

LODHA & CO

Chartered Accountants

Dist-16-17

12, Bhagat Singh Marg, New Delhi - 110 001, India
Telephone : 91 11 23710176 / 23710177 / 23364671 / 2414
Fax : 91 11 23345168 / 23314309
E-mail : delhi@lodhaco.com

To the Board of Directors
Jindal Steel and Power Limited

We have reviewed the accompanying special purpose financial statements of the 'Licensed Business of Distribution and Retail Supply of Electricity', separate division ('the division') of **JINDAL STEEL & POWER LIMITED** ('the Company') comprising Balance Sheet as at 31st March, 2017, Statement of profit & loss for the year then ended 31st March 2017 and a summary of significant accounting policies and other explanatory information ("the financial statements") of the Division. These financial statements have been compiled and extracted by the Company's management from books of account and records maintained by the Company and audited financial statements of the company for the year ended 31st March 2017.

Based on our review conducted as above, read with note no. 2(i) & 14, nothing has come to our attention that causes us to believe that the accompanying financial statements of the division as compiled and extracted by the management from books of accounts and records maintained by Jindal Steel & Power Limited contains any material misstatement.

These financial statements of the division have been prepared for onward submission with Chhattisgarh State Electricity Regulatory Commission.

For LODHA & CO

Chartered Accountants

Firm Registration No.: 301051E

(N. K. LODHA)

Partner

Membership No.: 85155



Place: New Delhi

Date: 30-9-2017

JINDAL STEEL & POWER LIMITED

LICENSED BUSINESS OF DISTRIBUTION AND RETAIL SUPPLY OF ELECTRICITY

Balance Sheet as at 31st March, 2017

Particulars	Note No	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
ASSETS				
(1) Non-current assets				
Property, plant and equipment	3	2,495.81	2,805.17	3,133.57
(2) Current assets				
Financial assets				
(a) Trade receivables	4.1	4,508.19	3,318.55	4,487.13
(b) Bank balance in current account		97.99	42.28	36.31
(c) Other financial assets	4.2	8,653.17	8,653.17	-
Current tax assets	5.1	2.23	0.60	-
Other current assets	5.2	2,000.19	2,000.00	5,817.06
Total Assets		17,757.58	16,819.77	13,474.07
EQUITY AND LIABILITIES				
EQUITY				
Apportioned Equity (including other equity)	6	1,894.59	3,756.48	1,780.24
LIABILITIES				
(1) Non Current Liabilities				
(a) Financial liabilities				
Apportioned Long term borrowings	2(i)(c)	-	-	-
Other financial liabilities	7.1	4,523.85	4,007.31	3,105.00
(b) Provisions	7.2	61.19	35.78	29.40
(2) Current Liabilities				
(a) Financial liabilities				
Short term borrowings (balancing figure)	8	7,790.56	6,528.91	1,757.74
Trade payables		2.20	0.86	1,469.14
Other financial liabilities	9.1	3,443.83	2,453.88	5,253.27
(b) Provisions	9.2	41.37	36.55	79.28
Total		17,757.58	16,819.77	13,474.07

Overview and significant accounting policies

1 & 2

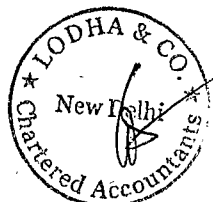
Data & information are compiled by the management. Above data has been extracted from books of accounts and records maintained by Jindal Steel & Power Limited and these financial statements are to be read with Note 2(i) & 14.

The notes referred to above form an integral part of financial statements.

