                 | Euro                | 31-Dec-15 |
| 6     | Jindal Saw Holdings FZE                                    | UAE   | Investment holding                   | 100%                          | 100%                 | AED                 | 31-Mar-16 |
| 7     | Greenray Holdings Limited                                  | UK  | Investment holding                   | 100%                          | 100%                 | GBP                 | 31-Mar-16 |
| 8     | Universal Tube Accessories Private Limited                 | India   | Tool manufacturing                   | 51%                           | 51%                  | INR                 | 31-Mar-16 |
| 9     | Jindal Saw Espana, S.L.                                    | Spain   | Trading of pipes                     | 90%                           | 90%                  | Euro                | 31-Mar-16 |
| 10    | Jindal Tubular (India) Ltd.                                | India   | Steel Pipe manufacturing             | 99.88%                        | 99.88%               | INR                 | 31-Mar-16 |
| 11    | JITF Urban Infrastructure Services Limited                 | India   | Urban Infrastructure development     | 100%                          | 100%                 | INR                 | 31-Mar-16 |
| 12    | JITF Shipyards Limited                                     | India   | Shipyard for barges                  | 100%                          | 100%                 | INR                 | 31-Mar-16 |
| 13    | JITF Infralogistics Limited                                | India   | Urban Infrastructure development     | 100%                          | 100%                 | INR                 | 31-Mar-16 |
| 14    | Jindal Fittings Limited                                    | India   | Ductile Iron pipe fittings           | -                             | 51%                  | INR                 | 31-Mar-16 |
| 15    | Jindal Quality Tubular Limited                             | India   | Steel Pipe manufacturing             | 67%                           | 67%                  | INR                 | 31-Mar-16 |
| 16    | Jindal Intellicom Limited                                  | India   | BPO and Call centre                  | 98.78%                        | 98.78%               | INR                 | 31-Mar-16 |
| 17    | JITF Water Infrastructure Limited                          | India   | Water Infrastructure development     | 100%                          | 100%                 | INR                 | 31-Mar-16 |
| 18    | JITF Waterways Limited                                     | India   | Inland and ocean going shipping      | 100%                          | 100%                 | INR                 | 31-Mar-16 |
| 19    | JITF Urban Infrastructure Limited                          | India   | Urban Infrastructure development     | 100%                          | 100%                 | INR                 | 31-Mar-16 |
| 20    | JITF Coal Logistics Limited                                | India   | Coal Logistics                       | 100%                          | 100%                 | INR                 | 31-Mar-16 |
| 21    | ICOM Analytics Limited ( name changed wef July 29, 2015)   | India   | Call Centre and advisory             | 98.78%                        | 98.78%               | INR                 | 31-Mar-16 |
| 22    | JITF Water Infra (Naya Raipur) Limited                     | India   | Water Infrastructure development     | 100%                          | 100%                 | INR                 | 31-Mar-16 |
| 23    | JITF ESIPL CETP (Sitargan) Limited                         | India   | Urban Infrastructure development     | 51%                           | 51%                  | INR                 | 31-Mar-16 |
| 24    | JITF Industrial Infrastructure Development Company Limited | India   | Urban Infrastructure development     | 100%                          | 100%                 | INR                 | 31-Mar-16 |
| 25    | JITF Urban Waste Management (Ferozepur) Limited            | India   | Urban Infrastructure development     | 90%                           | 90%                  | INR                 | 31-Mar-16 |
| 26    | JITF Urban Waste Management (Jalandhar) Limited            | India   | Urban Infrastructure development     | 90%                           | 90%                  | INR                 | 31-Mar-16 |
| 27    | JITF Urban Waste Management (Bathinda) Limited             | India   | Urban Infrastructure development     | 90%                           | 90%                  | INR                 | 31-Mar-16 |
| 28    | Jindal Urban Waste Management (Visakhapatnam) Limited      | India   | Urban Infrastructure development     | 100%                          | -                    | INR                 | 31-Mar-16 |
| 29    | Jindal Urban Waste Management (Guntur) Limited             | India   | Urban Infrastructure development     | 100%                          | -                    | INR                 | 31-Mar-16 |
| 30    | Jindal Urban Waste Management (Tirupati) Limited           | India   | Urban Infrastructure development     | 100%                          | -                    | INR                 | 31-Mar-16 |
| 31    | Timarpur-Okhla Waste Management Company Private Limited    | India   | Waste to power                       | 100%                          | 100%                 | INR                 | 31-Mar-16 |
| 32    | Jindal Saw Gulf L.L.C.                                     | UAE   | Ductile Iron Pipe and Fittings       | 36.75%                        | 36.75%               | AED                 | 31-Mar-16 |
| 33    | JITF Shipping & Logistics (Singapore) Pte. Limited         | Singapore   | Ocean going shipping                 | 100%                          | 100%                 | SGD                 | 31-Mar-16 |
| 34    | Jindal Tubular U.S.A. LLC                                  | USA   | Steel Pipe manufacturing             | 100%                          | 10000%               | USD                 | 31-Mar-16 |
| 35    | World Transload & Logistics LLC                            | USA   | Investment holding                   | 100%                          | 100%                 | USD                 | 31-Mar-16 |
| 36    | SI01:Boone LLP.  | USA   | Property holding                     | 100%                          | 100%                 | USD                 | 31-Mar-16 |
| 37    | Tube Technologies INC                                      | USA   | Pipes for oil and gas                | 100%                          | 100%                 | USD                 | 31-Mar-16 |
| 38    | Jindal Saw USA, LLC.                                       | USA   | Pipes for oil and gas                | 100%                          | 100%                 | USD                 | 31-Mar-16 |
| 39    | Jindal Saw Italia S.P.A.                                   | Italy   | Ductile Iron Pipe manufacturing      | 100%                          | 100%                 | Euro                | 31-Mar-16 |
| 40    | Jindal Saw Middle East FZC                                 | UAE   | Ductile Iron Pipe and Fittings manuf | 75%                           | 75%                  | AED                 | 31-Mar-16 |
| 41    | Derwent Sand SARL  | Algeria   | Trading of pipes                     | 99.62%                        | 99.62%               | DZD                 | 31-Mar-16 |
| 42    | Helical Anchors INC  | USA   | Helical anchor manufacturing         | 100%                          | 100%                 | USD                 | 31-Mar-16 |
| 43    | Boone Real Property Holding LLC                            | USA   | Property holding                     | 100%                          | 100%                 | USD                 | 31-Mar-16 |
| 44    | Drill Pipe International LLC                               | USA   | Tools and fittings                   | 100%                          | 100%                 | USD                 | 31-Mar-16 |
| 45    | Jindal International FZE                                   | UAE   | Investment holding                   | 100%                          | -                    | AED                 | 31-Mar-16 |

