IMPORTANT NOTICE

NOT FOR DISTRIBUTION DIRECTLY OR INDIRECTLY IN THE UNITED STATES

IMPORTANT: ***You must read the following before continuing.*** If you are not the intended recipient of this message, please do not distribute or copy the information contained in this e-mail, but instead, delete and destroy all copies of this e-mail including all attachments. The following applies to the offering memorandum following this page (the "**Offering Memorandum**"), and you are therefore advised to read this carefully before reading, accessing or making any other use of the Offering Memorandum. In accessing the Offering Memorandum, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information from us as a result of such access.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION, AND THE SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES, EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

THE FOLLOWING OFFERING MEMORANDUM MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORIZED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS. IF YOU HAVE GAINED ACCESS TO THIS TRANSMISSION CONTRARY TO ANY OF THE FOREGOING RESTRICTIONS, YOU ARE NOT AUTHORIZED AND WILL NOT BE ABLE TO PURCHASE ANY OF THE SECURITIES DESCRIBED HEREIN.

Confirmation of your representation: In order to be eligible to view the following Offering Memorandum or make an investment decision with respect to the securities described herein, investors must be persons outside the United States in offshore transactions in reliance on Regulation S under the Securities Act ("**Regulation S**"). By accepting the e-mail and accessing the following Offering Memorandum, you shall be deemed to have represented to us that (1) you and any customers you represent are not located in the United States and that the electronic mail address that you gave us and to which this e-mail has been delivered is not located in the United States, its territories or possessions or other areas subject to its jurisdiction and (2) you consent to the delivery of such Offering Memorandum and any amendments or supplements thereto by electronic transmission.

You are reminded that the following Offering Memorandum has been delivered to you on the basis that you are a person into whose possession the following Offering Memorandum may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located, and you may not, nor are you authorized to, deliver or disclose the contents of the following Offering Memorandum to any other person. If this is not the case you must return this Offering Memorandum to us immediately.

The materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Joint Lead Managers (as defined below) or any affiliate of the Joint Lead Managers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the Joint Lead Managers or such affiliate on behalf of Periama Holdings, LLC (the "**Issuer**") in such jurisdiction.

The attached document has been made available to you in electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of transmission and consequently none of the Issuer, JSW Steel Limited (the "**Guarantor**") and Deutsche Bank AG, Singapore Branch, Credit Suisse (Hong Kong) Limited and Standard Chartered Bank (together, the "**Joint Lead Managers**") or any of their respective directors, employees, representatives or affiliates accepts any liability or responsibility whatsoever in respect of any discrepancies between the document distributed to you in electronic format and the hard copy version. The Issuer will provide a hard copy version to you upon request.

You are responsible for protecting against viruses and other destructive items. Your use of this e-mail is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

Periama Holdings, LLC

(limited liability company incorporated in Delaware)

U.S.$250,000,000 5.95 per cent. Notes due 2026
guaranteed by

JSW Steel Limited

(originally incorporated with limited liability in the Republic of India under the Companies Act, 1956)

(to be fungible with and be consolidated and form a single series with the Issuer's existing U.S.$500,000,000 5.95 per cent. Notes due 2026 issued on October 19, 2020)

Periama Holdings, LLC, a limited liability company incorporated under the laws of Delaware (the "**Issuer**"), is offering U.S.$250,000,000 aggregate principal amount of its 5.95 per cent. notes due 2026 (the "**Notes**") to be issued on December 21, 2020 (the "**Further Issue Date**"). The Notes shall constitute a further issuance of, and be fungible with and be consolidated and form a single series with, the Issuer's U.S.$500,000,000 5.95 per cent. Notes due 2026 (the "**Original Notes**") and vote together as one series on all matters with respect to the Notes. If the context so requires, the references to "Notes" in this Offering Memorandum will include the Original Notes. The Notes have the same terms and conditions as the Original Notes in all respects except for the principal amount, issue date and issue price of the Notes. Upon the issuance of the Notes, the aggregate principal amount of all outstanding Notes and Original Notes will be U.S.$750,000,000. The Notes will be irrevocably guaranteed on an unsecured basis (the "**Guarantee**" and, together with the Notes, the "**Securities**") by JSW Steel Limited (the "**Guarantor**" or the "**Company**"). The Company's potential liability under the Guarantee is capped at an amount equal to 125.0 per cent. of the total aggregate principal amount of the Notes outstanding from time to time, being initially U.S.$625,000,000 immediately following the issuance of the Original Notes, to be further increased by U.S.$312,500,000 to a total of U.S.$937,500,000 upon the issuance of the Notes (the "**Guaranteed Amount**").

The Notes will bear interest on their outstanding principal amount from and including October 19, 2020 (the "**Original Issue Date**") at a rate of 5.95 per cent. per annum and will mature on April 19, 2026. Interest on the Notes will be paid semi-annually on April 19 and October 19 of each year, commencing April 19, 2021.

The Notes will be the Issuer's unsecured and unsubordinated obligations and will rank *pari passu* in right of payment with all of the Issuer's existing and future unsecured and unsubordinated obligations and will be effectively subordinated to the Issuer's secured obligations. See "*Terms and Conditions of the Notes and the Guarantees*." The Notes will be effectively subordinated to all existing and future indebtedness and other liabilities (including trade payables) of the Issuer's subsidiaries and the Guarantor's other subsidiaries to the extent they do not guarantee the Notes. The Issuer will have the option to redeem all or a portion of the Notes at any time at the redemption price set forth in this Offering Memorandum. Subject to applicable law, the Issuer may also redeem the Notes at any time in the event of certain changes in withholding tax law. Upon the occurrence of a Change of Control Triggering Event, subject to applicable law, the Issuer will offer to repurchase the Notes at a price equal to 101 per cent. of their principal amount plus accrued interest. The Notes will be issued only in registered form in minimum denominations of U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof. For more detailed terms and conditions of the Notes, see "*The Offering*" beginning on page 66 and "*Terms and Conditions of the Notes and the Guarantees*" beginning on page 241.

The Original Notes are listed on the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") and approval in-principle has been received from the SGX-ST for the listing of and quotation for the Notes on the Official List of the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any statements made, opinions expressed or reports contained herein. Admission to the Official List of the SGX-ST and quotation of the Notes on the SGX-ST is not to be taken as an indication of the merits of the Issuer, the Guarantor, the Group, their subsidiaries, their associated companies, the Notes or the Guarantee.

Investing in the Notes involves a high degree of risk. See "*Risk Factors*" beginning on page 71.

Price: 106.75 per cent.
plus accrued interest from (and including) October 19, 2020 to December 21, 2020

The Notes are expected to be assigned a rating of Ba2 (with negative outlook) by Moody's and BB- (with negative outlook) by Fitch. A rating is not a recommendation to buy, sell or hold the Notes and may be subject to suspension, reduction or withdrawal at any time. A suspension, reduction or withdrawal of the rating assigned to the Notes may adversely affect the market price of the Notes. See "*Risk Factors — Risks Relating to the Notes — Credit ratings assigned to the Guarantor or the Notes may not reflect all the risks associated with an investment in the Notes and ratings and outlook of the Notes and the Guarantor may be downgraded or withdrawn*."

The Securities have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act"), or the securities laws of any other jurisdiction, and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act. This offering is being made in offshore transactions outside the United States in reliance on Regulation S under the U.S. Securities Act. For further details about eligible offerees and resale restrictions, see "*Plan of Distribution*" and "*Selling Restrictions*".

Delivery of the Notes is expected to be made to investors in book-entry form through Euroclear Bank SA/NV ("**Euroclear**"), and Clearstream Banking, S.A ("**Clearstream**") on or about December 21, 2020 (the "**Closing Date**").

Joint Lead Managers and Joint Bookrunners

Deutsche Bank	**Credit Suisse**	**Standard Chartered Bank**

The date of this Offering Memorandum is December 14, 2020

In making your investment decision, you should rely only on the information contained in this Offering Memorandum. The Issuer and Deutsche Bank AG, Singapore Branch, Credit Suisse (Hong Kong) Limited and Standard Chartered Bank (collectively, the "Joint Lead Managers") have not authorized anyone to provide you with any other information. If you receive any other information, you should not rely on it. The Issuer and the Joint Lead Managers are offering to sell the Notes only in places where offers and sales are permitted. You should not assume that the information contained in this Offering Memorandum is accurate as of any date other than the date on the front cover of this Offering Memorandum. Our business or financial condition and other information in this Offering Memorandum may change after that date.

Singapore SFA Product Classification: In connection with Section 309B of the Securities and Futures Act (Chapter 289) of Singapore (the "**SFA**") and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "**CMP Regulations 2018**"), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes are 'prescribed capital markets products' (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

IMPORTANT INFORMATION ABOUT THIS OFFERING MEMORANDUM

This Offering Memorandum is a confidential document that the Issuer and the Company are providing only to prospective purchasers of the Securities. You should read this Offering Memorandum before making a decision whether to purchase any Securities. You must not:

- use this Offering Memorandum for any other purpose;
- make copies of any part of this Offering Memorandum or give a copy of it to any other person; or
- disclose any information in this Offering Memorandum to any other person, other than a person retained to advise you in connection with the purchase of the Notes.

The Issuer and the Company have prepared this Offering Memorandum based on information the Issuer and the Company have or have obtained from sources the Issuer and the Company believe to be reliable. Summaries of documents contained in this Offering Memorandum may not be complete. The Issuer will make copies of actual documents available to you upon request. Neither the Issuer nor the Company nor the Joint Lead Managers nor the Trustee or any Agent (each as defined in "*The Offering*") are providing you with any legal, investment, business, tax or other advice in this Offering Memorandum. You should consult with your own counsel, accountants and other advisors as needed to assist you in making your investment decision and to advise you whether you are legally permitted to purchase the Securities.

This Offering Memorandum does not constitute an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorized or to any person to whom it is unlawful to make such offer or solicitation. No action has been, or will be, taken to permit a public offering in any jurisdiction where action would be required for that purpose. Accordingly, the Securities may not be offered or sold, directly or indirectly, and this Offering Memorandum may not be distributed, in any jurisdiction except in accordance with the legal requirements applicable in such jurisdiction. You must comply with all laws applicable in any jurisdiction in which you buy, offer or sell the Securities or possess or distribute this Offering Memorandum, and you must obtain all applicable consents and approvals; neither the Issuer nor the Company nor the Joint Lead Managers nor the Trustee or any Agent shall have any responsibility for any of the foregoing legal requirements.

The Issuer and the Company are offering the Securities in a transaction pursuant to Regulation S that is not subject to the registration requirements of the U.S. Securities Act. The Securities are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the U.S. Securities Act and applicable securities laws of any other jurisdiction pursuant to registration or exemption therefrom. You may be required to bear the financial risk of an investment in the Securities for an indefinite period. Neither the Issuer nor the Company nor the Joint Lead Managers are making an offer to sell the Securities in any jurisdiction where the offer and sale of the Securities is prohibited. Neither the Issuer nor the Company nor the Joint Lead Managers nor the Trustee or any Agent are making any representation to you that the Securities are a legal investment for you.

This Offering Memorandum has not been and will not be reviewed or approved by any regulatory or statutory authority in India, including, but not limited to, the Securities and Exchange Board of India, the Reserve Bank of India, any Registrar of Companies or any stock exchange in India or any other statutory or regulatory body of like nature in India, save and except for any information from any part of this Offering Memorandum which is mandatorily required to be disclosed or filed in India under any applicable Indian laws. This Offering Memorandum or any other offering document or material relating to the Securities have not been and will not be circulated or distributed, directly or indirectly, to any person or the public in India or otherwise generally distributed or circulated in India which would constitute an advertisement, invitation, offer or sale or solicitation of an offer to subscribe for or purchase any securities in violation of applicable Indian laws for the time being in force. The Securities have not been and will not be, offered or sold to any person resident in India. If you purchase any of the Securities, you will be deemed to have acknowledged, represented and agreed that you are eligible to purchase the Securities under applicable laws and regulations and that you are not prohibited under any applicable law or regulation from acquiring, owning or selling the Securities.

Each prospective purchaser of the Securities must comply with all applicable laws and rules and regulations in force in any jurisdiction in which it purchases, offers or sells the Securities and must obtain any consent, approval or permission required by it for the purchase, offer or sale by it of the Securities under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers or sales, and neither the Issuer nor the Company nor the Joint Lead Managers nor the Trustee or any Agent shall have any responsibility therefor.

Neither the U.S. Securities and Exchange Commission (the "**SEC**"), any U.S. state securities commission nor any non-U.S. securities authority nor any other authority has approved or disapproved of the Securities or determined if this Offering Memorandum is truthful or complete. Any representation to the contrary is a criminal offense.

The Issuer and the Company accept responsibility for the information contained in this Offering Memorandum. The Issuer and the Company have made all reasonable inquiries and confirm to the best of our knowledge, information and belief that the information contained in this Offering Memorandum with regard to us and our subsidiaries and affiliates and the Securities is true and accurate in all material respects, that the opinions and intentions expressed in this Offering Memorandum are honestly held and that the Issuer and the Company are not aware of any other facts, the omission of which would make this Offering Memorandum or any statement contained herein misleading in any material respect.

Neither the Joint Lead Managers nor the Trustee or any Agent makes any representation or warranty, express or implied, as to, and assume no responsibility for, the accuracy or completeness of the information contained in this Offering Memorandum. Nothing contained in this Offering Memorandum is, or shall be relied upon as, a promise or representation by the Joint Lead Managers as to the past, the present or the future.

The Joint Lead Managers, Trustee and Agent accordingly disclaim all and any liability whether arising in tort or contract or otherwise (save as referred to above) which any of them might otherwise have in respect of this Offering Memorandum or any such statement.

The Issuer and the Company reserve the right to withdraw this offering at any time. The Issuer, the Company and the Joint Lead Managers may reject any offer to purchase the Securities in whole or in part for any reason or no reason, sell less than the entire principal amount of the Securities offered hereby or allocate to any purchaser less than all of the Securities for which it has subscribed. The Joint Lead Managers and certain of their respective related entities may acquire, for their own accounts, a portion of the Securities.

The information set out in relation to sections of this Offering Memorandum describing clearing and settlement arrangements, including in the "*Terms and Conditions of the Notes and the Guarantees*" is subject to a change in or reinterpretation of the rules, regulations and procedures of Euroclear or Clearstream currently in effect. While the Issuer and the Company accept responsibility for accurately summarizing the information concerning Euroclear or Clearstream, the Issuer and the Company accept no further responsibility in respect of such information.

IN CONNECTION WITH THIS OFFERING, DEUTSCHE BANK AG, SINGAPORE BRANCH (THE "STABILIZING MANAGER") (OR PERSONS ACTING ON ITS BEHALF) MAY OVER-ALLOT OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE SECURITIES AT A LEVEL OTHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, NO ASSURANCE CAN BE GIVEN THAT THE STABILIZING MANAGER (OR PERSONS ACTING ON ITS BEHALF) WILL UNDERTAKE STABILIZATION ACTION. ANY STABILIZATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE FINAL TERMS OF THIS OFFERING IS MADE AND, IF BEGUN, MAY BE DISCONTINUED AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 CALENDAR DAYS AFTER THE CLOSING DATE AND 60 CALENDAR DAYS AFTER THE DATE OF THE ALLOTMENT OF THE SECURITIES. ANY STABILIZATION ACTION OR OVER-ALLOTMENT MUST BE CONDUCTED BY THE STABILIZING MANAGER (OR PERSONS ACTING ON ITS BEHALF) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES. FOR A DESCRIPTION OF THESE ACTIVITIES, SEE "PLAN OF DISTRIBUTION".