As per our report of even date

For LODHA & CO.
ICAI Firm Registration Number: 301051E
Chartered Accountants

N. K. Lodha
Partner
Membership No 85155



Place: New Delhi
Date: 30.09.2017

For Jindal Steel & Power Ltd

Rajeev Rupendra Bhadauria
Wholetime Director
DIN No. -00376562

Place: New Delhi
Date: 30.09.2017

JINDAL STEEL & POWER LIMITED

LICENSED BUSINESS OF DISTRIBUTION AND RETAIL SUPPLY OF ELECTRICITY

Statement of profit & loss for the year ended 31st March,2017

	Note No	Year ended 31st March,2017	Year ended 31st March,2016
REVENUE			
Revenue from operations* Included Rs 280.98 lakhs (Previous year Rs. 339.88 lakhs) in respect of power sold to other business of JSPL Current Year: 7533.58 lakhs Units (Previous Year 7480.42 lakhs Units) *Revenue of previous year includes Rs 8671 lakhs on account of diff. @0.93 paise per unit not billed due to order of CSERC but accounted on accrual basis for Jan-15 to Mar-16.		25,572.53	27,971.16
Other operating revenue	10	11.33	11.13
Total Revenue		25,583.86	27,982.29
EXPENSES			
Purchase of power	11	24,754.65	23,565.60
Intra state transmission charges	2(i)(e)	199.15	224.63
Operation and maintenance expenses	12.1	198.42	77.71
Employee benefits expenses	12.2	736.64	675.14
Administration and general expenses	12.3	240.33	330.15
Finance costs	13	1,007.21	804.42
Depreciation expense	3	309.35	328.40
Total Expenses		27,445.75	26,006.05
Profit/(loss) before tax		-1,861.89	1,976.24
Tax expense	2(i)(i)	-	-
Loss for the year		-1,861.89	1,976.24

Overview and significant accounting policies

1 & 2

Data & information are compiled by the management. Above data has been extracted from books of accounts and records maintained by Jindal Steel & Power Limited and these financial statements are to be read with Note 2(i) & 14.

The notes referred to above form an integral part of financial statements.

As per our report of even date

For LODHA & CO.

ICAI Firm Registration Number: 301051E

Chartered Accountants

N. K. Lodha

Partner

Membership No 85155

Place: New Delhi

Date: 30.09.2017



For Jindal Steel & Power Ltd

Rajeev Rupendra Bhaduria

Wholetime Director

DIN No. - 00376562

Place: New Delhi

Date: 30.09.2017

JINDAL STEEL & POWER LIMITED

LICENSED BUSINESS OF DISTRIBUTION AND RETAIL SUPPLY OF ELECTRICITY

Notes to the financial statements as at and for the year ended 31st March, 2017

4.1 Trade receivable

	Rs in lakhs		
Particulars	As at 31 st March, 2017	As at 31 st March, 2016	As at 1 st April, 2015
Unsecured			
Exceeding six months	-	-	-
Others			
Considered good	4,508.19	3,318.55	4,487.13
	4,508.19	3,318.55	4,487.13

4.2 Other current financial assets

	Rs in lakhs		
Particulars	As at 31 st March, 2017	As at 31 st March, 2016	As at 1 st April, 2015
Advance to JSPL's other business [Refer note 2(i)(d)]			
Unbilled Revenue	8653.17	8653.17	-
	8,653.17	8,653.17	-

5.1 Current tax assets

	Rs in lakhs		
Particulars	As at 31 st March, 2017	As at 31 st March, 2016	As at 1 st April, 2015
Advance IT & TDS	2.23	0.60	-
	2.23	0.60	-

5.2 Other current assets :

	Rs in lakhs		
Particulars	As at 31 st March, 2017	As at 31 st March, 2016	As at 1 st April, 2015
Balance with Government Authorities	2000.19	2,000.00	5,817.06
	2000.19	2000.00	5817.06

6 Apportioned Equity (including other equity) [Refer note 2(i)(b)]

	Rs in lakhs		
Particulars	As at 31 st March, 2017	As at 31 st March, 2016	As at 1 st April, 2015
Apportioned equity (A)	1,345.48	1,345.48	1,345.48
<i>Reserves & surplus</i>			
Opening Balance	2,411.00	434.76	394.33
Add: Fair Valuation of property, plant & equipment	-	-	2,197.04
Less : Adjustment due to depreciation as per Companies Act 2013	-	-	(221.58)
Add : Profit and (Loss) for the year	-1,861.89	1,976.24	(1,935.03)
Reserves & surplus (B)	549.11	2,411.00	434.76
A + B	1,894.59	3,756.48	1,780.24

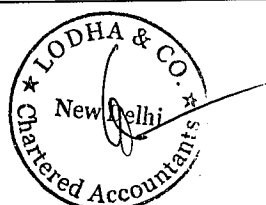
7.1 Other financial liabilities: Non current

Contribution received from consumers towards installation of assets pertaining to the licensed business & security deposits against power bills is recorded under long term liabilities. The details are as under:

	Rs in lakhs		
Particulars	As at 31 st March, 2017	As at 31 st March, 2016	As at 1 st April, 2015
Capital contribution from consumers (Refer Note 3)	-	-	-
Security deposit from consumers	4523.85	4,007.31	3,105.00
	4523.85	4,007.31	3,105.00

7.2 Provisions: Non-current

	Rs in lakhs		
Particulars	As at 31 st March, 2017	As at 31 st March, 2016	As at 1 st April, 2015
Provision for Employee benefits			
Gratuity*	14.78	0.46	3.69



JINDAL STEEL & POWER LIMITED

LICENSED BUSINESS OF DISTRIBUTION AND RETAIL SUPPLY OF ELECTRICITY

Notes to the financial statements as at and for the year ended 31st March, 2017

Other defined benefit plans*	46.41	35.32	25.71
	61.19	35.78	29.40

* Includes cumulative provision recorded in current year.

8 Short term borrowings

Particulars	As at 31 st March, 2017	As at 31 st March, 2016	As at 1 st April, 2015
Advance from JSPL's other business [Refer note 2(i)(d)]	7,790.56	6,528.91	1,757.74
	7790.56	6,528.91	1,757.74

9.1 Other current financial liabilities

Rs in lakhs

Particulars	As at 31 st March, 2017	As at 31 st March, 2016	As at 1 st April, 2015
Statutory dues*	138.89	145.62	3,949.23
Interest accrued but not due	280.15	270.57	232.27
Outstanding liabilities for expenses	2961.10	1,974.10	1,009.24
Others	63.69	63.59	62.53
	3443.83	2453.88	5253.27

*Include Rs Nil , Previous year Nil provision for litigation recorded with corresponding debit to trade receivables in regard to amount paid under protest, adjusted with Balance with Govt. Authorities.

9.2 Provisions: Current

Rs in lakhs

Particulars	As at 31 st March, 2017	As at 31 st March, 2016	As at 1 st April, 2015
Provision for Employee benefits			
Leave Encashment*	41.37	36.55	79.28
	41.37	36.55	79.28

* Includes cumulative provision recorded in current year.

10 Other operating revenue includes :

Rs in lakhs

Particulars	Year ended 31st March, 2017	Year ended 31st March, 2016
Meter rent and other charges recovered	11.33	11.13
	11.33	11.13

11 Purchase of power includes :

Rs in lakhs

Particulars	Year ended 31st March, 2017	Year ended 31st March, 2016
Purchase cost		
Current Year: 7533.58 lakhs units (Previous Year 7480.42 lakhs units)	23767.83	22,600.74
Renewable power obligation expenses	986.82	964.86
	24754.65	23,565.60

12.1 Operation and maintenance expenses includes : [Refer note 2(i)(f)]

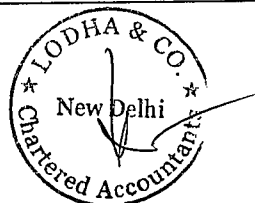
Rs in lakhs

Particulars	Year ended 31st March, 2017	Year ended 31st March, 2016
Stores and Spares Consumed	92.07	46.60
Repairs and Maintenance-Building	6.05	3.15
Repairs and Maintenance-Plant and Machinery	31.92	10.55
General Repairs and Maintenance	68.38	17.41
	198.42	77.71

12.2 Employee benefits expenses includes : [Refer Note 2(i)(g)]

Rs in lakhs

Particulars	Year ended 31st March, 2017	Year ended 31st March, 2016
Salaries and wages	619.45	581.06
Contribution to Provident and other funds	59.54	63.96



JINDAL STEEL & POWER LIMITED

LICENSED BUSINESS OF DISTRIBUTION AND RETAIL SUPPLY OF ELECTRICITY

Notes to the financial statements as at and for the year ended 31st March, 2017

Staff welfare expenses	57.65	30.12
	736.64	675.14

12.3 Administration and general expenses [Refer Note 2(i)(h)]

Particulars	Rs in lakhs	
	Year ended 31st March, 2017	Year ended 31st March, 2016
Legal and professional charges	141.93	160.37
Security expenses	16.76	16.48
Fees and taxes	12.82	14.59
Hire charges	5.82	2.66
Travel and conveyance expenses	11.47	9.29
Corporate office expenses	26.86	61.53
Social Welfare	6.10	22.31
Insurance Premium	0.69	1.25
Others	17.88	41.67
	240.33	330.15