### iii) Joint venture where investment is held by fellow subsidiaries:

| S.No. | Name of the entity in the group | Principal place of operation / Country of Incorporation | Principal Activities | % Shareholding / Voting Power |                      | Functional currency | Date of financial statements |
|-------|---------------------------------|---|----------------------|-------------------------------|----------------------|---------------------|------------------------------|
|       |                                 |   |                      | As at March 31, 2016          | As at March 31, 2015 |                     |                              |
| 1     | JWIL-SSIL (JV)                  | India   | EPC Business         | 60%                           | 60%                  | INR                 | 31-Mar-16                    |
| 2     | SMC-JWIL (JV)                   | India   | EPC Business         | 49%                           | 49%                  | INR                 | 31-Mar-16                    |
| 3     | JWIL-RANHILL (JV)               | India   | EPC Business         | 75%                           | 75%                  | INR                 | 31-Mar-16                    |



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## iv) Joint Operations where investment is held by fellow subsidiaries:

| S.No. | Name of the entity in the group | Principal place of operation / Country of Incorporation | Principal Activities | % Shareholding / Voting Power |                      | Functional currency | Date of financial statements |
|-------|---------------------------------|---|----------------------|-------------------------------|----------------------|---------------------|------------------------------|
|       |                                 |   |                      | As at March 31, 2016          | As at March 31, 2015 |                     |                              |
| 1     | TAPI-JWIL (JV)                  | India   | EPC Business         | 49%                           | 49%                  | INR                 | 31-Mar-16                    |

## v) Associates:

| S.No. | Name of the entity in the group | Principal place of operation / Country of Incorporation | Principal Activities                | % Shareholding / Voting Power |                      | Functional currency | Date of financial statements |
|-------|---------------------------------|---|-------------------------------------|-------------------------------|----------------------|---------------------|------------------------------|
|       |                                 |   |                                     | As at March 31, 2016          | As at March 31, 2015 |                     |                              |
| 1     | Jindal Fittings Limited         | India   | Ductile iron fittings manufacturing | 36%                           | -                    | INR                 | 31-Mar-16                    |

Prior to disposal of 15% shareholding by Parent company in Jindal Fittings Limited, entity was fellow subsidiary of the Company.