Solely for the purposes of the manufacturer's product approval process, the target market assessment in respect of the Securities has led to the conclusion that: (i) the target market for the Securities is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, "**MiFID II**"); and (ii) all channels for distribution of the Securities to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Securities (a "**distributor**") should take into consideration the manufacturer's target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Securities (by either adopting or refining the manufacturer's target market assessment) and determining appropriate distribution channels.

The Securities are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**") or the United Kingdom. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Securities or otherwise making them available to retail investors in the EEA or the United Kingdom has been prepared and therefore offering or selling the Securities or otherwise making them available to any retail investor in the EEA or the United Kingdom may be unlawful under the PRIIPs Regulation.

ENFORCEABILITY OF CIVIL LIABILITIES

The Guarantor is a public limited company incorporated under the laws of India. Most of its directors and key management personnel named herein reside in India and a substantial portion of the assets of the Guarantor and such directors and key management personnel are located in India. As a result, it may not be possible for investors to effect service of process on the Guarantor or such persons in jurisdictions outside of India, or to enforce against them judgments obtained in courts outside of India.

India is not a party to any international treaty in relation to the recognition or enforcement of foreign judgments. Recognition and enforcement of foreign judgments is provided for under the Code of Civil Procedure, 1908 (the "**Civil Code**") on a statutory basis. Section 13 of the Civil Code provides that a foreign judgment shall be conclusive regarding any matter directly adjudicated upon, except: (i) where the judgment has not been pronounced by a court of competent jurisdiction; (ii) where the judgment has not been given on the merits of the case; (iii) where it appears on the face of the proceedings that the judgment is founded on an incorrect view of international law or a refusal to recognize the law of India in cases to which such law is applicable; (iv) where the proceedings in which the judgment was obtained were opposed to natural justice; (v) where the judgment has been obtained by fraud; or (vi) where the judgment sustains a claim founded on a breach of any law then in force in India.

Section 44A of the Civil Code provides that where a foreign judgment has been rendered by a superior court, within the meaning of such section, in any country or territory outside India which the Government of India (the "**Government**") has by notification declared to be a reciprocating territory, it may be enforced in India by proceedings in execution as if the judgment had been rendered by the relevant court in India. However, Section 44A of the Civil Code is applicable only to monetary decrees, which are not amounts payable in respect of taxes, other charges of a like nature or in respect of a fine or other penalty, and does not apply to an arbitration award, even if such award is enforceable as a decree or judgment.

Under Section 14 of the Civil Code, an Indian court shall, on production of any document purporting to be a certified copy of a foreign judgment, presume that the judgment was pronounced by a court of competent jurisdiction unless the contrary appears on the record; such presumption may be displaced by proving want of jurisdiction.

The United Kingdom, United Arab Emirates, Singapore and Hong Kong (among others) have been declared by the Government to be a reciprocating territory for the purposes of Section 44A of the Civil Code. A judgment of a court in a country which is not a reciprocating territory may be enforced in India only by a fresh suit upon the judgment and not by proceedings in execution. Such a suit has to be filed in India within three years from the date of the judgment in the same manner as any other suit filed to enforce a civil liability in India. It is unlikely that a court in India would award damages on the same basis as a foreign court would if an action were brought in India. Furthermore, it is unlikely that an Indian court would enforce foreign judgments if that court were of the view that the amount of damages awarded was excessive or inconsistent with Indian public policy. A party seeking to enforce a foreign judgment in India is required to obtain approval from the Reserve Bank of India ("**RBI**") under the Foreign Exchange Management Act, 1999, as amended ("**FEMA**"), to repatriate outside India any amount recovered pursuant to such a judgment and any such amount may be subject to income tax in accordance with applicable laws. Any judgment in a foreign currency would be converted into Indian Rupees on the date of the judgment and not on the date of the payment. The Issuer cannot predict whether a suit in India will be disposed of in a timely manner or be subject to considerable delay.

ENFORCEMENT OF THE GUARANTEE

In the event a guarantee is issued by an Indian company on behalf of its wholly owned subsidiary or joint venture in which it has an equity stake is enforced by a competent court in a territory other than a "reciprocal territory," the judgment must be enforced in India by a suit upon the judgment and not by proceedings in execution. Such a suit has to be filed in India within three years from the date of the judgment in the same manner as any other suit filed to enforce a civil liability in India. A party seeking to enforce a foreign judgment in India is required to obtain approval from the RBI to repatriate outside India any amount recovered pursuant to the execution of such a judgment. For further details on the recognition and enforcement of foreign judgments in India, see "*Enforceability of Civil Liabilities*".

The Guarantor would not be entitled to immunity on the basis of sovereignty or otherwise from any legal proceedings in India to enforce the Guarantee or any liability or obligation of the Guarantor arising thereunder.

As the Guarantee is an obligation of a type which Indian courts would usually enforce, the Guarantee should be enforced against the Guarantor in accordance with its terms by an Indian court, subject to the following exceptions:

- enforcement may be limited by general principles of equity, such as injunction;
- Indian courts have sole discretion to grant specific performance of the Guarantee and the same may not be available, including where damages are considered by the Indian court to be an adequate remedy, or where the court does not regard specific performance to be the appropriate remedy;
- actions may become barred under the Limitation Act, 1963, or may be or become subject to setoff or counterclaim, and failure to exercise a right of action within the relevant limitation period prescribed will operate as a bar to the exercise of such right;
- any certificate, determination, notification, opinion or the like will not be binding on an Indian court which will have to be independently satisfied on the contents thereof for the purpose of enforcement despite any provisions in the documents to the contrary; and
- all limitations resulting from the laws of reorganization, suretyship or similar laws of general application affecting creditors' rights.

PRESENTATION OF FINANCIAL INFORMATION

Financial Data

In this Offering Memorandum, unless otherwise specified or unless the context requires otherwise, all financial information is of the Group on a consolidated basis.

With effect from April 1, 2016, companies in India having a certain threshold net worth, including the Guarantor, are required to prepare financial statements in accordance with the Indian Accounting Standards prescribed under Section 133 of the Companies Act 2013, read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015, as amended ("**IND-AS**"). IND-AS converge with the International Financial Reporting Standards ("**IFRS**") with some differences. Accordingly, the annual audited consolidated financial statements of the Group as at and for the years ended March 31, 2018, 2019 and 2020 have been prepared in accordance with IND-AS and the unaudited condensed consolidated interim financial statements of the Group as at and for the three months ended June 30, 2020 has been prepared in accordance with IND-AS 34. The annual audited consolidated financial statements of the Group as at and for the years ended March 31, 2018, 2019 and 2020 are herein referred to as the "**Group Consolidated Audited Financial Statements**". The unaudited condensed consolidated interim financial statements of the Group as at and for the three months ended June 30, 2020 are herein referred to as the "**Group Condensed Consolidated Interim Financial Statements**" and, together with the Group Consolidated Audited Financial Statements, the "**Group Consolidated Financial Statements**".

The annual audited standalone financial statements of the Guarantor as at and for the years ended March 31, 2018, 2019 and 2020 have been prepared in accordance with IND-AS and the unaudited condensed standalone interim financial statements of the Guarantor as at and for the three months ended June 30, 2020 has been prepared in accordance with IND-AS 34.

The annual audited standalone financial statements of the Guarantor as at and for the years ended March 31, 2018, 2019 and 2020 are herein referred to as the "**Guarantor Standalone Audited Financial Statements**". The unaudited condensed standalone interim financial statements of the Guarantor as at and for the three months ended June 30, 2020 are herein referred to as the "**Guarantor Condensed Standalone Interim Financial Statements**" and, together with the Guarantor Standalone Audited Financial Statements, the "**Guarantor Standalone Financial Statements**".

In making an investment decision, investors must rely on their own examination of the Issuer, the Guarantor and the Group, the terms of the offering and the financial information contained in this Offering Memorandum. Potential investors should consult their own professional advisers for an understanding of the differences between IFRS and IND-AS, and how these differences might affect their understanding of the financial information contained herein.

Information in the Group Consolidated Financial Statements and the Guarantor Standalone Financial Statements is, unless otherwise stated therein, stated in Indian Rupees in "crore" or "lac". Unless otherwise specified, financial information that is presented in the rest of this Offering Memorandum has been (i) translated from Indian Rupees in "crore" or "lac" in the Group Consolidated Financial Statements and the Guarantor Standalone Financial Statements to Indian Rupees in millions; and (ii) rounded to the nearest million Indian Rupees. One crore is equal to 10 million Rupees and 10 lacs is equal to one million Rupees.

The Group Consolidated Audited Financial Statements and the Guarantor Standalone Audited Financial Statements have been audited by S R B C & CO LLP, Chartered Accountants ("**SRB**"), as set forth in their audit reports included herein. The Group Condensed Consolidated Interim Financial Statements and the Guarantor Condensed Standalone Interim Financial Statements have been reviewed by SRB, as set forth in their review reports included herein.

Non-GAAP Financial Measures

As used in this Offering Memorandum, a non-GAAP financial measure is one that purports to measure historical financial performance, financial position or cash flows, but excludes or includes amounts that would not be so adjusted in the most comparable IFRS/IND-AS measures. From time to time, reference is made in this Offering Memorandum to such "non-GAAP financial measures", including EBITDA, or (unless otherwise specified) profit/(loss) before other income and finance costs, tax expense/credit, depreciation, amortization and exceptional items and share of profit/loss from joint ventures (net), and net debt, or (unless otherwise specified) non-current borrowings plus current borrowings plus current maturities of long-term borrowings plus current maturities of finance lease obligations, if any, minus cash and cash equivalents, bank balances other than cash and cash equivalents and current investments. The Group's management believes that EBIT, EBITDA, EBITDA/Total revenue from operations, profit/(loss) before tax/Total revenue from operations, Net debt, Net Worth, Net debt to equity ratio, Average net worth, Return on average net worth, Return on average capital employed and other non-GAAP financial measures provide investors with additional information about the Group's performance, as well as ability to incur and service debt and fund capital expenditure, and are measures commonly used by investors. For more detailed information, see "*Recent Developments*" and "*Summary Financial and Operating Data*". The non-GAAP financial measures described herein are not a substitute for IFRS/IND-AS measures of earnings and may not be comparable to similarly titled measures reported by other companies due to differences in the way these measures are calculated.

Comparability of financials

As a result of changes in accounting policies on the adoption of IND-AS 115 Revenue from Contracts with Customers, a new accounting standard which replaced the existing revenue recognition standards and became mandatory for reporting periods beginning on or after April 1, 2018. The Group and the Guarantor has applied the full retrospective approach and has accordingly disclosed impact of this standard on certain account balances of the Group and the Guarantor as at and for the year ended March 31, 2018 in the annual consolidated financial statements and annual standalone financial statements for the year ended March 31, 2019, respectively. This had no impact on profit or loss for the year ended March 31, 2018.

Further, the Group and the Guarantor has adopted IND-AS 116 Leases, a new accounting standard which replaced the existing lease standard and became mandatory for reporting periods beginning on or after April 1, 2019. The Group and the Guarantor has applied modified retrospective approach for transitioning to IND-AS 116 with the right of use assets recognized at an amount equal to lease liability adjusted for any prepayments/accruals recognized in the balance sheet immediately before the date of initial application. Accordingly, comparatives for the year ended March 31, 2019 have not been retrospectively adjusted. Further, as per option available under IND-AS 116, the Group and the Guarantor has disclosed lease liability as a separate line item on the face of balance sheet including finance lease obligation recognized and considered as borrowings till March 31, 2019 under erstwhile lease standard. Also, the lease expenses relating to operating lease contracts which was being disclosed as part of 'Other expenses' till March 31, 2019 are now disclosed as depreciation and amortization expense and finance costs in the profit and loss account on transition to IND-AS 116 from April 1, 2019.

In addition, the scheme of amalgamation between the Guarantor and its following wholly-owned subsidiaries: (i) Dolvi Minerals and Metals Private Limited; (ii) Dolvi Coke Projects Limited, (iii) JSW Steel Processing Centre Limited; and (iv) JSW Steel (Salav) Limited was approved by the Mumbai Bench of the NCLT through its order dated June 6, 2019, and the Ahmedabad Bench of the NCLT through its order dated August 14, 2019. All these subsidiaries are in the business of manufacture of steel, raw materials required for making steel and other ancillary services and the Guarantor has accordingly accounted for the merger under the pooling of interest method respectively for all periods presented as prescribed in IND-AS 103 – Business Combinations of entities under common control. Accordingly, the Guarantor's standalone financial information as at and for the year ended March 31, 2019 set out in the "*Selected Financial Information and Other Data — Financial Information of the Guarantor*" section and where specified in this Offering Memorandum are not directly comparable to its restated standalone financial information as at for the year ended March 31, 2019 included in the comparatives presented in the Guarantor's standalone annual financial statements for the year ended March 31, 2020. For disclosure required under IND-AS 103, refer to Note 52 of the Guarantor's annual audited standalone financial statements as at and for the year ended March 31, 2020. Further, the Guarantor's condensed standalone interim financial information as at and for the three months ended June 30, 2019 set out in the "*Selected Financial Information and Other Data — Financial Information of the Guarantor*" section and where specified in this Offering Memorandum are not directly comparable to its restated condensed standalone interim financial information as at and for the three months ended June 30, 2019 included in the comparatives presented in the Guarantor's condensed standalone interim financial statements as at and for the three months ended June 30, 2020. For disclosure required under IND-AS 103, refer to Note 16 of the Guarantor's unaudited condensed interim standalone financial statements as at and for the three months ended June 30, 2020. These restatements did not have any effect on the consolidated financial statements of the Group.

Further, for the year ended March 31, 2019, the Group has changed the presentation of 'Share of Profit/(Loss) from joint ventures (net)' in the statement of profit and loss and presented it as a line item above 'Profit before exceptional items and tax' line item and accordingly has also regrouped it in the comparatives for the year ended March 31, 2018 presented in the Group's annual consolidated financial statement for the year ended March 31, 2019. This had no impact on profit or loss for the year ended March 31, 2018.

Unless the context otherwise requires, all financial information provided as at or for the fiscal year ended March 31, 2018 contained in this Offering Memorandum has been derived from the annual financial statements for the year ended March 31, 2018 of the Guarantor and the Group, except for (i) '*Revenue from operations*' and '*Other expenses*' for the year ended March 31, 2018 which have been restated in the comparatives presented in the annual audited financial statements as at and for the year ended March 31, 2019 of the Guarantor and the Group and except for (ii) 'Share of Profit/(Loss) from joint ventures (net)' and its consequential impact on 'Profit before exceptional items and tax' and 'Profit before tax' which have been regrouped in the comparatives presented in the annual audited financial statements as at and for the year ended March 31, 2019 of the Group and derived from the comparatives presented in the annual audited financial statements as at and for the year ended March 31, 2019 of the Guarantor and the Group as applicable.

Unless the context otherwise requires, all financial information provided as at or for the fiscal year ended March 31, 2019 contained in this Offering Memorandum has been derived from the annual financial statements for the year ended March 31, 2019 of the Guarantor and the Group. Unless the context otherwise requires, all financial information provided as at or for the fiscal year ended March 31, 2020 contained in this Offering Memorandum has been derived from the annual financial statements for the year ended March 31, 2020 of the Guarantor and the Group. Further, unless the context otherwise requires, all financial information provided as at or for the three months ended June 30, 2019 has been derived from the condensed interim financial statements for the three months ended June 30, 2019 of the Guarantor and the Group. Unless the context otherwise requires, all financial information provided as at or for the three months ended June 30, 2020 contained in this Offering Memorandum has been derived from the condensed interim financial statements as at or for the three months ended June 30, 2020 of the Guarantor and the Group.