13 Finance costs [Refer Note 2(i)(i)]

Particulars	Rs in lakhs	
	Year ended 31st March, 2017	Year ended 31st March, 2016
Interest on apportioned long term borrowings	3.68	-
Interest on short term borrowings	754.38	445.38
Interest on security deposits	280.24	300.63
Interest on security deposits- Penal Int	0.00	157.42
Less : Delay payment surcharge/ Intt recd fm Customers	-31.09	-99.01
	1007.21	804.42

- 14 (a) These Financial Statements for the year ended 31st March 2017 of licensed business of distribution and retail supply of electricity businesses, as identified and compiled by the management have been prepared for onward submission with Chhattisgarh State Electricity Regulatory Commission. Therefore the compliance required under Ind AS 7, 19 & 24 and certain disclosure required under Schedule III including under Part II of schedule III of Companies Act, 2013 in respect of CIF value of imports, expenditure/ income in foreign currency, value of all imported and indigenous raw materials and stores & spares consumed and also disclosure of contingent liabilities, capital commitments, EPS and MSME etc. have not been made in these financial statements; the disclosure of the same have been made in the financial statements prepared for the Company as whole at the end of the financial year i.e. 31st March 2017.
- (b) These financial statements / financial information have been extracted and compiled by the management based on audited financial statements of the Company (Jindal Steel & Power Limited) for the financial year ended 31st March 2017.
- (c) Certain balances of borrowings, other liabilities (including provisions), trade receivables, loan & advances and other assets are subject to confirmation and/or reconciliation.

- 15 The division has considered fair value of Property plant and equipment (fair value as assessed by independent valuer) i.e. Land, Building and plant & machinery (PPE) in accordance with stipulation of IND AS 101 with resulted impact been given and accounted for in reserves. Accordingly on fair value of assets as cost on transition date (1st April 2015) as per option available in Ind AS and being increase in value (net) in PPE of Rs. 2197.04 Lakhs and useful life (as assessed and estimated by the management and a technical valuer), depreciation reflected in statement of profit & loss of current year is higher by Rs. 225.30 Lakhs for the year ended 31st March 2017 (previous year is higher by Rs. 225.30 lakhs for the year ended 31st March 2016) and to that extent loss is higher.

- 16 Previous year figures have been regrouped whenever necessary to confirm with this year classification

As per our report of even date

For LODHA & CO.
ICAI Firm Registration Number: 301051E
Chartered Accountants

N. K. Lodha
Partner
Membership No 85155

Place: New Delhi
Date: 30.09.2017



For Jindal Steel & Power Ltd

Rajeev Rupendra Bhaduria
Wholetime Director
DIN No. - 00376562

Place: New Delhi
Date: 30.09.2017

3: Property, Plant & Equipment

JINDAL STEEL & POWER LIMITED

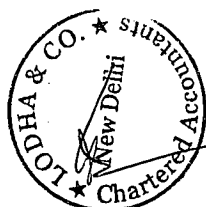
LICENSED BUSINESS OF DISTRIBUTION AND RETAIL SUPPLY OF ELECTRICITY

Notes to the financial statements as at and for the year ended 31st March, 2017

Particulars	Rs in lakhs							
	Leasehold land	Buildings	Plant and Equipment	Computers	Air Conditioner	Furniture and Fixtures	Office Equipment	Vehicles
Gross carrying value (Cost/Deemed cost)								
As at 01st April, 2015	32.27	788.51	2,579.63	0.67	8.14	2.91	1.36	0.47
Additions	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
As at 31st March, 2016	32.27	788.51	2,579.63	0.67	8.14	2.91	1.36	0.47
Additions	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	0.23	0.20	-
As at 31st March, 2017	32.27	788.51	2,579.63	0.67	8.14	2.68	1.16	0.47
Depreciation								
Accumulated Depreciation as at 01st April, 2015	2.47	-	265.34	0.64	7.73	2.58	1.35	0.28
Charge for the year 2015-16	0.36	36.89	290.98	-	-	0.13	-	0.04
Disposals	-	-	-	-	-	-	-	-
As at 31st March, 2016	2.83	36.89	556.32	0.64	7.73	2.71	1.35	0.32
Charge for the year	0.36	36.89	271.99	-	-	0.07	-	0.04
Disposals	-	-	-	-	-	0.22	0.20	-
As at 31st March, 2017	3.19	73.78	828.31	0.64	7.73	2.56	1.15	0.36
Net Carrying Value								
As at 01st April, 2015	29.80	788.51	2,314.29	0.03	0.41	0.33	0.01	0.19
As at 31st March 2016	29.44	751.62	2,023.31	0.03	0.41	0.20	0.01	0.15
As at 31st March 2017	29.08	714.73	1,751.32	0.03	0.41	0.12	0.01	0.11