## Trust under common control

| S.No. | Name of the entity in the group                          | Principal place of operation / Country | Principal Activities    |
|-------|--|--|-------------------------|
| 1     | IUP Jindal Metals and Alloys Group Gratuity Scheme Trust | India                                  | Employee gratuity trust |

## a.) Related Party Transactions:

| Particulars                                      | (Amount in ₹)  |             |   |           |   |              |
|--|----------------|-------------|---|-----------|---|--------------|
|  | Parent Company |             | Fellow Subsidiaries/ Joint ventures/ Associates/ Others |           | Relatives of KMP and enterprises over which KMP/ KMP of parent company & their relatives have significant influence |              |
|  | 2015-16        | 2014-15     | 2015-16   | 2014-15   | 2015-16   | 2014-15      |
| <b>Repayment of Loan</b>                         |                |             |   |           |   |              |
| Jindal Saw Limited                               | 2650,00,000    | 1000,00,000 | -   | -         | -   | -            |
| <b>Interest expenses</b>                         |                |             |   |           |   |              |
| Jindal Saw Limited                               | 469,60,299     | 614,67,748  | -   | -         | -   | -            |
| <b>Purchase of Material</b>                      |                |             |   |           |   |              |
| Jindal Stainless (Hisar) Limited                 | -              | -           | -   | -         | 9448,64,600   | 11695,83,222 |
| <b>Sale of Material</b>                          |                |             |   |           |   |              |
| Jindal Stainless (Hisar) Limited                 | -              | -           | -   | -         | 435,00,503  | 579,01,601   |
| <b>Income from Job work Charges</b>              |                |             |   |           |   |              |
| Jindal Stainless (Hisar) Limited                 | -              | -           | -   | -         | 683,67,709  | 713,98,897   |
| <b>Contribution towards Gratuity Fund</b>        |                |             |   |           |   |              |
| IUP Jindal Employees Group Gratuity Scheme Trust | -              | -           | 21,35,846   | 20,98,905 | -   | -            |
| <b>Vehicle Hiring Expenses</b>                   |                |             |   |           |   |              |
| Ms. Sameena Dang                                 | -              | -           | -   | -         | 94,220  | -            |



# IUP Jindal Metals & Alloys Limited

## b.) Outstanding Balances:

(Amount in ₹)

| Particulars                      | As at<br>March 31, 2016 | As at<br>March 31, 2015 | As at<br>April 1, 2014 |
|----------------------------------|-------------------------|-------------------------|------------------------|
| <b>Loan Payable</b>              |                         |                         |                        |
| Jindal Saw Limited               | 2660,21,957             | 4887,57,688             | 5334,36,715            |
| <b>Receivables</b>               |                         |                         |                        |
| Jindal Saw Limited               | -                       | -                       | 97,942                 |
| Jindal Stainless (Hisar) Limited | 100,60,451              | 58,04,294               | 89,23,411              |
| <b>Payables</b>                  |                         |                         |                        |
| Jindal Stainless (Hisar) Limited | 163,22,659              | 12,78,503               | 57,80,094              |

## Key Management Personnel (KMP):

(Amount in ₹)

| Particulars   | Year Ended<br>March 31, 2016 | Year Ended March<br>31, 2015 |
|---|------------------------------|------------------------------|
| Short-Term employee benefits *                            | 7,768,921                    | 7,895,330                    |
| Post-Employment benefits<br>- Defined contribution plan\$ | 456,672                      | 387,228                      |
| <b>Total</b>  | <b>8,225,593</b>             | <b>8,282,558</b>             |

\* Including bonus, sitting fee, commission on accrual basis and value of perquisites.

\$ including PF, leave encashment paid and any other benefit.

## 43. Earnings per share

(Amount in ₹)

| Particulars  | Year Ended<br>31.03.2016 | Year Ended<br>31.03.2015 |
|--|--------------------------|--------------------------|
| <b>Basic and Diluted</b>   |                          |                          |
| a) Profit after tax  | 58,455,237               | 93,583,177               |
| b) Calculation of weighted average no of equity shares   |                          |                          |
| Number of Shares at the beginning of the year  | 14,000,000               | 14,000,000               |
| Number of Shares at the end of the year  | 14,000,000               | 14,000,000               |
| c) Date of Allotment of Shares   |                          |                          |
| d) Number of basic/weighted average equity shares<br>outstanding during the year for calculation of<br>basic and diluted earning per share | 14,000,000               | 14,000,000               |
| e) Nominal value of equity share   | 10                       | 10                       |
| f) Basic and Diluted earning per equity share  | 4.18                     | 6.68                     |

The number of shares used in computing basic EPS is the weighted average number of shares outstanding during the year.