Rounding

Certain amounts and percentages included in this Offering Memorandum have been rounded. Accordingly, in certain instances, the sum of the numbers in a column may not equal the total figure for that column.

CERTAIN DEFINITIONS

In this Offering Memorandum, unless otherwise specified, all financial statements and financial data are of the Group on a consolidated basis.

In this Offering Memorandum, unless otherwise specified or the context otherwise requires, references to "$", "U.S.$" or "U.S. Dollars" are to United States dollars, references to "Rs.", "rupee", "rupees" or "Indian Rupees" are to the legal currency of India, references to "Japanese Yen" and "JPY" are to the official currency of Japan, references to "the Euro", "EUR" or "€" are to the common currency of the Eurozone countries and references to "S$" are to the official currency of Singapore.

In this Offering Memorandum, references to a particular "fiscal year" and "FY" are to the year ended March 31 of such year.

In this Offering Memorandum, references to "U.S." or "United States" are to the United States of America, its territories and its possessions, references to "India" are to the Republic of India and references to "China" are to the People's Republic of China.

EXCHANGE RATE INFORMATION

The following table sets forth, for the periods indicated, certain information concerning the exchange rates between Indian Rupees and U.S. Dollars. The exchange rates reflect the rates as reported by the FBIL or the RBI, as the case may be.

Period[(1)]	Period end	Average	High	Low
2013	54.28	54.43	57.33	50.52
2014	59.89	60.47	68.85	53.67
2015	62.50	61.15	63.68	58.46
2016	66.25	65.45	68.71	62.19
2017	64.84	67.09	68.72	64.84
2018	65.04	64.45	65.76	63.35
2019	69.17	69.76	74.38	64.87
2020	75.39	70.88	76.15	68.36
April	75.12	76.23	76.8	75.11
May	75.64	75.66	75.93	75.38
June	75.53	75.72	76.21	75.33
July	74.77	74.99	75.58	74.68
August	73.59	74.67	75.09	73.35
September	73.80	73.48	73.92	72.82
October	73.97	73.46	73.97	73.14
November	73.80	74.22	74.69	73.80
December (through December 11)	73.59	73.69	73.89	73.51

Note:

(1) Represents the financial year ended March 31 of the year indicated.

The exchange rate on (i) June 30, 2020 was Rs.75.5270 per U.S.$1.00, and (ii) September 30, 2020 was Rs.73.7978 per U.S.$1.00.

Although certain Indian Rupee amounts in this Offering Memorandum have been translated into U.S. Dollars for convenience, this does not mean that the Indian Rupee amounts referred to could have been, or could be, converted into U.S. Dollars at any particular rate, the rates stated above, or at all. Except as otherwise stated, Indian Rupee amounts as at and for the (i) three months ended June 30, 2020 were converted to U.S. Dollars at the exchange rate of U.S.$1.00 = Rs.75.5270, which was the exchange rate as reported by the FBIL on June 30, 2020, and (ii) six months ended September 30, 2020 were converted to U.S. Dollars at the exchange rate of U.S.$1.00 = Rs.73.7978, which was the exchange rate as reported by the FBIL on September 30, 2020.

FORWARD-LOOKING STATEMENTS AND ASSOCIATED RISKS

Certain statements in this Offering Memorandum are not historical facts and are forward-looking statements. This Offering Memorandum may contain words such as "believe", "could", "may", "will", "target", "estimate", "project", "predict", "forecast", "guideline", "should", "plan", "expect" and "anticipate" and similar expressions that are intended to identify forward-looking statements, but are not the exclusive means of identifying these statements. All statements regarding the Group's expected financial condition and results of operations and business plans and prospects are forward-looking statements. In particular, "*Recent Developments*", "*Summary*", "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and "*Business*" contain forward-looking statements, including relating to market trends, capital expenditure and other factors affecting the Group that are not historical facts.

Forward-looking statements are subject to certain risks and uncertainties, including, but not limited to:

- changes in global economic, political and social conditions;
- changes in economic and political conditions and increases in regulatory burdens in India and other countries in which the Group operates, transacts business or has interests;
- the Group's substantial indebtedness and ability to meet its debt service obligations;
- the risk of a potential fall in steel prices or of price volatility;
- accidents and natural disasters in India or in other countries in which the Group operates or globally, including specifically India's neighboring countries;
- the Group's business and operating strategies and its ability to implement such strategies;
- the Group's ability to successfully implement its growth and expansion plans, technological changes, exposure to market risks and foreign exchange risks that have an impact on business activities;
- the Group's ability to ensure continuity of senior management and ability to attract and retain key personnel;
- the implementation of new projects, including future acquisitions and financings;
- the availability and terms of external financing;
- the Group's ability to meet its capital expenditure requirements or increases in capital expenditure requirements;
- the Group's inability to successfully compete with other steel manufacturers;
- cost overruns or delays in commencement of production from the Group's new projects;
- changes in the Group's relationship with the Government and the governments of the countries in which the Group operates;
- changes in exchange controls, import controls or import duties, levies or taxes, either in international markets or in India;
- changes in laws, regulations, taxation or accounting standards or practices that affect the Group;

- changes in prices or demand for the products produced by the Group both in India and in international markets;
- changes in the value of the Indian Rupee against major global currencies and other currency changes;
- the ability of third parties to perform in accordance with contractual terms and specifications;
- any adverse outcome in legal proceedings in which the Group is or may become involved including with respect to product liability claims;
- acquisitions and divestitures which the Group may undertake;
- changes in interest rates;
- significant fluctuations of the prices of raw materials, including iron ore and coal; and
- other factors, including those discussed in "*Risk Factors*".

Forward-looking statements involve inherent risks and uncertainties. If one or more of these or other uncertainties or risks materialize, actual results may vary materially from those estimated, anticipated or projected. Specifically, but without limitation, capital costs could increase, projects could be delayed, and anticipated improvements in capacity, performance or profit levels might not be fully realized. Although the Group believes that the expectations of its management as reflected by such forward-looking statements are reasonable based on information currently available to it, no assurances can be given that such expectations will prove to have been correct. Accordingly, you are cautioned not to place undue reliance on the forward-looking statements, which speak only as at the date they are made. The Group does not undertake any obligation to update or revise any of them, whether as a result of new information, future developments or otherwise.

TABLE OF CONTENTS

DEFINITIONS AND GLOSSARY

In addition to the terms that are otherwise defined in this Offering Memorandum, the following sets out the definitions of certain terms used in this Offering Memorandum.

AD Bank	Designated authorized dealer category I bank appointed in accordance with the FEMA ODI Regulations
Amended Act	The Mines and Mineral Development and Regulation Amendment Act 2015, as amended (since repealed by the Repealing and Amending Act, 2019)
API	American Petroleum Institute
APR	Annual performance report
ASEAN	Association of Southeast Asian Nations
Audit Committee	Audit committee of the Board of Directors described in the section "*Management of the Guarantor*"
Bankruptcy Code	The Insolvency and Bankruptcy Code, 2016, as amended
Bankruptcy Code Ordinance	The Insolvency and Bankruptcy Code (Amendment) Ordinance, 2020
BIS	Bureau of Indian Standards
BIS Act	The Bureau of Indian Standards Act, 2016, as amended
Board or Board of Directors	Board of directors of the Guarantor, unless otherwise specified
BOF	Basic oxygen furnace
Brownfield expansion	The expansion or upgrade of sites currently occupied by existing industrial or commercial facilities
BSE	BSE Limited
C.I.F.	Cost, Insurance and Freight
CAGR	Compounded annual growth rate
CBI	Central Bureau of Investigation
CCI	Competition Commission of India constituted under The Competition Act, 2002
CEC	Central Empowered Committee
CESTAT	Custom Excise and Service Tax Appellate Tribunal

CIA	Central Intelligence Agency
CIRP	Corporate Insolvency Resolution Process under the Insolvency and Bankruptcy Code, 2016
CIT	Commissioner of Income Tax
CMSP	Coal Mines (Special Provisions) Act, 2015, as amended
COC	Committee of Creditors
Companies Act	Companies Act, 1956 and/or the Companies Act, 2013, as applicable
Companies Act, 1956	Erstwhile Companies Act, 1956, as the context requires
Companies Act, 2013	Companies Act, 2013 and the rules and clarifications thereunder, to the extent notified
Competition Act	Competition Act, 2002, as amended
Concession Rules 2016	Minerals (Other Than Atomic and Hydro Carbons Energy Minerals) Concession Rules, 2016
Crude steel	Cast, solidified steel before further treatment
DCPL	Dolvi Coke Projects Limited
Directors	Directors of the Guarantor or the Issuer, as applicable
DMMPL	Dolvi Minerals and Metals Private Limited
Downstream	Further processing of crude steel to produce finished steel products
DRI	Direct reduced iron
DTAA	Double Taxation Avoidance Agreement
EAF	Electric arc furnace method
EBITDA	Total profit before other income and finance costs, taxation, depreciation, amortization and exceptional items and share of results of associates/joint ventures (net). It is not an IFRS or GAAP measure
ECB	External commercial borrowing raised in accordance with the ECB Guidelines

ECB Guidelines	Foreign Exchange Management (Borrowing and Lending) Regulations 2018 and the circulars issued thereunder by the RBI, Master Direction — External Commercial Borrowings, Trade Credits and Structured Obligations dated March 26, 2019 ("**New ECB Master Directions**") and the Master Directions on Reporting under the Foreign Exchange Management Act, 1999 dated January 1, 2016, as amended from time to time
EIU	Economist Intelligence Unit
EPA	Environment (Protection) Act, 1986, as amended
Eurozone	The members of the European Union that have adopted the Euro as their common currency
F.O.B.	Free On Board
FATF	Financial Action Task Force
FBIL	Financial Benchmarks India Private Limited
FEMA	Foreign Exchange Management Act, 1999, as amended, together with rules and regulations thereunder, as amended
FEMA Guarantee Regulations	The Foreign Exchange Management Act, 1999, as amended from time to time and the Foreign Exchange Management (Guarantee) Regulation, 2000, as amended from time to time and, in each case, the rules and regulations made thereunder, as amended from time to time and the notifications, circulars and guidelines issued thereunder (as applicable in India)
FEMA ODI Regulations	The Foreign Exchange Management Act, 1999, as amended from time to time, the Foreign Exchange Management (Transfer or Issue of any Foreign Security) Regulations, 2004, as amended from time to time and, in each case, and the rules and regulations made thereunder, as amended from time to time and the circulars issued thereunder and the Master Directions on Direct Investment by Residents in Joint Venture (JV)/Wholly Owned Subsidiary (WOS) Abroad dated 1 January 2016, as amended, updated or replaced, from time to time and the applicable provisions of the Master Direction on Reporting under the Foreign Exchange Management Act, 1999 dated January 1, 2016, as amended, updated or replaced from time to time (as applicable in India)
FDF	Forest development fee
FDI	Foreign direct investment
FDT	Forest development tax
finished product	Steel ready for construction or manufacturing use

Forest Amendment Act	Karnataka Forest (Amendment) Act, 2016, as amended
GAAP	Generally Accepted Accounting Practices
GAAR	General Anti-Avoidance Rules
GDP	gross domestic product
Government.	Government of India
greenfield project	a project on new land that has not been previously developed for industrial or commercial use
Group	JSW Steel Limited, its consolidated subsidiaries, jointly controlled entities and associates (including the Issuer)
GST.	goods and services tax
Guarantor	JSW Steel Limited (on a standalone basis)
IBC	Insolvency and Bankruptcy Code, 2016
IBEF	India Brand Equity Foundation
IFRS	International Financial Reporting Standards
IMF.	International Monetary Fund
IND-AS	Indian Accounting Standards prescribed under Section 133 of the Companies Act, 2013, read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015, as amended
INR/Rupees	Indian Rupees
IOSCO	International Organisation of Securities Commission
Issuer	Periama Holdings, LLC (on a standalone basis)
IT Act	Income Tax Act, 1961, as amended, together with rules and regulations thereunder
JFE	JFE Steel Corporation
Jindal Family	Mr P.R. Jindal, Mr Sajjan Jindal, Mr Ratan Jindal and Mr Naveen Jindal, and their wives and children, and Mrs Savitri Devi Jindal
JSPCL.	JSW Steel Processing Centres Limited
JSSL	JSW Severfield Structures Limited

JSW Coated	JSW Steel Coated Products Limited
JSW Group	JSW Steel Limited, JSW Energy Limited, JSW Infrastructure Limited, JSW Cement Limited and JSW Paints Private Limited, their respective subsidiaries and holding companies, for the time being
JSW Salav	JSW Steel (Salav) Limited
KISMA	Karnataka Iron and Steel Manufacturers Association
kg	kilograms
km	kilometers
kt	1,000 tons
(one) lac	0.1 million
LIBOR	London Interbank Offered Rate
MC Rules	Mineral Concession Rules, 1960, as amended
MCA	Ministry of Corporate Affairs, Government of India
MCD Rules	Mineral Conservation and Development Rules, 1988, as amended
MCLR	Marginal cost of funds based lending rate
MENA	Middle East and North Africa
Mineral Laws Act 2020	Mineral Laws (Amendment) Act, 2020
MMDR Act	Mines and Minerals (Development and Regulations) Act, 1957, as amended
mntpa	million net tons per annum
MoEF	Ministry of Environment and Forests
mt	million tons
mtpa	million tons per annum
MW	Megawatt
NAFTA	North American Free Trade Agreement
NCDs	non-convertible debentures

NCLAT	National Company Law Appellate Tribunal
NCLT	National Company Law Tribunal
New Land Acquisition Act	Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013, as amended
NMDC	National Mineral Development Corporation
NMP	National Mineral Policy, 2019, as amended
NSP 2017	National Steel Policy, 2017
NVGs	National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business issued by the Ministry of Corporate Affairs
ODI	Overseas Direct Investment
ODI Master Directions	Master Direction on Direct Investment by Residents in Joint Venture (JV)/Wholly Owned Subsidiary (WOS) Abroad issued by the RBI on January 1, 2016 as amended, replaced or updated, from time to time
OECD	Organization for Economic Cooperation and Development
RBI	Reserve Bank of India
Rs.	Indian Rupees
Scheme	The scheme for the promotion of research and development in the iron and steel sector
SCI	Supreme Court of India
SDS	Step down subsidiary
SEBI	Securities and Exchange Board of India constituted under the Securities and Exchange Board of India Act, 1992
SEBI LODR	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015, as amended
SGX-ST	Singapore Exchange Securities Trading Limited
Statutory Auditors	Present statutory auditors of the Guarantor, being S R B C & CO LLP, Chartered Accountants
Tax Act	The Income Tax Act, 1961
tCO2e	Tons of carbon dioxide equivalent

ton . . . . metric ton or 1,000 kilograms

tpa . . . . tons per annum

tpd . . . . tons per day

tph . . . . tons per hour

Upstream . . . . processing of raw materials and production of crude steel

VAT . . . . Value added tax

WSA . . . . World Steel Association

SUMMARY

This overview highlights certain information contained in this Offering Memorandum. This overview does not contain all the information you should consider before investing in the Notes. You should read this entire Offering Memorandum carefully, including the sections entitled "*Forward-Looking Statements and Associated Risks*", "*Recent Developments*", "*Risk Factors*", "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and "*Business of the Guarantor*" included elsewhere in this Offering Memorandum and the financial information and the notes thereto set forth herein. To understand the terms of the Notes, you should carefully read the sections of this Offering Memorandum entitled "*Terms and Conditions of the Notes and the Guarantees*".