EQUITY & LOAN DETAILS OF DISTRIBUTION BUSINESS												
Year	Gross Block	CWIP	Consumer Contribution	Revised GB	Equity %	Equity	Debt	Deprn	Revised loan balance	Average Balance	Interest Rates	Interst Amount (Rs)
2003-04	0.06	-	-	0.06	48%	0.03	0.03	0.00	0.03	0.02		
2004-05	866.26	139.44	317.00	688.70	49%	336.79	351.91	19.83	332.10	166.07		
2005-06	165.38	331.69	108.50	388.57	44%	169.69	218.88	41.62	509.36	420.73		
2006-07	977.95	672.96	19.00	1,631.91	47%	771.89	860.02	57.30	1,312.08	910.72		
2007-08	132.30	-	1.00	131.30	51%	66.87	64.43	140.82	1,235.69	1,273.88		
2008-09	1.38	-	1.00	0.38	54%	0.20	0.18	159.67	1,076.19	1,155.94		
2009-10	-	-	17.40	-17.40		-	-17.40	159.71	899.08	987.64		
2010-11	-	-	39.60	-39.60		-	-39.60	159.67	699.81	799.45		
2011-12	-	-	11.00	-11.00		-	-11.00	159.60	529.21	614.51		
2012-13	-	-	-	-		-	-	159.60	369.61	449.41		
2013-14	-	-	-	-		-	-	159.60	210.01	289.81	11.50%	33.33
2014-15	-	-	-	-		-	-	618.95	0.00	105.01	11.50%	12.08
2015-16	641.05			641.05	0%	-	641.05	328.40	641.06	320.53	11.50%	36.86
2016-17								-1,555.96				
	2,784.38	1,144.09	514.50	3,413.54		1,345.05	2,068.49	917.72	641.06			



JINDAL STEEL & POWER LIMITED

LICENSED BUSINESS OF DISTRIBUTION AND RETAIL SUPPLY OF ELECTRICITY

NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH 2017

1. OVERVIEW

Jindal Steel & Power Limited (JSPL) is one of the India's leading steel producers with significant presence in sector like mining and power generation. JSPL was granted a distribution license by the Chhattisgarh State Electricity Regulatory Commission vide order No 1295/CSERC/2005 dated 29.11.2005 for distribution and retail supply of electricity in the area of the Jindal Industrial Park and in the area of villages Tumdih and Punjipathra of Gharghoda tahsil of Raigarh Dist, Chhattisgarh. The licensed business of distribution and retail supply of electricity is one of the several businesses of JSPL. The Honourable Commission had directed JSPL to segregate the accounts in respect of the licensed business from the accounts of JSPL. In compliance to the directives given and relevant provision of the license conditions laid down by the Honourable Commission, JSPL has segregated and ring fenced the accounting of the transactions pertaining to the licensed business activities by creating separate trial balance and books of accounts for the licensed business. The segregation of accounts for the licensed business has been carried out by the licensee after a detailed evaluation of the existing accounting systems, flow of information and documents for the various transactions, applicable regulations, internal control procedures with respect to the identification of transactions and recording thereof, billing & collection information and procedures, requirements of financial management information systems (MIS), and flexibility of ERP package. The financial accounts of the licensed business have been prepared from the transactions recorded as mentioned above so that the revenues, costs, assets, liabilities, reserves and provisions (except tax provision) pertaining to the licensed business are separately identifiable in the Company's books of accounts, from those of other businesses of JSPL.