The diluted EPS is calculated on the same basis as Basic EPS, after adjusting for the effects of potential dilutive equity.



# IUP Jindal Metals & Alloys Limited

## 44. Transition to IND AS

### a.) Basis of preparation

For all period up to and including the year ended March 31, 2015, the Company has prepared its financial statements in accordance with generally accepted accounting principles in India (Indian GAAP). These financial statements for the year ended March 31, 2016, are the Company's first annual IND AS financial statements and have been prepared in accordance with IND AS.

Accordingly, the Company has prepared financial statements which comply with IND AS applicable for periods beginning on or after April 1, 2014, as described in the accounting policies. In preparing these financial statements, the Company's opening Balance Sheet was prepared as of April 1, 2014, the Company's date of transition to IND AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP Balance Sheet as of April 1, 2014 and its previously published Indian GAAP financial statements for the year ended March 31, 2015.

### b.) Exemptions Applied

IND AS 101 First-time adoption of Indian Accounting Standards allows first time adopters certain exemptions from the retrospective application of certain IND AS, effective for April 1, 2014 opening balance sheet.

#### Following exemptions availed from other IND AS as per Appendix D of IND AS 101.

1. Deemed cost for Property, Plant and Equipment (PPE) – The Company has elected to measure items of PPE at the date of transition to IND AS at their fair value. Company has used the fair value of assets, which is considered as deemed cost on transition. The impact on fair valuation of Property, Plant and Equipment on transition from previous GAAP is ₹ 32,66,13,095 and the deemed cost considered on transition is ₹ 83,89,65,889.

Life and salvage value of assets has been revisited on transition date and revised estimated life less life expired on date of transition has been considered as revised life for all assets. The impact of change in life and salvage value is provided in Note no 5.

2. The Company has decided to disclose prospectively from the date of transition the following as required by IND AS 19
  - i. The present value of the defined benefit obligation, the fair value of the plan assets and the surplus or deficit in the plan, and
  - ii. The experience adjustments arising on:
    - a) The plan liabilities expressed as either an amount or a percentage of the plan liabilities at the end of the reporting period; and
    - b) The plan assets expressed as either an amount or a percentage of the plan assets at the end of the reporting period.

Under previous GAAP the Company was considering leave encashment as defined benefit plan as there was not difference in previous GAAP for accounting of experience adjustments and impact of change in actuarial assumption. On transition to IND AS, the Company has considered leave encashment as short term benefit and consequently experience adjustments and impact of change in actuarial assumption is accounted in P&L.

3. Fair value of financial assets and liabilities  
The Company has financial receivables and payables that are non-derivative financial instruments. Under previous GAAP, these were carried at transactions cost less allowances for impairment, if any. Under IND AS, these are financial assets and liabilities are initially recognised at fair value and subsequently measured at amortised cost, less allowance for impairment, if any. For transactions entered into on or after the date of transition to IND AS, the requirement of initial recognition at fair value is applied prospectively.
4. Current Investment  
Current Investment was previously carried at cost. Under Ind AS, current investment is carried at fair value through Statement of Profit and Loss.
5. Deferred Tax  
The Company has accounted for deferred tax on the various adjustments between Indian GAAP and IND AS at the tax rate at which they are expected to be reversed.



# IUP Jindal Metals & Alloys Limited

6. Re-measurement of defined benefit plan i.e. gratuity is accounted for in Other Comprehensive Income (OCI).

## c.) Impact of transition to IND AS

The following is a summary of the effects of the differences between IND AS and Indian GAAP on the Company's total equity shareholders' funds and profit and loss for the financial period for the periods previously reported under Indian GAAP following the date of transition to IND AS.