Overview

The Guarantor, JSW Steel Limited, the flagship company of the diversified U.S.$12 billion JSW Group and part of the O.P. Jindal Group, is an integrated manufacturer of a diverse range of steel products with an export footprint in more than 100 countries. The JSW Group has diversified interests in mining, carbon steel, power, industrial gases, port facilities, cement and paints. The Group offers an extensive portfolio of flat and long products, including hot rolled coils, sheets and plates, cold rolled coils and sheets, galvanized and galvalume products, tinplates, electrical steel, pre-painted galvanized and galvalume products, thermo-mechanically treated ("**TMT**") bars, wire rods, rails, grinding balls and special steel bars, rounds and blooms, plates and pipes of various sizes and cold rolled non-grain oriented products. The Group is also one of the largest producers and exporters of coated flat steel products in India. The Group believes that it has one of the lowest conversion costs in the industry, primarily due to its efficient operations, high manpower productivity and the strategic location of its state-of-the-art manufacturing facilities. The Group's operations in India currently have an installed crude steel capacity of approximately 18.0 mtpa, which comprises 12.5 mtpa (approximately 70 per cent. of the capacity) of flat products and 5.5 mtpa (approximately 30 per cent. of the capacity) of long products. The Group's total revenue from operations amounted to Rs.733,264 million for the year ended March 31, 2020 and to Rs.117,815 million (U.S.$1,560 million) for the three months ended June 30, 2020.

In June 2019, the Group was ranked seventh amongst the top 35 world class steelmakers according to a report, 'Seeing Steel with New Eyes' by World Steel Dynamics, based on a variety of factors. In particular, the Group achieved the highest rating (10 out of 10) on the following criteria: conversion costs; yields, expanding capacity, location in high-growth markets and labour costs. This ranking puts the Group ahead of all other steelmakers based in India and ranked third amongst Asian steelmakers.

The Group has significantly expanded its steelmaking capacity at its Indian operations, which has increased from 1.6 mtpa in financial year 2002 to 2.5 mtpa in financial year 2006, 3.8 mtpa in financial year 2007, 7.8 mtpa in financial year 2010, 11.0 mtpa in financial year 2012 and to 18.0 mtpa in financial year 2016, through organic and inorganic growth. The Group's manufacturing facilities in India consist of Vijayanagar Works in Karnataka (12.0 mtpa), Dolvi Works in Maharashtra (5.0 mtpa) and Salem Works in Tamil Nadu (1.0 mtpa) in addition to downstream facilities for its coated products division at Vasind, Tarapur and Kalmeshwar Works in Maharashtra. The Group's major facilities in India are strategically located near raw material sources and are well connected via ports and railways, thus helping the Group to maintain a low-cost structure. The Group's overseas manufacturing facilities comprise a plate/pipe mill in Baytown, Texas, U.S., a steel making facility at Ohio, U.S., and a long product mill in Italy. The Baytown facility has a 1.2 mntpa plate mill and a 0.55 mntpa pipe mill. The facility is located near a port and in close proximity to key customers in the oil and gas industry. The Ohio facility is a hot rolling mill with a 3.0 mntpa capacity. It is partially backward integrated with a 1.5 mntpa EAF furnace that became operational in December 2018 after commencement of operations by the Group. The facility in Italy was acquired by the Group in July 2018 and produces long products — railway lines, bars, wire rods and grinding balls — with aggregate capacity of 1.3 mtpa. The Group plans to expand its domestic steel capacity to 45.0 mtpa in the next decade through a combination of organic and inorganic growth.

For fiscal year 2020 and for the three months ended June 30, 2020, revenue from operations within India represents 75.6 per cent. and 47.6 per cent., respectively, of the Group's total revenue from operations. The Group has a widespread sales and distribution network that sells its products directly to customers, wholesale traders and stock points. The Group's sales presence is particularly strong in South and West India, where a large portion of India's steel customers are located. The Group is mainly focused on retail sales through its exclusive and non-exclusive retail outlets. As at June 30, 2020, the Group had more than 11,000 exclusive and non-exclusive retail outlets located throughout India. For fiscal year 2020 and the three months ended June 30, 2020, revenue from operations outside India represents 24.4 per cent. and 52.4 per cent. of the Group's total revenue from operations respectively. The Group has an export footprint in more than 100 countries across five continents. The Group uses a combination of direct sales to customers and sales to international trading houses for its international sales. See "*Description of the Issuer*" for information on the business of the Issuer.

Competitive Strengths

The Group believes that the following competitive strengths can be leveraged to allow it to further enhance its position as a leading steel producer.

- Leading player in the Indian steel market
- Strong business profile diversified by markets and products
- Strategic acquisitions and joint ventures
- Strategically located manufacturing facilities
- Strong focus on technology driving raw material efficiency and increased productivity
- Integrated and efficient operations
- Strong project execution capabilities
- Skilled workforce led by an experienced management team

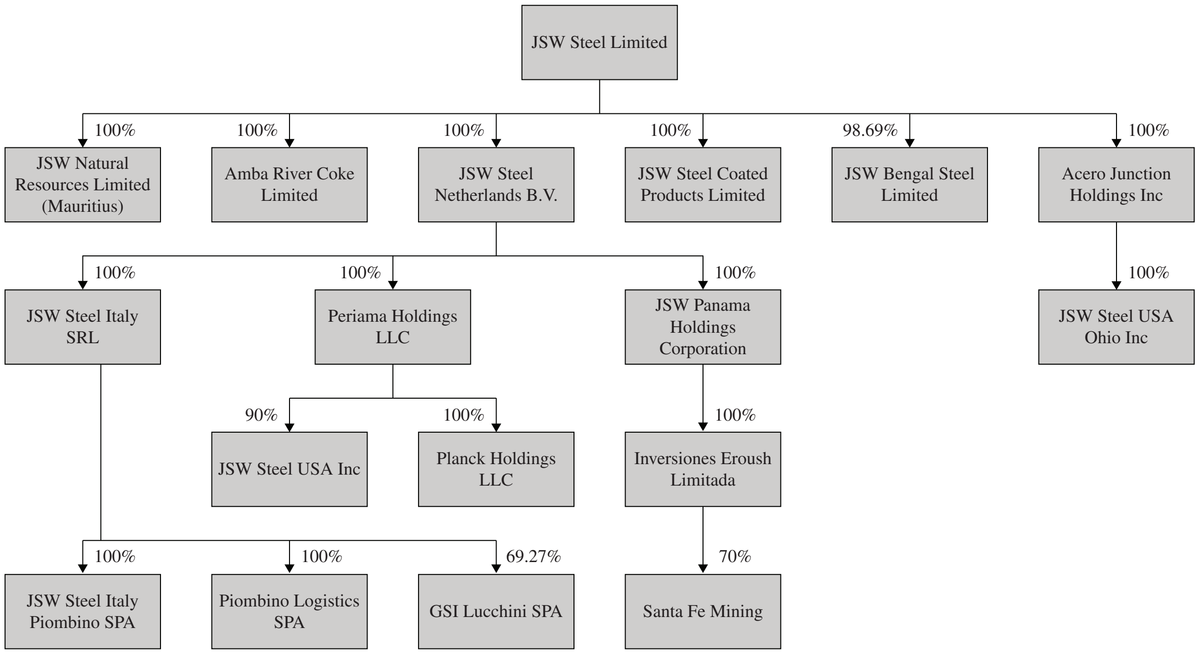
Strategy

The Group aims to enhance its position as a leading global steel producer through the following strategies.

- Selective growth through brownfield expansion and greenfield projects as well as inorganic growth
- Further diversification of the Group's product profile and customer base
- Focus on operational efficiency
- Strengthening backward and forward integration
- Robust financial discipline and focus on return profile

Corporate Structure

The chart below shows a summary of the Group's corporate structure as at June 30, 2020. This is a summary chart only and does not show all of the Group's subsidiaries.



Notes:

(1) The Issuer, Periama Holdings, LLC is held 99.9 per cent. by JSW Steel Netherlands B.V. and 0.1 per cent. by the Guarantor.

(2) Inversiones Erosh Limitada is held 94.9 per cent. by JSW Panama Holdings Corporation, 0.1 per cent. by JSW Steel Netherlands B.V. and 5.0 per cent. by the Guarantor.

(3) JSIP and GSI Lucchini SPA are each held 0.1 per cent. by the Guarantor.

Recent Developments

Impact of the COVID-19 pandemic

The COVID-19 pandemic has had and continues to have adverse repercussions across regional and global economies and financial markets which necessarily adversely affects India, the jurisdictions in which the Group operates and in turn, the Group's business. The governments of many countries, including certain of the jurisdictions in which the Group operates and conducts business in, have reacted by instituting lockdowns, business shutdowns, quarantines and restrictions on travel. Businesses have also implemented countermeasures and safety measures to reduce the risk of transmission. Such actions have not only disrupted businesses but have had a material and adverse effect on industries and local, regional and global economies. The IMF has drastically revised downward its global economic growth forecast for 2020 and have indicated that the economic downturn induced by the COVID-19 pandemic could be worse than the Global Financial Crisis in 2008 to 2009. The IMF has also drawn particular attention to the fallout in emerging and developing countries, which are expected to be the hardest hit.

The Indian economy was severely impacted by the temporary closure of the economic activities across the country after the announcement of the first phase of nationwide lockdown which took effect on March 25, 2020. The lockdown has been subsequently extended to June 30, 2020, with the country being divided into containment or non-containment zones, the former being zones where the outbreak of the virus is still prevalent. While steel is regarded as a continuous flow process industry and classified as an "essential service" under the Essential Services and Management Act ("**ESMA**") and the guidelines issued by Ministry of Home Affairs permitted steel plants to continue operations during the lockdown, the restrictions led to general constrained movement of people and materials and the shutting down of operations in supplier plants and customer business. This affected the Guarantor's plant operations and under such circumstances, the Guarantor decided to temporarily scale down/suspend its operations at various locations to support government efforts in curbing the pandemic.

The Government has subsequently permitted certain additional activities from April 20, 2020 in non-containment zones, subject to requisite approvals as may be required. The Guarantor has obtained permission from local administration and accordingly commenced operations at all locations since the last week of April while putting in place comprehensive protocols on social distancing in all its plants and offices in compliance with the Ministry of Home Affairs guidelines. However, with the outbreak still ongoing in India and certain restrictions still in place, project activity at various sites are still impacted due to a slew of restrictions, non-availability of required manpower and materials due to restrictions on movement. For example, while the Guarantor has received requisite permission to restart project activities at Dolvi works on April 20, 2020, a number of workers employed by the Guarantor's contractors began to return to their homes. While a return of the workforce to normal levels is expected by the end of October 2020, there can be no assurance that this will happen within the expected time. The Guarantor is also experiencing non-availability of foreign experts from their technology and equipment suppliers due to international travel restrictions. The Guarantor is also facing challenges with outbreaks of the virus among its workforce, with its workers contracting the COVID-19 virus at its steel plant in the Bellary district of Karnataka. However, the Guarantor responded promptly and responsibly to control the spread of the COVID-19 pandemic among the workforce and local communities by implementing comprehensive prevention and mitigation measures, leveraging existing medical infrastructure and community outreach programmers. Further, the Guarantor identified the workforce (including those who resided outside township premises) which are critical for the operation of the plant and made arrangements to accommodate all of them within the township's premises to completely restricting the movement of personnel into and out of factory premises. The Guarantor has been scrupulously following the guidelines, protocols and instructions issued by the local administration from time to time. With the phased easing of the lockdown, domestic economic activity has shown gradual improvement.

The Group's total revenue from operations decreased by 13.5 per cent. to Rs.733,264 million for the year ended March 31, 2020 from Rs.847,571 million for the year ended March 31, 2019 and the Group's net profit after tax decreased by 47.9 per cent. to Rs.39,193 million for the year ended March 31, 2020 from Rs.75,244 million for the year ended March 31, 2019. The Guarantor has also revised its total planned capex spend for the fiscal year 2021 to about Rs.90,000 million from the earlier guidance of Rs.163,400 million.

The Guarantor is however working on mitigation plans to overcome these challenges and to combat the impact of economic slowdown due to the COVID-19 pandemic by: (i) making all efforts to ramp up capacity utilization to resume near-normal run rates by the end of the first quarter of the fiscal year 2021; (ii) focus on exports to increase sales volumes, including liquidation of inventory, to offset the loss of sales volumes in the domestic market and improve cash flows as domestic demand is expected to remain subdued in the near term with a vast majority of the Guarantor's customers across the automotive, construction engineering and capital goods sector still unable to resume full operations; (iii) implementing target cost saving measures to recalibrate the cost base across all areas of operations, and leveraging on technology and digitalization to continually drive value; and (iv) conserving and broadening additional liquidity lines.

The Guarantor has also identified the following key focus areas for its operations going forward following the COVID-19 pandemic — leveraging digitalization to ensure business continuity and continue to focus on digital initiatives and use digital tools to access markets and various digital platforms to ensure it achieves consistent operational excellence, reducing its cost base, maintaining continuity of its supply chains, emphasizing sustainability and maintaining robust balance sheet and liquidity management.

Resolution plan for Vardhman Industries Limited

The Guarantor submitted its resolution plan for the acquisition of VIL under the IBC and the Guarantor's resolution plan was approved by the committee of creditors of VIL on August 10, 2018. Thereafter, the NCLT, by its ordered dated December 19, 2018 and April 19, 2019 and the NCLAT, by its orders dated December 4, 2019 and December 11, 2019, approved the VIL Resolution Plan submitted by the Guarantor. The Guarantor has successfully implemented the VIL Approved Resolution Plan as at December 31, 2019, and currently holds 100 per cent. of the equity shares and the compulsorily convertible debentures issued by VIL. VIL manufactures color coated products. VIL has its manufacturing unit at Rajpura District, Patiala in Punjab. VIL has a color coating line with a capacity to produce 100,000 tons per annum and a small service center to cater to white goods customers in North India.

Acquisition of Bhushan Power and Steel Limited

The Guarantor submitted the BPSL Resolution Plan in respect of BPSL, a company currently undergoing insolvency resolution process under the provisions of the Bankruptcy Code. The BPSL Committee of Creditors unanimously approved the BPSL Resolution Plan and the BPSL Resolution Professional issued the Letter of Intent to the Guarantor on February 11, 2019, which was duly accepted by the Guarantor. The BPSL Resolution Professional subsequently filed its application with the Delhi Bench of NCLT for approval of the BPSL Resolution Plan under section 31 of the Bankruptcy Code. Subsequently, one of the former directors of BPSL had challenged the CIRP in relation to BPSL before the High Court of Punjab and Haryana ("**P&H High Court**"). The P&H High Court had by its order dated April 18, 2019, directed the NCLT to decide the issue regarding objections raised by the former director of BPSL before passing any other order in the matter. However, the Supreme Court has stayed the order of the P&H High Court by its order dated July 3, 2019. The NCLT has, by its order dated September 5, 2019 (the "**September Order**"), approved the resolution plan for BPSL, however with certain modifications besides not granting certain reliefs sought by the Guarantor. The Guarantor had filed an appeal before the NCLAT against the September Order ("**JSW Appeal**"). While the JSW Appeal was pending, the Directorate of Enforcement ("**ED**") issued a provisional attachment order dated October 10, 2019 ("**PAO**") whereby it attached assets at BPSL's Odisha plant. The PAO was thereafter challenged by the Committee of Creditors before the Supreme Court ("**SC**") by way of a special leave petition which stayed the operation of the PAO ("**CoC's SLP**"). The NCLAT ruled in favor of the Guarantor via its judgement dated February 17, 2020 ("**NCLAT Judgement**"), where it categorically upheld the protection afforded under section 32A of the IBC and dismissed the objections of various operational creditors and the former promoters of the BPSL Resolution Plan. Against the NCLAT Judgement, the former promoters of BPSL and an operational creditor have filed appeals which are now pending for consideration before SC ("**SC Appeals**"). On March 6, 2020, the SC admitted the SC Appeals, and clubbed the same with CoC's SLP. The matter has since been pending before SC. The Guarantor has also been in talks with the Committee of Creditors on the way forward to implement the BPSL Resolution Plan. In these circumstances, the BPSL acquisition and the timing of such acquisition remains uncertain and subject to final outcome in this regard. The Group expects any acquisition of BPSL to be material.