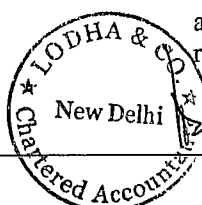
2. SIGNIFICANT ACCOUNTING POLICIES

i) Basis of preparation of Financial Statements

- a. The Company has adopted Indian Accounting Standards (the 'Ind AS') prescribed under section 133 of the Companies Act, 2013 (the 'Act'), read with the Companies (Indian Accounting Standards) Rules, 2015 and the Companies (Indian Accounting Standards) (Amendment) Rules, 2016, with effect from 1st April 2016 with 1st April 2015 as the date of transition. Accordingly the financial statements have been prepared in accordance with the said Ind AS & Rules and other recognized accounting practices & policies to the extent applicable.

For all periods up to and including the year ended 31st March 2016, the Company had prepared its financial statements in accordance with accounting standards as prescribed under Section 133 of the Companies Act, 2013 (the 'Act') read with Rule 7 of the Companies (Accounts) Rules, 2014 (referred to as 'Indian GAAP'). The Company has consistently applied the accounting policies used in the preparation of its opening IND AS Balance Sheet at April 1, 2015 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 preparation of the financial statements in conformity with Indian Accounting Standards (Ind AS) requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures at the date of the financial statements. The judgments, estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period



JINDAL STEEL & POWER LIMITED

LICENSED BUSINESS OF DISTRIBUTION AND RETAIL SUPPLY OF ELECTRICITY

NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH 2017

in which the estimate is revised if the revision effects only that period or in the period of the revision and future periods if the revision affects both current and future years and, if material, their effects are disclosed in the notes to the financial statements. Actual results could vary from these estimates.

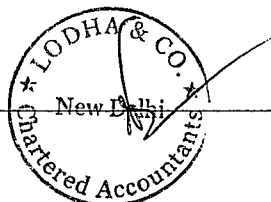
- b. Apportioned Equity: The equity has been apportioned to the licensed business in the same debt equity ratio of JSPL as a whole in the year of capitalisation of the fixed assets.
- c. Apportioned Long Term Borrowings, Other Current Liabilities and Provisions are as estimated by the management.
- d. Short term borrowing/ advance from/to JSPL's other business represent difference between equity and net assets.
- e. Inter State Transmission Charges: The transmission charges have been booked in accordance with the tariff orders issued by the Chhattisgarh State Electricity Regulatory Commission.
- f. Operation and maintenance expenses: Repair and Maintenance expenses (R&M) have been accounted for on actual basis for the licensed business, to the extent it can be identified and allocated on reasonable basis as estimated by the management.
- g. Employee benefits expenses: Due to the integrated nature of the JSPL's business and for optimum utilization of manpower resources, besides the employees totally dedicated to the licensed business, the employees deployed in non-licensed business are also looking after certain affairs of the licensed business. Hence depending on the work performed, the employee benefits expenses have been allocated on reasonable basis as estimated by the management.
- h. Administrative & General expenses have been accounted for on actual basis for the licensed business, to the extent it can be identified and rest has been allocated on reasonable basis as estimated by the management.
- i. Finance Cost: Interest on apportioned long term borrowings has been considered at the rate of 11.50% per annum on the average of long term borrowing outstanding as at the beginning and end of the year. Interest expense on short term borrowing is calculated at the rate of 11.5% per annum applied on average of short term borrowing outstanding as at the beginning and end of the year. Interest expense on security deposit is being booked on accrual/actual computation basis.
- j. Income tax/deferred tax computation is calculated for whole business of the company and is not allocated to power distribution business.
- k. Assets (other than fixed assets) and liabilities to distribution business (including under current and non-current) has been done on reasonable basis as estimated by the management.

ii) Basis of Measurement

These financial statements have been prepared under the historical cost convention on the accrual basis, except for the following assets and liabilities which have been measured fair value:

- Property, Plant & Equipment (at fair value as deemed cost as at 1st April 2015),
- Defined benefit plans- plan assets measured at fair value,

The financial statements are presented in Indian Rupees (Rs.) which is the Company's functional and presentation currency and all amounts are rounded to the nearest Lakh ('00,000) and two decimals thereof, except as otherwise stated.



JINDAL STEEL & POWER LIMITED

LICENSED BUSINESS OF DISTRIBUTION AND RETAIL SUPPLY OF ELECTRICITY

NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH 2017

iii) Fair Value Measurement

Fair value is the price 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 fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non- financial asset takes in to account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy in which they fall.

iv) 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. 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 stated at cost less accumulated depreciation and impairment losses, if any. Costs include costs of acquisitions or constructions including incidental expenses thereto, borrowing costs, and other attributable costs of bringing the asset to its working condition for its intended use and are net of available duty/tax credits.