### Reconciliation of Balance sheet as at April 1, 2014

| (Amount in ₹)                             |                        |                         |                    |                        |
|---|------------------------|-------------------------|--------------------|------------------------|
| Particulars                               | Reference              | As per IGAAP            | Adjustments        | As per IND AS          |
|   |                        | As at<br>March 31, 2014 |                    | As at<br>April 1, 2014 |
| <b>ASSETS</b>                             |                        |                         |                    |                        |
| <b>I Non-Current Assets</b>               |                        |                         |                    |                        |
| (a) Property, Plant and Equipment         | b.(1)                  | 512,352,794             | 326,613,095        | 838,965,889            |
| (b) Capital Work-in-Progress              |                        | 40,361                  | -                  | 40,361                 |
| (c) Other Intangible Assets               | b.(1)                  | 556,622                 | 255,913            | 812,535                |
| (d) Financial Assets                      |                        |                         |                    |                        |
| Others                                    |                        | 1,195,600               | -                  | 1,195,600              |
| (e) Deferred Tax Assets (Net)             | b.(5)                  | 92,591,157              | (68,300,039)       | 24,291,118             |
| <b>II Current Assets</b>                  |                        |                         |                    |                        |
| (a) Inventories                           |                        | 121,116,594             | -                  | 121,116,594            |
| (b) Financial Assets                      |                        |                         |                    |                        |
| (i) Investments                           | b.(4)                  | 3,471,742               | 115,438            | 3,587,180              |
| (ii) Trade Receivables                    |                        | 262,829,106             | -                  | 262,829,106            |
| (iii) Cash and Cash Equivalents           |                        | 73,044                  | -                  | 73,044                 |
| (iv) Bank Balances other than (iii) above |                        | 10,103,605              | -                  | 10,103,605             |
| (v) Others                                |                        | 12,812,367              | -                  | 12,812,367             |
| (c) Current Tax Assets (Net)              |                        | 6,089,637               | -                  | 6,089,637              |
| (d) Other Current Assets                  |                        | 71,250,949              | -                  | 71,250,949             |
| <b>Total Assets</b>                       |                        | <b>1,094,483,578</b>    | <b>258,684,407</b> | <b>1,353,167,985</b>   |
| <b>EQUITY AND LIABILITIES</b>             |                        |                         |                    |                        |
| <b>Equity</b>                             |                        |                         |                    |                        |
| (a) Equity Share Capital                  |                        | 140,000,000             | -                  | 140,000,000            |
| (b) Other Equity                          | b.(1), b.(4),<br>b.(5) | 265,053,932             | 258,684,407        | 523,738,339            |
| <b>Liabilities</b>                        |                        |                         |                    |                        |
| <b>I Non-current liabilities</b>          |                        |                         |                    |                        |
| (a) Financial Liabilities                 |                        |                         |                    |                        |
| (i) Borrowings                            |                        | 533,483,931             | -                  | 533,483,931            |
| (ii) Other Financial Liabilities          |                        | 70,193,013              | -                  | 70,193,013             |
| (b) Provisions                            |                        | 6,053,831               | -                  | 6,053,831              |
| <b>II Current liabilities</b>             |                        |                         |                    |                        |
| (a) Financial Liabilities                 |                        |                         |                    |                        |
| (i) Borrowings                            |                        | 2,329,104               | -                  | 2,329,104              |
| (ii) Trade Payables                       |                        | 49,917,380              | -                  | 49,917,380             |
| (iii) Other Financial Liabilities         |                        | 10,059,118              | -                  | 10,059,118             |
| (b) Other Current Liabilities             |                        | 16,428,582              | -                  | 16,428,582             |
| (c) Provisions                            |                        | 964,687                 | -                  | 964,687                |
| <b>Total Equity and Liabilities</b>       |                        | <b>1,094,483,578</b>    | <b>258,684,407</b> | <b>1,353,167,985</b>   |



# IUP Jindal Metals & Alloys Limited

## Reconciliation of other equity as at April 1, 2014

(Amount in ₹)

| Particulars   | Retained Earnings | Securities Premium | Total         |
|---|-------------------|--------------------|---------------|
| a.) As on April 1, 2014 (as per IGAAP)  | (20,09,46,068)    | 46,60,00,000       | 26,50,53,932  |
| b.) Adjustments:  |                   |                    |               |
| Add: Fair valuation of Property, plant and equipment                          | 32,68,69,008      | -                  | 32,68,69,008  |
| Add: Fair valuation of Current investments                                    | 1,15,438          | -                  | 1,15,438      |
| Less: Deferred Tax liability recorded on fair valuation of fixed assets       | (6,82,62,585)     | -                  | (6,82,62,585) |
| Less: Deferred Tax liability recorded on fair valuation of Current Investment | (37,454)          | -                  | (37,454)      |
| Total IND AS Adjustments (b):   | 25,86,84,407      | -                  | 25,86,84,407  |
| c.) As on April 1, 2014 as per Ind AS= (a) + (b)                              | 5,77,38,339       | 46,60,00,000       | 52,37,38,339  |

## Principal differences between IND AS and Indian GAAP

### d.) Measurement and recognition difference for year ended March 31, 2015

#### 1. Property, plant and Machinery

##### Asset carried at Deemed cost in IND AS

On transition to IND AS PPE was fair valued with life being the balance revised remaining life of each assets. During 2014-15, loss for sale/discard of assets has been reduced by ₹ 7,70,755 due to fair valuation of the assets. Also refer Note 5.