The BPSL Resolution Plan includes an upfront payment towards BPSL's debt resolution, additional capital injection to support BPSL's operational improvements and a performance guarantee in connection with the execution of the resolution plan. While the specific details of the Guarantor's resolution plan are subject to confidentiality restrictions, the Guarantor's financial commitments in connection with the BPSL Resolution Plan are material. In addition, the Guarantor has secured additional financing in connection with financial commitments under the BPSL Resolution Plan.

Based in New Delhi, India, BPSL is a fully integrated steel making company. BPSL manufactures and markets flat and long products and owns plants at Chandigarh, Kolkata and Odisha in India. These plants manufacture products covering entire steel value chain, from manufacturing pig iron, sponge iron, billets, hot rolled coils, cold rolled coils, galvanized sheets, precision tubes, black pipe, cable tapes, carbon and special alloy steel wire rods and rounds conforming to IS and international standards. BPSL serves agriculture and irrigation, fire-fighting/HVAC, construction, gas/oil pipe lines, cement/sugar/paper, automobiles, white goods, bicycles, steel/power projects, and general engineering industries.

The Group is currently in advanced negotiations with various investors to invest in a special purpose vehicle that is intended to hold BPSL's business. The proposed arrangement is expected to result in a joint control over BPSL's business and accordingly the Group will need to consolidate its proportionate share in profits or losses and net assets of BPSL's business as a single line item following equity method as per the IND-AS 111 — Joint Arrangements and will not require consolidation of assets and liabilities of BPSL on a line by line basis. While the Group continues to maintain joint control over BPSL, its exposure to the debt of BPSL would be significantly reduced. However, there can be no assurance that the Group will be able to find a required partner or to successfully complete a proposed reorganization of the capital structure subsequent to the completion of the acquisition.

Please see "*Risk Factors — Risks Relating to the Group — The Group has undertaken, and may undertake in the future, strategic acquisitions, which may be difficult to integrate, and may end up being unsuccessful. There can be no assurance that such acquisitions will be successful or will result in a positive outcome or be profitable for the Group*." and "*Risk Factors — Risks Relating to the Group — The Group's acquisition of Bhushan Power and Steel Limited ("BPSL") is expected to subject the Group to various risks*." for further information on risks associated with the Group's acquisition of BPSL.

Acquisition of Asian Colour Coated Ispat Limited

JSW Coated had submitted a resolution plan for Asian Colour Coated Ispat Limited ("**ACCIL**" and the resolution plan, the "**ACCIL Resolution Plan**"), a company undergoing insolvency resolution process under the provisions of the IBC. The committee of creditors of ACCIL has approved the ACCIL Resolution Plan an issued a letter of intent ("**ACCIL LOI**") dated July 6, 2019 to JSW Coated. The closure of the transaction is subject to obtaining the necessary approval from the NCLT bench at New Delhi. The Resolution Professional of ACCIL has filed the ACCIL Resolution Plan before the NCLT for its approval and the same is pending before the NCLT. ACCIL manufactures downstream steel products and has two manufacturing units located at Bawal, Haryana and Khopoli, Maharashtra.

Issuance of non-convertible debentures

The shareholders had, at the annual general meeting held on July 25, 2019, and the Board of Directors had, at its meeting held on July 26, 2019, approved the issuance of secured/unsecured redeemable non-convertible debentures ("**NCDs**") aggregating to up to Rs.100 billion (in one or more tranches) on a private placement basis and/or by way of a public issue, on such terms as may be decided by the Board of Directors. The shareholder's resolution had a validity of one year from the date of the annual general meeting. The Board of Directors had authorized the finance committee to finalize the terms of such issue. Pursuant to the aforesaid approvals, the finance committee of the Board of Directors, at its meeting held on June 5, 2020, approved the issue of 10,000 8.50 per cent. rated, listed, unsecured redeemable NCDs on a private placement basis at par to the investor identified by the finance committee at its meeting held on June 4, 2020.

Subsequently, the Board of Directors, at its meeting held on July 24, 2020, approved the raising of long-term funds subject to applicable regulatory approvals and market conditions, through the issuance of secured or unsecured, redeemable, non-convertible debentures not exceeding Rs.100,000 million, by way of private placement and/or public issuance, in one or more tranches, in the domestic market, to be used, inter alia, to replace short maturity loans, meet long-term working capital requirements, capital expenditure or reimbursement of capital expenditure already incurred, and/or for general corporate purposes.

Issuance of equity/equity linked instruments

The board of directors at their meeting held on May 22, 2020 and the shareholders at the annual general meeting held on July 23, 2020, have approved the issuance (in one or more tranches) of the following to qualified institutional buyers (as defined under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018):

(i) non-convertible debentures with attached warrants exchangeable/convertible into equity of the Guarantor, for an amount of up to Rs.70,000 million, inclusive of such premium as may be approved; and/or

(ii) equity shares and/or fully convertible debentures/partly convertible debentures/optionally convertible debentures or any other convertible securities (other than warrants) for an amount of up to Rs.70,000 million, inclusive of such premium as may be approved.

Issuance of FCCB/GDR/ADR

The board of directors at their meeting held on May 22, 2020 and the shareholders at the Annual General Meeting held on July 23, 2020, approved the raising of long-term resources through the issuance of foreign currency convertible bonds, global depository receipts, American depository receipts, warrants and/or other instruments convertible into equity shares optionally or otherwise for an aggregate sum of up to U.S.$1 billion or its equivalent in any other currency(ies), inclusive of premium, in the course of an international offering, in one or more foreign market(s), to all eligible investors.

Issuance of bonds in international markets

Further, the Board at its meeting held on May 22, 2020 has also authorized the issue of non-convertible unsecured fixed rate senior notes in the international bond market for an aggregate of U.S.$1 billion denominated in foreign currency or Indian rupees in one or more tranches. The notes may be issued directly by the Guarantor or through its overseas subsidiaries backed by a corporate guarantee of the Guarantor. If the notes are issued by the Guarantor, the proceeds from such issue can be used for the Group's capital expenditure or for any other use permitted under the ECB Guidelines. If the notes are issued by one of the Guarantor's overseas subsidiaries, the proceeds from such issue are to be utilized for repayment of the Guarantor's loans, for the Group's capital expenditure or for the Group's general corporate purposes.

Dividends

The Board of the Guarantor had recommended a dividend of Rs.2.00 per equity share for the year ended March 31, 2020. This was approved by the members at the Guarantor's annual general meeting held on July 23, 2020 and has since been paid.

Revised credit rating and outlooks

On March 5, 2020, Moody's re-affirmed the Guarantor's corporate family rating and senior unsecured rating at "Ba2", respectively, but revised the outlook from positive to stable. On July 9, 2020 Moody's re-affirmed these ratings at "Ba2" but further revised the outlook from stable to negative. On May 22, 2020, Fitch revised the Guarantor's long-term issuer default ratings and senior unsecured ratings to "BB-" from "BB" with a negative outlook, respectively, due to the expected decline in steel demand in India for the fiscal year ending March 31, 2020.

Production volumes

For the three months ended June 30, 2020 and the months of July 2020 and August 2020, the crude steel production of the Guarantor (standalone) was 2.96 mt, 1.246 mt and 1.317 mt, respectively. For the respective period, the capacity utilization has improved from 66 per cent., to 83 per cent. and further to 88 per cent.

RECENT DEVELOPMENTS

The information contained in this section amends and supplements the information elsewhere in this Offering Memorandum. To the extent that any information contained in this section is inconsistent with the information set forth elsewhere in this Offering Memorandum, you should rely on the information in this section and not on the information elsewhere in this Offering Memorandum. Except for the supplemental information contained in this section, all other information contained in this Offering Memorandum remains unmodified.

On October 23, 2020, the Guarantor announced its results of operations as of and for the six months ended September 30, 2020, along with certain additional financial and operating information as of and for that same period. The following sections present a summary of that recent financial and operating information.

This information should be read in conjunction with the presentation of financial information by reference to the Group's unaudited condensed consolidated interim financial statements as of and for the six months ended September 30, 2020 included elsewhere in this Offering Memorandum. Results for interim periods are not necessarily indicative of results for the full year and are not comparable with annual numbers presented in the Offering Memorandum.

Presentaton of Financial Information

Financial Data

The unaudited condensed consolidated interim financial statements of the Group and unaudited condensed standalone interim financial statements of the Guarantor as at and for the six months ended September 30, 2020 included elsewhere in this Offering Memorandum have been prepared in accordance with IND-AS 34 and have been reviewed by S R B C & CO LLP, as set forth in their review report included herein.

Unless the context otherwise requires, all financial information provided as at or for the six months ended September 30, 2020 contained in this Offering Memorandum has been derived from the unaudited condensed consolidated interim financial statements as at or for the six months ended September 30, 2020 of the Group and unaudited condensed standalone interim financial statements as at or for the six months ended September 30, 2020 of the Guarantor. Further, unless the context otherwise requires, all financial information provided as at or for the six months ended September 30, 2019 has been derived from the comparatives presented in the unaudited condensed consolidated interim financial statements and unaudited condensed standalone interim financial statements as at and for the six months ended September 30, 2020, as applicable.

Selected Financial Data and Other Information

Financial Information of the Group

Summary of Condensed Consolidated Interim Statement of Profit and Loss of the Group

		Six months ended September 30,		
		2019	**2020**	**2020**
		(Rs. in millions)		**(U.S.$ in millions)[(1)]**
I.	**REVENUE FROM OPERATIONS**	369,187	310,459	4,207
	Government Grant income — VAT/GST inventive relating to earlier years	4,655	—	—
REVENUE FROM OPERATIONS		373,842	310,459	4,207
II.	**OTHER INCOME**	2,967	2,842	39
III.	**TOTAL INCOME (I + II)**	**376,809**	**313,301**	**4,246**
IV.	**EXPENSES:**			
	Cost of materials consumed	208,778	147,913	2,004
	Purchases of stock-in-trade	302	336	5
	Changes in inventories of finished goods, work-in-progress and stock-in-trade	(11,361)	9,249	125
	Employee benefits expense	14,121	12,272	166
	Finance costs	21,690	19,749	268
	Depreciation and amortisation expense	20,834	21,956	298
	Other expenses	97,529	83,142	1,127
	TOTAL EXPENSES	**351,893**	**294,617**	**3,993**
V.	**PROFIT BEFORE SHARE OF PROFIT/(LOSS) FROM JOINT VENTURES (NET) AND TAX (III-IV)**	**24,916**	**18,684**	**253**
VI.	**SHARE OF PROFIT/(LOSS) FROM JOINT VENTURES (NET)**	**(335)**	**(61)**	**(1)**
VII.	**PROFIT BEFORE TAX (V + VI)**	**24,581**	**18,623**	**252**
VIII.	**TAX EXPENSES/(CREDIT):**			
	Current tax	6,115	4,712	64
	Deferred tax	(16,974)	3,780	51
		(10,859)	**8,492**	**115**
IX.	**PROFIT FOR THE PERIOD (VII-VIII)**	**35,440**	**10,131**	**137**
X.	**OTHER COMPREHENSIVE INCOME/(LOSS)**			
A	(i) Items that will not be reclassified to profit or loss			
	(a) Re-measurement losses of the defined benefit plans	(71)	137	2
	(b) Equity instruments through other comprehensive income	(767)	1,392	19
	(ii) Income tax relating to items that will not be reclassified to profit or loss	23	(44)	(1)
	Total (A)	**(815)**	**1,485**	**20**

	Six months ended September 30,		
	2019	**2020**	**2020**
	(Rs. in millions)		**(U.S.$ in millions)[1]**
B (i) Items that will be reclassified to profit or loss			
(a) The effective portion of gain/(loss) on hedging instruments	(2,272)	4,573	62
(b) Changes in Foreign currency monetary item translation difference account (FCMITDA)	271	—	—
(c) Foreign currency translation reserve (FCTR)	(845)	(54)	(1)
(ii) Income tax relating to items that will be reclassified to profit or loss	695	(1,529)	(21)
Total (B)	**(2,151)**	**2,990**	**41**
Total other comprehensive income/(loss) (A+B)	**(2,966)**	**4,475**	**61**
XI. TOTAL COMPREHENSIVE INCOME/(LOSS) (IX+X)	**32,474**	**14,606**	**198**
Total Profit/(loss) for the period attributable to:			
— Owners of the Company	35,881	10,318	140
— Non-controlling interests	(441)	(187)	(3)
	35,440	**10,131**	**137**
Other comprehensive income/(loss) for the period attributable to:			
— Owners of the Company	(2,860)	4,320	59
— Non-controlling interests	(106)	155	2
	(2,966)	**4,475**	**61**
Total comprehensive income/(loss) for the period attributable to:			
— Owners of the Company	33,021	14,638	198
— Non-controlling interests	(547)	(32)	0
	32,474	**14,606**	**198**
Earnings per equity share of Re 1 each (not annualized)			
Basic (in Rs.)	14.94	4.29	
Diluted (in Rs.)	14.84	4.27	

Note:

(1) For the reader's convenience, U.S. dollar translations of Indian rupee amounts for the six months ended September 30, 2020 have been provided at a rate of U.S.$1.00 = Rs.73.7978, which was the exchange rate as reported by the FBIL on September 30, 2020.