Subsequent expenditure relating to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance costs are recognised in Statement of Profit & Loss as incurred.

Gains or losses arising from discard/sale of Property, Plant and Equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is discarded / sold.

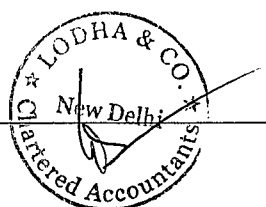
The Company adjusts exchange differences arising on translation/settlement of long-term foreign currency monetary items as referred in Policy for Foreign exchange transactions.

On transition to IND AS, the Company has adopted fair value as deemed cost of property, plant and equipment as at 1st April 2015 under IND AS 101 and revisited and revised useful life of various categories of assets. Subsequent to adoption of fair value as deemed cost of property, plant and equipment as at 1st April 2015 under IND AS 101, property, plant and equipment are measured in accordance with Ind AS 16's requirements for cost model.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively.

v) Depreciation

Depreciation on property, plant and equipment is provided on straight-line method (SLM) as per the useful life of assets, as estimated by the management / independent professional, which is generally in line with Schedule II to the Companies Act, 2013 except for certain assets specified below:



JINDAL STEEL & POWER LIMITED

LICENSED BUSINESS OF DISTRIBUTION AND RETAIL SUPPLY OF ELECTRICITY

NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH 2017

Plant & Machinery- Up to 40 years

Subsequent to fair value as deemed cost of property, plant and equipment as at 1st April 2015 under IND AS 101, depreciation is charged on fair valued amount less estimated salvage value.

Based on management evaluation, depreciation rates currently used fairly reflect its estimate of the useful lives and residual values of property, plant and equipment.

Certain plant and machinery have been considered as continuous process plant on the basis of technical assessment and depreciation on the same is provided for accordingly.

Leasehold land is amortised over the period of lease.

vi) Impairment of Assets

The carrying amount of Property, plant and equipment, Intangible assets and Investment property are reviewed at each Balance Sheet date to assess impairment, if any based on internal / external factors. An asset is treated as impaired when the carrying cost of asset or exceeds its recoverable value being higher of value in use and net selling price. An impairment loss is recognized as an expense in the Statement of Profit & Loss in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting period is reversed, if there has been an improvement in recoverable amount.

vii) Borrowing Cost

Borrowing costs include interest and other costs that the Company incurs in connection with the borrowing of funds.

Borrowing costs related to a qualifying asset that necessarily takes a substantial period of time to get ready for its intended use is worked out on the basis of actual utilization of funds out of project specific loans and/or other borrowings to the extent identifiable with the qualifying asset and is capitalized with the cost of qualifying asset, using the effective interest method. All other borrowing costs are charged to statement of profit and loss.

In case of significant long term loans, other costs incurred in connection with the borrowing of funds are amortized over the period of respective Loan.

viii) Provisions, contingent liabilities, commitments and contingent assets

Provisions are recognized for present obligations of uncertain timing or amount arising as a result of a past event where a reliable estimate can be made and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Where it is not probable that an outflow of resources embodying economic benefits will be required or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability and commitments, unless the probability of outflow of resources embodying economic benefits is remote.

Contingent assets are not recognized but disclosed in the financial statements when an inflow of economic benefits is probable.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

ix) Revenue Recognition



JINDAL STEEL & POWER LIMITED

LICENSED BUSINESS OF DISTRIBUTION AND RETAIL SUPPLY OF ELECTRICITY

NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH 2017

- a) Revenue from sale of power is recognised on transfer of significant risks and rewards of ownership to the buyer i.e. transmission of power.
- b) Meter rent income is recognised on monthly basis based on contractual rates.
- c) Income is recognized on a time proportion basis taking into account the amount outstanding, the applicable interest rate and when there is certainty in regard to collection thereof. Interest has been levied in the monthly electricity bill when the customer fails to pay the outstanding amount on or before the due date.
- x) Other accounting policies are same as of stated in note no. 3 Significant Accounting Policies of company as a whole financial statement for the year ended 31st March 2017.