#### 2. Financial instruments

##### i. Fair valuation of financial assets and liabilities

Under Indian GAAP, receivables and payables were measured at transaction cost less allowances for impairment, if any. Under IND AS, these financial assets and liabilities are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment, if any. The resulting finance charge or income is included in finance expense or finance income in the Statement of Profit and Loss for financial liabilities and financial assets respectively.

##### ii. Investments others than investment in subsidiary, joint arrangement and associates.

Under Indian GAAP current investments other than investment in subsidiary, joint arrangement and associates are measured at the lower of cost or market price and non-current investments other than investment in subsidiary, joint arrangement and associates are measured at cost less any permanent diminution in value of investment. Difference between the cost and market price is recognised in profit and loss.

Under IND AS investments are designated as fair value through other comprehensive income (FVOCI), fair value through profit and loss (FVTPL) and carried at amortised cost. For investment designated as FVOCI, difference between the fair value and carrying value is recognised in OCI. For investment designated as FVTPL, difference between the fair value and carrying value is recognised in profit and loss. For investment designated as amortised cost, accrual of interest is recognised in profit and loss with which value of investment will be equal to maturity date contractual cash flows which includes solely payments of interest and principal.

#### 3. Deferred Tax

The Company has accounted for deferred tax on the various adjustments between Indian GAAP and IND AS at the tax rate at which they are expected to be reversed.



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4. MAT entitlement credit being of the nature of deferred tax, on transition to IND AS MAT credit entitlement of ₹ 1,13,39,751 as on March 31, 2015 has been regrouped under Deferred tax assets from Long term Loans & Advances.
5. The impact of change in actuarial assumption and experience adjustments for defined benefit obligation towards gratuity liability is accounted in the Statement of Other Comprehensive Income and corresponding tax impact on the same. Accordingly re-measurement gain of ₹ 18,40,715 and tax impact thereon of ₹ 6,08,596 is shown in OCI and reversal in Statement of Profit and loss.
6. Statement of Cash Flows

The impact of transition from Indian GAAP to IND AS on the Statement of Cash Flows is due to various reclassification adjustments recorded under IND AS in Balance Sheet, Statement of Profit & Loss and difference in the definition of cash and cash equivalents and these two GAAP's.



# IUP Jindal Metals & Alloys Limited

## Reconciliation of Balance sheet as at March 31, 2015

(Amount in ₹)

| Particulars                         | Reference              | As per IGAAP            | Adjustments        | As per IND AS           |
|-------------------------------------|------------------------|-------------------------|--------------------|-------------------------|
|                                     |                        | As At<br>March 31, 2015 |                    | As At<br>March 31, 2015 |
| <b>ASSETS</b>                       |                        |                         |                    |                         |
| <b>I Non-current assets</b>         |                        |                         |                    |                         |
| (a) Property, Plant and Equipment   | d.(1)                  | 450,678,386             | 355,434,137        | 806,112,523             |
| (b) Capital Work-in-Progress        |                        | 5,620,361               | -                  | 5,620,361               |
| (c) Other Intangible Assets         | d.(1)                  | 582,697                 | 246,782            | 829,479                 |
| (d) Financial Assets                |                        |                         |                    |                         |
| Others                              |                        | 1,195,600               | -                  | 1,195,600               |
| (e) Deferred Tax Assets (Net)       | d.(3)                  | 55,759,750              | (55,759,750)       | -                       |
| (f) Other Non-Current Assets        | d.(4)                  | 11,339,750              | (11,339,750)       | -                       |
| <b>II Current assets</b>            |                        |                         |                    |                         |
| (a) Inventories                     |                        | 169,393,819             | -                  | 169,393,819             |
| (b) Financial Assets                |                        |                         |                    |                         |
| (i) Investments                     | d.(2)                  | 3,471,742               | 435,749            | 3,907,491               |
| (ii) Trade Receivables              |                        | 246,219,055             | -                  | 246,219,055             |
| (iii) Cash and Cash Equivalents     |                        | 15,798,106              | -                  | 15,798,106              |
| (iv) Other Bank Balances            |                        | 5,496,860               | -                  | 5,496,860               |
| (v) Others                          |                        | 354,160                 | -                  | 354,160                 |
| (c) Current Tax Assets (Net)        |                        | 5,073,252               | -                  | 5,073,252               |
| (d) Other Current Assets            |                        | 79,715,049              | -                  | 79,715,049              |
| <b>Total Assets</b>                 |                        | <b>1,050,698,587</b>    | <b>289,017,168</b> | <b>1,339,715,755</b>    |
| <b>EQUITY AND LIABILITIES</b>       |                        |                         |                    |                         |
| <b>Equity</b>                       |                        |                         |                    |                         |
| (a) Equity Share capital            |                        | 140,000,000             | -                  | 140,000,000             |
| (b) Other Equity                    | d.(1), d.(2),<br>d.(3) | 340,806,394             | 277,747,241        | 618,553,635             |
| <b>Liabilities</b>                  |                        |                         |                    |                         |
| <b>I Non-Current Liabilities</b>    |                        |                         |                    |                         |
| (a) Financial Liabilities           |                        |                         |                    |                         |
| (i) Borrowings                      |                        | 488,757,688             | -                  | 488,757,688             |
| (b) Provisions                      |                        | 3,960,084               | -                  | 3,960,084               |
| (c) Deferred Tax Liabilities (Net)  | d.(3)                  | -                       | 11,269,927         | 11,269,927              |
| <b>II Current Liabilities</b>       |                        |                         |                    |                         |
| (a) Financial Liabilities           |                        |                         |                    |                         |
| (i) Trade Payables                  |                        | 44,807,359              | -                  | 44,807,359              |
| (ii) Other Financial Liabilities    |                        | 12,647,148              | -                  | 12,647,148              |
| (b) Other Current Liabilities       |                        | 19,401,853              | -                  | 19,401,853              |
| (c) Provisions                      |                        | 318,061                 | -                  | 318,061                 |
| <b>Total Equity and Liabilities</b> |                        | <b>1,050,698,587</b>    | <b>289,017,168</b> | <b>1,339,715,755</b>    |