Summary of Condensed Consolidated Interim Balance Sheet of the Group

				As at March 31,	As at September 30,	
				2020	**2020**	**2020**
				(Rs. in millions)	**(Rs. in millions)**	**(U.S.$ in millions)[1]**
I.	**ASSETS**					
(1)	**NON-CURRENT ASSETS**					
	(a)	Property, plant and equipment		577,579	562,032	7,616
	(b)	Capital work-in-progress		268,567	299,965	4,065
	(c)	Right of use assets		34,712	33,477	454
	(d)	Goodwill		4,151	4,073	55
	(e)	Other Intangible assets		3,500	12,613	171
	(f)	Intangible assets under development		3,340	3,611	49
	(g)	Investments in joint ventures		2,828	2,800	38
	(h)	Financial assets				
		(i)	Investments	9,743	11,397	154
		(ii)	Loans	7,717	7,817	106
		(iii)	Other financial assets	6,956	11,376	154
	(i)	Current tax assets (net)		3,850	2,281	31
	(j)	Other non-current assets		29,564	29,897	405
	Total non-current assets			**952,507**	**981,339**	**13,298**
(2)	**CURRENT ASSETS**					
	(a)	Inventories		138,635	114,158	1,547
	(b)	Financial assets				
		(i)	Investments	18	89	1
		(ii)	Trade receivables	45,054	34,474	467
		(iii)	Cash and cash equivalents	39,656	21,179	287
		(iv)	Bank balances other than (iii) above	80,365	55,372	750
		(v)	Loans	7,423	9,603	130
		(vi)	Derivative Assets	2,936	1,599	22
		(vii)	Other financial assets	28,584	26,139	354
	(c)	Current tax assets (net)		60	56	1
	(d)	Other current assets		22,863	37,531	509
	(e)	Assets classified as held for sale		94	94	1
	Total current assets			**365,688**	**300,295**	**4,069**
	TOTAL ASSETS			**1,318,195**	**1,281,634**	**17,367**
II.	**EQUITY AND LIABILITIES**					
(1)	**EQUITY**					
	(a)	Equity share capital		3,013	3,014	41
	(b)	Other equity		362,977	373,084	5,055
	Equity attributable to owners of the Company			**365,990**	**376,098**	**5,096**
	Non-controlling Interests			(5,753)	(5,772)	(78)
	Total equity			**360,237**	**370,326**	**5,018**

	As at March 31,	As at September 30,	
	2020	**2020**	**2020**
	(Rs. in millions)	**(Rs. in millions)**	**(U.S.$ in millions)[1]**
LIABILITIES			
(2) Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	446,726	431,494	5,847
(ii) Lease liabilities	17,437	15,434	209
(iii) Derivative liabilities	1,299	1,202	16
(iv) Other financial liabilities	4,637	5,474	74
(b) Provisions	3,484	3,810	52
(c) Deferred tax liabilities (net)	16,774	22,142	300
(d) Other non-current liabilities	30,723	25,641	347
Total non-current liabilities	**521,080**	**505,197**	**6,846**
(3) Current liabilities			
(a) Financial liabilities			
(i) Borrowings	83,248	48,476	657
(ii) Trade payables	179,176	164,961	2,235
(iii) Derivative liabilities	2,506	1,865	25
(iv) Lease liabilities	3,062	3,525	48
(v) Other financial liabilities	141,432	151,604	2,054
(b) Provisions	1,609	1,712	23
(c) Other current liabilities	24,552	32,248	437
(d) Current tax liabilities (net)	1,293	1,720	23
Total current liabilities	**436,878**	**406,111**	**5,503**
Total liabilities	**957,958**	**911,308**	**12,349**
TOTAL — EQUITY AND LIABILITIES	**1,318,195**	**1,281,634**	**17,367**

Note:

(1) For the reader's convenience, U.S. dollar translations of Indian rupee amounts as at September 30, 2020 have been provided at a rate of U.S.$1.00 = Rs.73.7978, which was the exchange rate as reported by the FBIL on September 30, 2020.

Summary of Condensed Consolidated Interim Statement of Cash Flow of the Group

	Six months ended September 30,		
	2019	**2020**	**2020**
	(Rs. in millions)		**(U.S.$ in millions)[1]**
Net cash generated from operating activities (A)	55,085	56,854	770
Net cash used in investing activities (B)	(80,003)	(9,248)	(125)
Net cash (used in)/generated from financing activities (C)	48,571	(66,024)	(895)
Net (decrease)/increase in cash and cash equivalents (A+B+C)	**23,653**	**(18,418)**	**(250)**
Cash and cash equivalents — Opening Balances	**55,807**	**39,656**	**537**
Add: Translation adjustment in cash and cash equivalents	24	(59)	(1)
Cash and cash equivalents — Closing Balances	**79,484**	**21,179**	**287**

Note:

(1) For the reader's convenience, U.S. dollar translations of Indian rupee amounts for the six months ended September 30, 2020 have been provided at a rate of U.S.$1.00 = Rs.73.7978, which was the exchange rate as reported by the FBIL on September 30, 2020.

Financial Information of the Guarantor

Summary of Condensed Standalone Interim Statement of Profit and Loss of the Guarantor

		Six months ended September 30,		
		2019	**2020**	**2020**
		(Rs. in millions)		**(U.S.$ in millions)[1]**
I.	**REVENUE FROM OPERATIONS**	**327,522**	**270,900**	**3,671**
	Government grant income — VAT/GST incentive relating to earlier years	4,655	—	—
	TOTAL REVENUE FROM OPERATIONS	**332,177**	**270,900**	**3,671**
II.	**OTHER INCOME**	3,469	3,045	41
III.	**TOTAL INCOME (I +II)**	**335,646**	**273,945**	**3,712**
IV.	**EXPENSES:**			
	Cost of materials consumed	180,891	127,900	1,733
	Purchases of stock-in-trade	2,586	506	7
	Changes in inventories of finished goods and work-in-progress	(8,169)	7,489	101
	Employee benefits expense	7,284	7,166	97
	Finance costs	20,803	18,177	246
	Depreciation and amortisation expense	16,999	17,914	243
	Other expenses	83,305	71,784	973
	TOTAL EXPENSES	**303,699**	**250,936**	**3,400**
V.	**PROFIT BEFORE TAX (III-IV)**	**31,947**	**23,009**	**312**
VI.	**TAX EXPENSES/(CREDIT):**			
	Current tax	5,273	4,002	54
	Deferred tax	(16,883)	3,545	48
		(11,610)	**7,547**	**102**
VII.	**PROFIT FOR THE PERIOD (V-VI)**	**43,557**	**15,462**	**210**
VIII.	**Other Comprehensive Income/(loss)**			
	A (i) Items that will not be reclassified to profit or loss			
	(a) Re-measurements of the defined benefit plans	(61)	98	1
	(b) Equity instruments through other comprehensive income	(639)	1,174	16
	(ii) Income tax relating to items that will not be reclassified to profit or loss	21	(34)	0
	Total (A)	**(679)**	**1,238**	**17**
	B (i) Items that will be reclassified to profit or loss			
	(a) The effective portion of gains and loss on hedging instruments	(1,769)	3,872	52
	(b) Changes in Foreign Currency Monetary item translation difference (FCMITDA) account	266	—	—
	(ii) Income tax relating to items that will be reclassified to profit or loss	523	(1,353)	(18)
	Total (B)	**(980)**	**2,519**	**34**
	Total other comprehensive income/(loss) (A+B)	**(1,659)**	**3,757**	**51**
IX.	**TOTAL COMPREHENSIVE INCOME (VII+VIII)**	**41,898**	**19,219**	**260**
X.	**EARNINGS PER EQUITY SHARE OF RE. 1 EACH (not annualized)**			
	Basic (in Rs.)	18.14	6.43	
	Diluted (in Rs.)	18.02	6.40	

Note:

(1) For the reader's convenience, U.S. dollar translations of Indian rupee amounts for the six months ended September 30, 2020 have been provided at a rate of U.S.$1.00 = Rs.73.7978, which was the exchange rate as reported by the FBIL on September 30, 2020.

Summary of Condensed Standalone Interim Balance Sheet of the Guarantor

	As at March 31,	As at September 30,	
	2020	2020	2020
	(Rs. in millions)	(Rs. in millions)	(U.S.$ in millions)(1)
I. ASSETS			
(1) Non-current assets			
(a) Property, plant and equipment	461,168	450,822	6,109
(b) Capital work-in-progress	238,104	266,507	3,611
(c) Right-of-use assets	41,020	38,359	520
(d) Intangible assets	3,233	12,350	167
(e) Intangible assets under development	3,310	3,560	48
(f) Investments in subsidiaries, associates and joint ventures	47,569	48,663	659
(g) Financial assets			
(i) Investments	12,418	13,886	188
(ii) Loans	87,048	59,671	809
(iii) Other financial assets	5,624	8,630	117
(h) Current tax assets (net)	3,400	1,803	24
(i) Other non-current assets	23,780	23,461	318
Total non-current assets	**926,674**	**927,712**	**12,571**
(2) Current assets			
(a) Inventories	96,231	78,957	1,070
(b) Financial assets			
(i) Trade receivables	31,661	26,935	365
(ii) Cash and cash equivalents	34,383	17,075	231
(iii) Bank balances other than (ii) above	79,626	53,724	728
(iv) Loans	3,211	39,684	538
(v) Derivative Assets	2,746	1,407	19
(vi) Other financial assets	27,939	24,260	329
(c) Other current assets	17,949	31,551	428
Total current assets	**293,746**	**273,593**	**3,707**
TOTAL ASSETS	**1,220,420**	**1,201,305**	**16,278**
II. EQUITY AND LIABILITIES			
(1) Equity			
(a) Equity share capital	3,013	3,014	41
(b) Other equity	380,608	395,300	5,357
Total equity	**383,620**	**398,314**	**5,397**

	As at March 31,	As at September 30,	
	2020	2020	2020
	(Rs. in millions)	(Rs. in millions)	(U.S.$ in millions)[1]
(2) Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	392,473	379,390	5,141
(ii) Lease liabilities	27,160	23,765	322
(iii) Derivative liabilities	1,299	1,202	16
(iv) Other financial liabilities	13,079	13,366	181
(b) Provisions	3,221	3,543	48
(c) Deferred tax liabilities (net)	13,151	18,081	245
(d) Other non-current liabilities	30,478	25,427	344
Total non-current liabilities	**480,860**	**464,774**	**6,298**
(3) Current liabilities			
(a) Financial liabilities			
(i) Borrowings	68,134	39,539	536
(ii) Trade payables	133,536	126,980	1,721
(iii) Derivative liabilities	1,892	1,801	24
(iv) Lease liabilities	7,733	6,781	92
(v) Other financial liabilities	119,796	132,672	1,798
(b) Provisions	638	742	10
(c) Other current liabilities	23,021	28,207	382
(d) Current tax liabilities (net)	1,191	1,495	20
Total current liabilities	**355,940**	**338,217**	**4,583**
Total liabilities	**836,800**	**802,991**	**10,881**
TOTAL EQUITY AND LIABILITIES	**1,220,420**	**1,201,305**	**16,278**

Note:

(1) For the reader's convenience, U.S. dollar translations of Indian rupee amounts as at September 30, 2020 have been provided at a rate of U.S.$1.00 = Rs.73.7978, which was the exchange rate as reported by the FBIL on September 30, 2020.

Summary of Condensed Standalone Interim Statement of Cash Flow of the Guarantor

	Six months ended September 30,		
	2019	**2020**	**2020**
	(Rs. in millions)		**(U.S.$ in millions)[1]**
Net cash generated from operating activities (A)	65,229	56,435	765
Net cash used in investing activities (B)	(82,530)	(17,434)	(236)
Net cash (used in)/generated from financing activities (C)	39,952	(56,309)	(763)
Net (decrease)/increase in cash and cash equivalents (A+B+C)	**22,651**	**(17,308)**	**(235)**
Cash and cash equivalents — Opening Balances	**53,664**	**34,383**	**466**
Cash and cash equivalents — Closing Balances	**76,315**	**17,075**	**231**

Note:

(1) For the reader's convenience, U.S. dollar translations of Indian rupee amounts for the six months ended September 30, 2020 have been provided at a rate of U.S.$1.00 = Rs.73.7978, which was the exchange rate as reported by the FBIL on September 30, 2020.

The Group's Key Operating and Financial Information

This disclosure is intended to assist in understanding the trends in the operating and financial information of the Group included in this Offering Memorandum.

	Six months ended/as at September 30,		
	2019	**2020**	**2020**
	(Rs. in millions except percentages)		**(U.S.$ in millions except percentages)[(6)]**
Total revenue from operations (Rs. in millions)[(5)]	373,842	310,459	4,207
EBITDA (Rs. in millions)[(1)(5)]	64,473	57,547	780
Purchases for property, plant and equipment and intangible assets (including under development and capital advances) (Rs. in millions)	65,815	39,007	529
Profit before tax (Rs. in millions)	24,581	18,623	252
Profit for the year/period (Rs. in millions)	35,440	10,131	137
EBITDA/Total revenue from operations (per cent.)	17.2	18.5	18.5
Profit before tax/Total revenue from operations (per cent.)	6.6	6.0	6.0

	Six months ended/as at September 30,	
	2020	**2020**
	(Rs. in millions except percentages)	**(U.S.$ in millions except percentages)[(6)]**
Net debt to equity ratio (times)[(2)(7)]	1.28	1.28
Return on average net worth[(3)(5)] (per cent.)	2.8	2.8
Return on average capital employed[(4)(5)] (per cent.)	3.7	3.7

Notes:

(1) EBITDA: Profit/(loss) for the year/period +(-) share of profit/loss from joint ventures (net) +(-) tax expense/credit + exceptional items + depreciation and amortisation expense + finance costs - other income.

(2) Net debt to equity ratio: net debt/net worth (Net debt: Non-current Borrowings + current borrowings + current maturities of long-term borrowings + current maturities of finance lease obligations, if any, - cash and cash equivalents - bank balances other than cash and cash equivalents - current investments) (Net worth: Equity attributable to Owners of the Guarantor + Non-controlling interests). Net debt excludes acceptances.

(3) Return on average net worth: Profit/(loss) for the year/period/average net worth (Net worth: Equity attributable to Owners of the Guarantor + Non-controlling interests). (Average net worth: (net worth as at the beginning of the year/period + net worth as at the closing of the year/period)/2).

(4) Return on average capital employed: EBIT/average capital employed (Capital employed: net worth + Non-current borrowings + Current borrowings + current maturities of long-term borrowings + current maturities of finance lease obligations, if any, + deferred tax liabilities (net) + deferred tax assets (net)) (EBIT: EBITDA - depreciation and amortisation expenses) (Average capital employed: (capital employed as at the beginning of the year/period + capital employed as at the closing of the year/period)/2).

(5) As used in this Offering Memorandum, a non-GAAP financial measure is one that purports to measure historical financial performance, financial position or cash flows, but excludes or includes amounts that would not be so adjusted in the most comparable IFRS/IND-AS measures. From time to time, reference is made in this Offering Memorandum to such "non-GAAP financial measures", primarily EBITDA, or (unless otherwise specified) profit/(loss) before other income and finance costs, tax expense/credit, depreciation, amortisation and exceptional items and share of profit/loss from joint-ventures (net), and net debt, or (unless otherwise specified) non-current borrowings plus current borrowings plus current maturities of long-term borrowings plus current maturities of finance lease obligations, if any, minus cash and cash equivalents, bank balances other than cash and cash equivalents, and current investments. The Group's management believes that EBIT, EBITDA, EBITDA/Total revenue from operations, profit/(loss) before tax/Total revenue from operations, Net debt, Net worth, Net debt to equity ratio, Average net worth, Return on average net worth, Return on average capital employed and other non-GAAP financial measures provide investors with additional information about the Group's performance, as well as ability to incur and service debt and make capital expenditures, and are measures commonly used by investors. The non-GAAP financial measures described herein are not a substitute for IFRS/IND-AS measures of earnings and may not be comparable to similarly titled measures reported by other companies due to differences in the way these measures are calculated.

(6) For the reader's convenience, U.S. dollar translations of Indian rupee amounts for the six months ended September 30, 2020 have been provided at a rate of U.S.$1.00 = Rs.73.7978, which was the exchange rate as reported by the FBIL on September 30, 2020.

(7) Interest bearing advance received from customer against long term supply agreement are presented as 'Other Liabilities' in the balance sheet and hence also not included as part of net debt as at September 30, 2020.

Non-GAAP Financial Measures

The following table reconciles the Group's profit after tax for the six months ended September 30, 2019 and 2020 to the Group's definition of EBITDA, Net debt to equity ratio, return on average net worth and return on average capital employed and other Non-GAAP financial measures for the periods indicated:

	Six months ended/as at September 30,		
	2019	**2020**	**2020**
	(Rs. in millions)		**(U.S.$ in millions except percentages)[1]**
Profit for the year/period (A)	**35,440**	**10,131**	**137**
Adjustments			
Other income	2,967	2,842	39
Finance costs	(21,690)	(19,749)	(268)
Tax (expenses)/credit			
Current tax	(6,115)	(4,712)	(64)
Deferred tax	16,974	(3,780)	(51)
Share of Profit/(loss) from joint ventures (net)	(335)	(61)	(1)
Total adjustments (B)	**(8,199)**	**(25,460)**	**(345)**
EBIT (C) = (A) - (B)	**43,639**	**35,591**	**482**
Adjustments (D)			
Depreciation and amortisation expense	(20,834)	(21,956)	(298)
EBITDA[2] (E) = (C) - (D)	**64,473**	**57,547**	**780**
Total revenue from operations (F)	373,842	310,459	4,207
Profit/(loss) before tax (G)	24,581	18,623	252
EBITDA/Total revenue from operations (per cent.) (H) = (E/F)	**17.2**	**18.5**	**18.5**
Profit/(loss) before tax/Total revenue from operations (per cent.) (G/F)	**6.6**	**6.0**	**6.0**

Notes:

(1) For the reader's convenience, U.S. dollar translations of Indian rupee amounts for the six months ended September 30, 2020 have been provided at a rate of U.S.$1.00 = Rs.73.7978, which was the exchange rate as reported by the FBIL on September 30, 2020.

(2) EBITDA: profit/(loss) for the year/period +(-) share of profit/loss from joint ventures (net) +(-) taxes/(credit) + exceptional items + depreciation and amortisation expense + finance costs - other income.

	Six months ended/as at September 30,	
	2020	2020
	(Rs. in millions)	(U.S.$ in millions except percentages)[1]
Non-current borrowings	431,494	5,847
Current borrowings	48,476	657
Current maturities of long-term borrowings	71,144	964
Total borrowings	**551,114**	**7,468**
Less: Cash and cash equivalents	(21,179)	(287)
Less: Bank balance other than cash and cash equivalents	(55,372)	(750)
Less: Current investment	(89)	(1)
Net Debt[2][5]	**474,474**	**6,429**
Equity attributable to Owners of the Company	376,098	5,096
Non-controlling interests	(5,772)	(78)
Net worth[2][5]	**370,326**	**5,018**
Net debt to equity ratio (times)[2][5]	**1.28**	**1.28**
Net worth as at beginning of the period	360,237	4,881
Net worth as at closing of the period	370,326	5,018
Average Net worth[3][5]	**365,282**	**4,950**
Return on average net worth (Profit/(loss) for the period/average net worth (per cent.))[3][5]	**2.8**	**2.8**
Net worth	370,326	5,018
Non-current borrowings	431,494	5,847
Current borrowings	48,476	657
Current maturities of long-term borrowings[6]	71,144	964
Deferred tax liabilities (net)	22,142	300
Capital employed[4][5]	**943,582**	**12,786**
Capital employed as at beginning of the period	970,744	13,154
Capital employed as at closing of the period	943,582	12,786
Average capital employed[4][5]	**957,163**	**12,970**
Return on average capital employed (EBIT/Average Capital employed) (per cent.)[4][5]	**3.7**	**3.7**

Notes:

(1) For the reader's convenience, U.S. dollar translations of Indian rupee amounts as at September 30, 2020 have been provided at a rate of U.S.$1.00 = Rs.73.7978, which was the exchange rate as reported by the FBIL on September 30, 2020.

(2) Net debt to equity ratio: net debt/net worth (Net debt: Non-current Borrowings + current borrowings + current maturities of long-term borrowings + current maturities of finance lease obligations, if any, - cash and cash equivalents - bank balances other than cash and cash equivalents - current investments) (Net worth: Equity attributable to Owners of the Guarantor + Non-controlling interests). Net debt excludes acceptances.

(3) Return on average net worth: Profit/(loss) for the year/period/average net worth (Net worth: Equity attributable to Owners of the Guarantor + Non-controlling interests) (Average net worth: (net worth as at the beginning of the year/period + net worth as at the closing of the year/period)/2).

(4) Return on average capital employed: EBIT/average capital employed (Capital employed: net worth + Non-current borrowings + Current borrowings + current maturities of long-term borrowings + current maturities of finance lease obligations, if any, + deferred tax liabilities (net) + deferred tax assets (net)) (EBIT: EBITDA - depreciation and amortisation expenses) (Average capital employed: (capital employed as at the beginning of the year/period + capital employed as at the closing of the year/period)/2).

(5) As used in this Offering Memorandum, a non-GAAP financial measure is one that purports to measure historical financial performance, financial position or cash flows, but excludes or includes amounts that would not be so adjusted in the most comparable IFRS/IND-AS measures. From time to time, reference is made in this Offering Memorandum to such "non-GAAP financial measures", primarily EBITDA, or (unless otherwise specified) profit/(loss) before other income and finance costs, tax expenses/credit, depreciation, amortisation and exceptional items and share of profit/loss from joint-ventures (net), and net debt, or (unless otherwise specified) non-current borrowings plus current borrowings plus current maturities of long-term borrowings plus current maturities of finance lease obligations, if any, minus cash and cash equivalents, bank balances others than cash and cash equivalents, and current investments. The Group's management believes that EBIT, EBITDA, EBITDA/Total revenue from operations, profit/(loss) before tax/Total revenue from operations, Net debt, Net worth, Net debt to equity ratio, Average net worth, Return on average net worth, Return on average capital employed and other non-GAAP financial measures provide investors with additional information about the Group's performance, as well as ability to incur and service debt and make capital expenditures, and are measures commonly used by investors. The non-GAAP financial measures described herein are not a substitute for IFRS/IND-AS measures of earnings and may not be comparable to similarly titled measures reported by other companies due to differences in the way these measures are calculated.

Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion is intended to convey management's perspective on the financial condition and results of operations of the Group as at and for the six months ended September 30, 2019 and 2020. Unless context requires otherwise, all financial information for the Group and the Guarantor as at and for the six months ended September 30, 2020 has been derived from the Group Unaudited Condensed Consolidated Interim Financial Statements and the Guarantor Unaudited Condensed Standalone Interim Financial Statements. Further, unless the context otherwise requires, all financial information provided as at and for the six months ended September 30, 2019 has been derived from the comparatives presented in the unaudited condensed consolidated interim financial statements and the unaudited condensed standalone interim financial statements as at and for the six months ended September 30, 2020. This financial information should be read in conjunction with "Presentation of Financial Information", "Selected Financial Data and Other Information" and "Index to Financial Statements" in this Offering Memorandum and the unaudited interim condensed consolidated financial statements of the Group as at and for the six months ended September 30, 2020. This discussion supplements the "Management's Discussion and Analysis of Financial Condition and Results of Operations" contained elsewhere in this Offering Memorandum and should be read together with the information presented therein.

The Group Condensed Consolidated Financial Statements are prepared in accordance with IND-AS. IND-AS differs in certain respects from IFRS and other accounting principles and audit and review standards accepted in the countries with which prospective investors may be familiar.

This section contains forward-looking statements that involve risks and uncertainties. The Group's actual results may differ materially from those discussed in such forward-looking statements as a result of various factors, including those described under the sections "Forward-Looking Statements and Associated Risks" and "Risk Factors" of this Offering Memorandum.

COVID-19 pandemic

The COVID-19 outbreak and measures to curtail it has caused disturbances and slowdown of economic activity. The Company's operations were impacted in the quarter ended June 30, 2020 due to the scaling down/suspension of production across all plants due to supply chain constraints, shortage of workforce and with a view to ensure safety across all areas of operation. Following the approvals received from the regulatory authorities towards the end of April 20, 2020, the Company has commenced operations and has achieved a crude steel production of 3.85 million tons in the quarter ended September 30, 2020. With this the Company has achieved average capacity utilization of 86 per cent. in quarter ended September 30, 2020 in line with the pre COVID-19 level of 85 per cent. in the quarter ended September 30, 2019.

The Company has considered the possible impact of COVID-19 in preparation of the above results. The impact of the global health pandemic may be different from that estimated as at the date of approval of these financial results and the Company will continue to closely monitor any material changes to future economic conditions.

Results of Operations for the Six Months ended September 30, 2020 compared with the Six Months ended September 30, 2019

This financial information should be read in conjunction with the sections titled "*Presentation of Financial Information*" and "*Index to Financial Statements*" in this Offering Memorandum. Our results of operations for the six months ended September 30, 2020 are not necessarily indicative of our results for the year ending March 31, 2021, and historical results presented in this Offering Memorandum in general do not necessarily indicate results expected for any future period.

Revenue from Operations

The Group's revenue from operations in the six months ended September 30, 2020 decreased by 17.0 per cent. to Rs.310,459 million (U.S.$4,207 million) from Rs.373,842 million in the six months ended September 30, 2019. The decrease in revenue was mainly due to a decrease in sales volume during the period April 2020 to June 2020 due to scaling down/partial suspension of operations across all plants due to supply chain constraints, shortage of workforce, weak demand in the Indian domestic market on account of the lockdown measures and restrictions on movement of goods and services imposed by the Government due to the COVID-19 pandemic outbreak and reduction in sales realizations owing to weak demand and seaborne international steel prices.

Cost of Materials Consumed

Cost of materials consumed decreased by 29.2 per cent. to Rs.147,913 million (U.S.$2,004 million) in the six months ended September 30, 2020 from Rs.208,778 million in the six months ended September 30, 2019. The decrease in cost of materials consumed was on account of lower raw material prices (in particular, iron ore and coking coal) and the reduction in production volumes due to the COVID-19 pandemic outbreak.

Purchases of Stock-in-Trade

Purchases of stock-in-trade increased by 11.3 per cent. to Rs.336 million (U.S.$5 million) in the six months ended September 30, 2020 from Rs.302 million in the six months ended September 30, 2019. The increase in purchases of stock-in-trade was marginal.

Employee Benefits Expense

Employee benefits expense decreased by 13.1 per cent. to Rs.12,272 million (U.S.$166 million) in the six months ended September 30, 2020 from Rs.14,121 million in the six months ended September 30, 2019. The decrease in employee benefits expense was primarily due to a decrease in manpower cost at the Group's overseas businesses due to curtailment of operations and lower production incentives payout and salary rationalization measures at its Indian operations post COVID-19 pandemic.

Finance Costs

Finance costs decreased by 8.9 per cent. to Rs.19,749 million (U.S.$268 million) in the six months ended September 30, 2020 from Rs.21,690 million in the six months ended September 30, 2019. The decrease in finance costs was due to a decrease in the Group's weighted average interest rates, lower working capital utilization and reduction in interest outgoings due to repayments of loans during the period.

Depreciation and Amortization expenses

Depreciation and amortization expenses increased by 5.4 per cent. to Rs.21,956 million (U.S.$298 million) in the six months ended September 30, 2020 from Rs.20,834 million in the six months ended September 30, 2019. The increase in depreciation and amortization was mainly due to accelerated depreciation charged on certain assets and additional depreciation on asset capitalization for projects, and sustaining capital expenditure.

Other Expenses

Other expenses decreased by 14.8 per cent. to Rs.83,142 million (U.S.$1,127 million) in the six months ended September 30, 2020 from Rs.97,529 million in the six months ended September 30, 2019. The decrease in other expenses was in line with the decrease in production volume which resulted in reduction in stores and spares consumption, job work charges, freight expenses as well as lower power and fuel costs.

Tax Credit/Expense

Tax expenses amounted to Rs.8,492 million (U.S.$115 million) in the six months ended September 30, 2020, as against the tax credit of Rs.10,859 million in the six months ended September 30, 2019. The tax credit in the six months ended September 30, 2019 was primarily on account of a reversal of deferred tax liability due to a change in the corporate tax rate.

Profit for the Period

As a result of the foregoing, the Group's profit for the period was Rs.10,131 million (U.S.$137 million) in the six months ended September 30, 2020, representing a decrease of 71 per cent. from the Group's profit of Rs.35,440 million in the six months ended September 30, 2019.

Liquidity and Capital Resources — Cash Flow Data

Net Cash Flows Generated from Operating Activities

Net cash generated from operating activities was Rs.56,854 million (U.S.$770 million) during the six months ended September 30, 2020. The net cash generated from operating profit before working capital changes during the six months ended September 30, 2020 was Rs.54,198 million (U.S.$734 million), compared to Rs.65,936 million during the six months ended September 30, 2019 due to lower EBITDA generated from the business operations.

Net Cash Flows Used in Investing Activities

Net cash used in investing activities was Rs.9,248 million (U.S.$125 million) in the six months ended September 30, 2020. This represents expenditure incurred for capacity expansion from 5 mtpa to 10 mtpa at Dolvi Works, other ongoing projects and for sustenance capital expenditure offset by cash inflows from liquidating the bank deposits.

Net Cash Flows (used in)/generated from Financing Activities

Net cash used in financing activities in the six months ended September 30, 2020 amounted to Rs.66,024 million (U.S.$895 million), compared to net cash generated from financing activities of Rs.48,571 million in the six months ended September 30, 2019. The net cash used in financing activities in the six months ended September 30, 2020 primarily consisted of loan repayments net of loan receipts, interest payments and dividend payments.

Indebtedness

Description of Material Indebtedness of the Guarantor

As at September 30, 2020, the Group had total borrowings (non-current borrowings plus current borrowings plus current maturities of long-term borrowings) of Rs.551,114 million (U.S.$7,468 million). As at September 30, 2020, its non-current borrowings (including current maturities of long-term borrowings) represented foreign currency bonds and debentures of Rs.165,117 million (U.S.$2,237 million), rupee term loan and foreign currency term loan (including deferred government loans) of

Rs.321,860 million (U.S.$4,361 million), acceptances for capital projects of Rs.18,978 million (U.S.$257 million) and preference shares of Rs.240 million (U.S.$3 million) as reduced by upfront fees on rupee term loans and upfront fees on foreign currency loans of Rs.3,575 million (U.S.$48 million).

As at September 30, 2020, the Group's total borrowings (non-current borrowings plus current borrowings plus current maturities of long-term borrowings) consisted of 87.15 per cent. pertaining to the Guarantor's total borrowings (non-current borrowings plus current borrowings plus current maturities of long-term borrowings) and the remaining 12.85 per cent. pertaining to the subsidiaries. As at September 30, 2020, 53 per cent. of the Group's total borrowings were denominated in foreign currency (foreign currency bonds, foreign currency term loans, acceptance for capital projects more than one year, foreign currency working capital loans from banks and upfront fees on foreign currency term loans), including U.S. Dollars, Euro and Japanese Yen. As at September 30, 2020, the Group had non-current borrowings (including current maturities of long-term borrowings) of Rs.505,955 million (U.S.$6,856 million).

Rupee Loans

As at September 30, 2020, the amount under the rupee term loan and the sales tax deferral loan amounted to Rs.158,666 million (U.S.$2,150 million). The range of interest rates for the Rupee Loans availed by the Guarantor are 7.3 per cent. per annum and 9.5 per cent. per annum.

Debentures

As at September 30, 2020, the Debentures amounted to Rs.61,800 million (U.S.$837 million).

Debt and Debt Funding

As at September 30, 2020, approximately 35.9 per cent. of the Group's total long-term debt carried a fixed interest rate and the proportion of the Group's short-term debt to total debt was 8 per cent.

The Group's total borrowings (i.e. non-current borrowings plus current borrowings plus current maturities of long-term borrowings) as at September 30, 2020 amounted to Rs.551,114 million (U.S.$7,468 million). Of this amount, the Group's current borrowings as at September 30, 2020 amounted to Rs.48,476 million (U.S.$657 million).

Existing Foreign Currency Indebtedness

The following table sets forth information with regard to the Group's total long-term borrowings by currency (gross of debt obligation costs), in terms of fixed or floating rate as at September 30, 2020:

	Currency of borrowings as at September 30, 2020			
	Floating rate borrowings[1]	**Fixed rate borrowings**	**Total long-term borrowings**[2]	
		(Rs. in millions)		**(U.S.$ in millions)**[3]
Rupee	155,201	65,265	220,466	2,987
Japanese Yen	699	5,193	5,892	80
U.S. Dollar	145,158	114,969	260,127	3,525
Euro	10,635	8,835	19,470	264
Total	**311,693**	**194,262**	**505,955**	**6,856**

Notes:

(1) Interest on the floating rate rupee loans are either subject to change in line with changes in base rates of the lenders or are periodically reset with links to base rates/MCLR.