# IUP Jindal Metals & Alloys Limited

## Reconciliation of other equity as on March 31, 2015

(Amount in ₹)

| Particulars   | Retained Earnings | Securities Premium | Other Comprehensive Income | Total       |
|---|-------------------|--------------------|----------------------------|-------------|
| a.) As on March 31, 2015 ( as per IGAAP)  | (1251,93,606)     | 4660,00,000        | -                          | 3408,06,394 |
| b.) Adjustments:  |                   |                    |                            |             |
| Add: Change in Other Equity on transition as on 1.4.14  | 2586,84,407       | -                  | -                          | 2586,84,407 |
| Add: Depreciation as per Schedule II where useful life of asset is Nil (Net of Deferred tax assets) | 7,11,414          | -                  | -                          | 7,11,414    |
| Add: Previous year taxation Adjustments   | 13,47,051         | -                  | -                          | 13,47,051   |
| Less: Deprecation written back under IGAAP  | (6,23,817)        | -                  | -                          | (6,23,817)  |
| Add: Change in Profit for FY 2014-15  | 163,96,067        | -                  | 12,32,119                  | 176,28,186  |
| Total Adjustments (b):  | 2765,15,122       | -                  | 12,32,119                  | 2777,47,241 |
| c.) As on April 1, 2015 as per Ind AS= (a) + (b)  | 1513,21,516       | 4660,00,000        | 12,32,119                  | 6185,53,635 |

## Reconciliation of Statement of Profit and Loss for the year ended March 31, 2015

(Amount in ₹)

| Particulars   | Reference | As per IGAAP                | Adjustments  | As per IND AS               |
|---|-----------|-----------------------------|--------------|-----------------------------|
|   |           | Year Ended 31st March, 2015 |              | Year Ended 31st March, 2015 |
| I Gross Revenue from Operations   |           | 1,745,188,643               | -            | 1,745,188,643               |
| Less: Excise Duty   |           | 180,487,308                 | -            | 180,487,308                 |
| Net Revenue from Operations   |           | 1,564,701,335               | -            | 1,564,701,335               |
| II Other Income   | d.(2)     | 77,736,474                  | 320,310      | 78,056,784                  |
| III Total Income (I+II)   |           | 1,642,437,809               | 320,310      | 1,642,758,119               |
| IV EXPENSES   |           |                             |              |                             |
| Cost of Materials Consumed  |           | 1,166,562,394               | -            | 1,166,562,394               |
| Changes in Inventories of finished goods, Stock-in-Trade and work-in-progress |           | (33,359,926)                | -            | (33,359,926)                |
| Employee Benefits Expense   | d.(5)     | 81,196,435                  | 1,840,715    | 83,037,150                  |
| Finance Costs   |           | 69,250,331                  | -            | 69,250,331                  |
| Depreciation and Amortization Expense   | d.(1)     | 71,328,136                  | (27,611,886) | 43,716,250                  |
| Other Expenses  | d.(1)     | 173,100,248                 | (770,755)    | 172,329,493                 |
| Total Expenses (IV)   |           | 1,528,077,618               | (26,541,925) | 1,501,535,692               |
| V Profit/(loss) before exceptional items and tax (III-IV)                     |           | 114,360,191                 | 26,862,235   | 141,222,427                 |
| VI Exceptional Items  |           | -                           | -            | -                           |
| VII Profit/(loss) before tax (V-VI)   |           | 114,360,191                 | 26,862,235   | 141,222,427                 |
| VIII Tax expense:   |           |                             |              |                             |
| (1) Current tax (Including prior years taxation adjustments)                  |           | -                           | 12,686,802   | 12,686,802                  |
| (2) Deferred tax  |           | 37,173,081                  | 9,119,119    | 46,292,200                  |
| (3) MAT Credit entitlement (Including MAT entitlement of previous years)      |           | -                           | (11,339,751) | (11,339,751)                |
| IX Profit (Loss) for the period from continuing operations (VII-VIII)         |           | 77,187,110                  | 16,396,065   | 93,583,176                  |
| X Profit/(loss) from discontinued operations                                  |           | -                           | -            | -                           |
| XI Tax expense of discontinued operations                                     |           | -                           | -            | -                           |
| XII Profit/(loss) from Discontinued operations (after tax) (X-XI)             |           | -                           | -            | -                           |
| IX Profit/(loss) for the year (VII-VIII)                                      |           | 77,187,110                  | 16,396,065   | 93,583,176                  |
| X Other Comprehensive Income  |           |                             |              |                             |
| Items that will not be reclassified to profit or loss                         |           |                             |              |                             |
| (i) Re-measurement gains (losses) on defined benefit plans                    | d.(5)     | -                           | 1,840,715    | 1,840,715                   |
| Income tax effect on above  | d.(5)     | -                           | 608,596      | 608,596                     |
| Total Other Comprehensive Income  |           | -                           | 1,232,119    | 1,232,119                   |
| XI Total Comprehensive Income for the year (IX+X)                             |           | 77,187,110                  | 17,628,184   | 94,815,295                  |



# IUP Jindal Metals & Alloys Limited

Summary of reconciliation of movement in profit and loss on transition to IND AS for year ended March 31, 2015

(Amount in ₹)

|  |                   |
|--|-------------------|
| <b>Net profit as per Indian GAAP</b>   | <b>77,187,110</b> |
| <b>Add/(Less) : Adjustments on account of transition to IND AS</b>   |                   |
| Gain on fair valuation of Mutual Fund  | 320,310           |
| Reclassification of actuarial gains and losses on defined benefit plans to Other Comprehensive Income            | (1,840,715)       |
| Change in depreciation due to fair value of fixed assets and change in useful life of assets                     | 27,611,886        |
| Decrease in loss on disposal of fixed assets   | 770,755           |
| Current tax (previous year taxation adjustment)  | (12,686,802)      |
| Deferred tax on accounting effect of IND AS adjustments from profit and loss approach to balance sheet approach. | (9,119,119)       |
| Mat Credit Entitlement (previous year adjustment)  | 11,339,751        |
| <b>(A) Net Profit as per IND AS</b>  | <b>93,583,176</b> |
| <b>(B) Add: Other Comprehensive Income</b>   |                   |
| Actuarial gains and losses (net of deferred tax)   | 1,232,119         |
| <b>Total Comprehensive Income (A+B)</b>  | <b>94,815,295</b> |

45. Previous year figures have been regrouped/ rearranged, wherever considered necessary to conform to current year's classification.

46. Notes 1 to 45 are annexed to and form an integral part of financial statements.

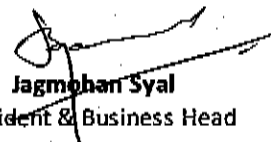
As per our report of even date attached.

**N.C. AGGARWAL & CO.**  
Chartered Accountants  
Firm Registration No. 003273N

**G.K. Aggarwal**  
Partner  
M.No. 086622




  
**Indresh Batra**  
Managing Director  
DIN: 00093471

  
**Jagmohan Syal**  
President & Business Head

  
**Sminu Jindal**  
Director  
DIN: 00005317

  
**Sumit Kumar**  
CFO

  
**Arun Bhalla**  
Company Secretary  
M. No. A27585

Place: New Delhi  
Date: May 26, 2016