(2) Total long-term borrowings (including current maturities of long term borrowings) include foreign currency bonds, debentures, rupee term loans, foreign currency term loan, acceptance for capital projects more than one year and deferred government loan. It excludes preference shares and upfront fees on rupee term loans and upfront fees on foreign currency loans.

(3) For the reader's convenience, U.S. dollar translations of Indian rupee amounts for the six months ended September 30, 2020 have been provided at a rate of U.S.$1.00 = Rs.73.7978, which was the exchange rate as reported by the FBIL on September 30, 2020.

Commitments

The Group's capital commitment includes estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) of Rs.121,962 million for the six months ended September 30, 2020, respectively.

Capital expenditure

The Group's capital expenditure (net of deletion and other adjustments to PPE) towards tangible assets for the six months ended September 30, 2020 are as follows:

	September 30, 2020	
	(Rs. in millions)	*(U.S.$ in millions)*[1]
Purchases for property, plant and equipment and intangibles assets (including under development and capital advances)	39,007	529

Note:

(1) For the reader's convenience, U.S. Dollar translations of Indian Rupee amounts for the six months ended September 30, 2020 have been provided at a rate of U.S.$1.00 = Rs.73.7978, which was the exchange rate as reported by the FBIL on September 30, 2020.

Contingent Liabilities as per IND-AS 37 — "Provisions, Contingent Liabilities and Contingent Assets"

The following table sets forth the Group's consolidated contingent liabilities as per IND-AS 37 as at September 30, 2020:

	As at September 30, 2020	
	(Rs. in millions)	*(U.S.$ in millions)*[1]
Guarantees	479	6
Disputed claims/levies (excluding interest, if any), in respect of		
Excise duty	4,712	64
Customs duty	7,631	103
Sales tax/Special entry tax	15,382	208
Income tax	615	8
Service Tax	7,012	95
Levies by local authorities	530	7
Levies relating to Energy/Power obligations	3,256	44
Claims by suppliers and other parties	1,101	15
Claims related to Forest Development Tax/Fee	27,503	373
Total	**68,221**	**924**

Note:

(1) For the reader's convenience, U.S. Dollar translations of Indian Rupee amounts for the six months ended September 30, 2020 have been provided at a rate of U.S.$1.00 = Rs.73.7978, which was the exchange rate as reported by the FBIL on September 30, 2020.

Off-Balance Sheet Arrangements

As at September 30, 2020, the Group did not have any material off-balance sheet arrangements.

Quantitative and Qualitative Disclosures about Market Risk

Exchange Rate Risk

As at September 30, 2020, the Group's total borrowings (non-current borrowings plus current borrowings plus current maturities of long-term borrowings) was Rs.551,114 million (U.S.$7,468 million). Out of the same, 47.2 per cent. was denominated in Rupees (Debenture, rupee term loans, deferred government loan, preference shares, commercial papers, working capital loans from bank-rupee loans and upfront fees on rupee term loans), and the remaining 52.8 per cent. was denominated in various foreign currencies (foreign currency bonds, foreign currency term loans, foreign currency working loans from bank and upfront fees on foreign currency term loans), including U.S. Dollars, Euro and Japanese Yen.

Business of the Guarantor

Production volumes

For the half year ended September 30, 2020 and the months of October 2020 and November 2020, the crude steel production of the Guarantor on a standalone basis was 6.81 mt, 1.338 mt and 1.332 mt, respectively. For the respective period, the capacity utilization has improved from 76 per cent., to 89 per cent. and further to 89 per cent.

Karnataka iron ore mines

As discussed in "*Business of the Guarantor — Competitive Strengths — Integrated and efficient operations*", "*Business of the Guarantor — Strategy — Strengthening backward and forward integration*" and "*Business of the Guarantor — Recent Developments — Mining Operations — India*", the Guarantor was declared as a "preferred bidder" for three iron ore mines in the auctions held by the Governments of Karnataka in the fiscal year 2020. The Guarantor has signed the Mine Development and Production Agreement and the Lease Agreements for these mines. Production commenced at two of the mines in Karnataka from September 25, 2020 and the production at the third mine in Karnataka is expected to commence soon.

Acquisition of 26.45% residual equity stake in JSW Vallabh Tinplate Private Limited

Immediately prior to November 24, 2020, the Guarantor directly and indirectly (through its wholly owned subsidiary, Vardhman Industries Limited) owned a 73.55 per cent. equity stake in JSW Vallabh Tinplate Private Limited ("**JSW VTPL**"). On or around November 24, 2020, the Guarantor entered into a legally binding share purchase agreement to acquire the remaining 26.45 per cent. stake in JSW VTPL from the existing third party shareholders of JSW VTPL. The closing of the transaction is subject to customary closing conditions and upon closing, JSW VTPL will become a wholly owned subsidiary of the Guarantor. JSW VTPL has established itself as a quality manufacturer of tinplate and has a 100,000 mtpa tinplate manufacturing facility in Beopror Village, Rajpura, Patiala District in the State of Punjab in India.

Business of the Group

Overview

In October 2020, the Group was ranked ninth amongst top 34 world class steelmakers according to a report, 'World-Class Steelmaker Rankings' by World Steel Dynamics, based on a variety of factors. In particular, the Group achieved the highest rating (10 out of 10) on the following criteria: conversion costs; expanding capacity, location in high-growth markets and labour costs. On cost cutting efforts, the Group achieved 9 out of 10. This ranking puts the Group ahead of all other steelmakers based in India and ranked third amongst Asian steelmakers.

Operating Facilities of the Group

Expansion and Development Projects

The following are the Group's key planned and ongoing projects at Vijayanagar:

- 1.2 mtpa wire rod mill ("**WRM2**") at Vijayanagar was commissioned in October 2020 and trial production is underway;
- construction on the 8 mtpa pellet plant at Vijayanagar is progressing well and is expected to be commissioned in the second half of fiscal year 2021;
- revamp and upgrade of BF-3 at Vijayanagar from 3 mtpa to 4.5 mtpa, along with associated auxiliary units;
- capacity expansion of the CRM-1 complex at Vijayanagar from 0.85 mtpa to 1.8 mtpa, which is expected to be commissioned progressively in the second half of the fiscal year 2021;
- set up 0.3 mtpa colour coated line at CRM-1 by the second half of the fiscal year 2021;
- set up of a pipe conveyor system with a total capacity of 20 mtpa (phase 1 with 10 mtpa capacity is operational). This solution is expected to be environmentally friendly and reduce transportation costs of iron ore;
- set up 1.5 mtpa coke oven with expected commissioning in the second half of the fiscal year 2022;
- enhance the capacity of steel melt shop; and
- augment the existing hot strip mill and wire rod mill to support the enhanced BF-3.

Vijayanagar Works

During the six months ended September 30, 2020, the Group increased the capacity for wire rods at its Vijayanagar Works from 0.6 mtpa to 1.8 mpta.

Acquisition of Asian Colour Coated Ispat Limited

JSW Coated submitted its resolution plan for the acquisition of Asian Colour Coated Ispat Limited ("**ACCIL**") under the IBC and the resolution plan of JSW Coated (the "**ACCIL Approved Resolution Plan**") was approved by the NCLT on October 19, 2020, by its order dated October 26, 2020. JSW Coated has successfully implemented the ACCIL Approved Resolution Plan on October 27, 2020 and Hasaud Steel Limited ("**HSL**"), a wholly owned subsidiary of JSW Coated, currently holds 100 per cent. of the equity shares in ACCIL. ACCIL manufactures downstream steel products and has two manufacturing units located at Bawal, Haryana and Khopoli, Maharashtra. The following actions have been completed for full implementation of the ACCIL Approved Resolution Plan:

1. JSW Coated infused Rs.15,500 million into a wholly owned subsidiary, HSL, through a mix of equity, debt and quasi equity.

2. HSL has paid Rs.14,769.4 million to certain financial creditors of ACCIL against assignment of their loans to ACCIL and extended the balance of Rs.730.6 million to ACCIL as a loan for payments to operational creditors, workmen, employees and other financial creditors.

3. ACCIL has cancelled the existing equity shares without any payment to existing shareholders and converted the loan from HSL (Rs.730.6 million) into equity. HSL holds 100 per cent. of the equity interest of ACCIL.

Acquisition of Bhushan Power and Steel Limited

On March 6, 2020, the Supreme Court ("**SC**") admitted the appeals (the "**SC Appeals**") filed by the operationl creditors and the former promoters of Bhushan Power and Steel Limited ("**BPSL**"), and clubbed these SC Appeals with the Committee of Creditors special leave petition (the "**CoC's SLP**"). The matter has since been pending before the SC. The Guarantor has also been in constant talks with the Committee of Creditors on the way forward to implement the resolution plan submitted by the Guarantor in respect of BPSL (the "**BPSL Resolution Plan**"). In these circumstances, while the possibility exists that the BPSL acquisition may be consummated in the near future, no assurance can be given on the exact timing of the acquisition since it depends on the successful resolution of such talks. The Group expects any acquisition of BPSL to be material.

Please read this update together with "*Summary — Recent Developments — Acquisition of Bhushan Power and Steel Limited*" and "*Business of the Guarantor — Competitive Strengths — Strategic acquisitions and joint ventures*".

Intellectual Property

The table below shows the Group's patents and copyrights by location as at September 30, 2020:

Location	No. of Patents	No. of Copyrights
Vijayanagar	142	59
Salem	12	—
Dolvi	39	—
Total	**193**	**59**

Management of the Guarantor

Board of Directors

The Guarantor's promoters and promoter group controlled 44.07 per cent. of the Guarantor's issued equity shares and voting rights as at September 30, 2020.

Mr. M.S.Srikar, IAS, Nominee Director, KSIIDC

On October 23, 2020, Mr. M.S.Srikar, IAS, aged 45, was appointed to the Board in the position of Nominee Director — KSIIDC. He is also currently a member of the Corporate Social Responsibility Committee.

Mr. M.S Srikar is the Managing Director of KSIIDC. He is a civil servant of the 1999 batch of the Indian Administrative Service. In his 20 year career as a bureaucrat, his experience has spanned from working in areas including tax administration, international trade negotiations, dispute settlement at the World Trade Organization, conceptualization and implementation of a complex biometric identity system to implementing land reforms, operationalizing decentralized development, conducting national elections and implementing various social sector developmental programs. Mr. Srikar is also seving as the Commissioner of Commercial Taxes, Government of Karnataka since October 2017.

Mr. Gangaram Baderiya, IAS, Nominee Director, KSIIDC

Mr. Gangaram Baderiya ceased his role on the Board on and from October 23, 2020.

Committees of the Board of Directors

Composition of the Committees

As at September 30, 2020, the members of the following Committees as listed in "*Management of the Guarantor*" remain unchanged:

- Audit Committee
- Nomination and Remuneration Committee
- Stakeholders' Relationship Committee
- Project Review Committee
- Risk Management Committee
- Finance Committee
- JSWSL ESOP Committee
- Business Responsibility/Sustainability Reporting Committee
- Hedging Policy Review Committee

Corporate Social Responsibility Committee

As at September 30, 2020, the Corporate Social Responsibility Committee comprises the following members:

- Mrs. Nirupama Rao (Chairperson)
- Mr. Seshagiri Rao MVS
- Dr. Vinod Nowal
- Mr. Jayant Acharya
- Dr. (Mrs.) Punita Kumar Sinha
- Mr. M.S.Srikar (IAS, Nominee Director — KSIIDC)

Nomination & Remuneration Committee

As at the date of this Offering Memorandum, for the financial year ending March 31, 2021, two meetings of the Nomination and Remuneration Committee were held on May 21, 2020 and October 1, 2020.

Share Ownership of the Guarantor

As at September 30, 2020, the Guarantor's promoters, Sajjan Jindal and Savitri Devi Jindal, together with other promoter group companies, held 44.07 per cent. of the Guarantor's issued equity shares.

As at September 30, 2020, JFE Steel International Europe B.V., the next largest shareholder after the Guarantor's promoters, owned 15.00 per cent. of the Guarantor's issued equity shares.

As at September 30, 2020, the directors of the Guarantor, including Mr. Sajjan Jindal, held 456,820 equity shares of the Guarantor (approximately 0.0189 per cent. of the Guarantor's issued equity shares).

Share Ownership of the Issuer

As at the date of this Offering Memorandum, JSW Steel Netherlands B.V. held 99.9489 per cent. of the membership interest of the Issuer and the balance of 0.0511 per cent. was held by the Guarantor.

Fund Raising

In October 2020, the Guarantor raised Rs.4,000 crores by issue of listed, secured, redeemable, non-convertible debentures with a coupon of 8.50 per cent. for a tenor of 7 years (maturing on October 12, 2027). The debentures have a put and call option on October 10, 2025.

The Issuer raised U.S.$500 million 5.95 per cent. unsecured notes due in April 2026 guaranteed by the Guarantor. The proceeds of the notes were utilized for repayment of part of the loans granted to the Issuer by the Guarantor.

Legal Proceedings

Contractual dispute with Mysore Minerals Limited ("MML")

The Guarantor had filed a suit ("**Suit**") in 2012 before the Court of the City Civil Judge, Bengaluru against MML. The Suit arises out of a memorandum of understanding dated January 17, 1997 ("**MoU**") entered into between the Guarantor and MML in relation to, among other things, the supply of iron ore to the Guarantor from certain iron ore mines held by MML, and the setting up of a joint venture between the Guarantor and MML ("**JV**"). The Guarantor has alleged in the Suit, among other things, that MML had wrongfully increased the premium payable by the Guarantor to MML for the iron ore supplied to the Guarantor, from 6 per cent. to 50 per cent., which was in breach of the MoU, and has prayed for, among other things, a direction to MML to pay a sum of Rs.2,701.19 million along with interest, to the Guarantor.

MML has also filed an interim application ("**IA**") seeking to amend its written statement to make a counter claim against the Guarantor for an amount of Rs.11,727.90 million on the grounds, among other things, that the Guarantor did not contribute any mines or mining leases to the JV to the extent brought in by MML, resulting in continuing breach of the MoU. The Guarantor has filed its objections against the IA denying the allegations made therein, and submitting among other things, that the claim made by MML is barred by limitation, and has sought the dismissal of the IA. Pursuant to an order dated November 10, 2020, the Additional City Civil and Sessions Judge, Bengaluru, has allowed the IA and permitted MML to amend its written statement to include the counter claim against the Guarantor. The matter is presently pending.

Related Party Transactions

The following table summarizes related party transactions and balances included in the unaudited condensed consolidated interim financial statements for the six-month period ended and as at September 30, 2020. See the Group Consolidated Annual Financial Statements and the Group Unaudited Condensed Consolidated Interim Financial Statements for further information on related party transactions for the years ended March 31, 2018, 2019 and 2020 and the six-month period ended September 30, 2020 determined and disclosed in accordance with IND-AS 24 — Related Party Disclosures.

Transactions with related parties

	Joint ventures	Other related parties
	(Rs. in millions)	
Purchase of goods/power & fuel/services/branding expenses	290	72,058
Reimbursement of expenses incurred on our behalf by	—	10
Sales of goods/power & fuel/services/assets	1,846	8,455
Other income/interest income/dividend income	127	588
Purchase of assets	1,271	1,232
Capital/revenue advances given	9	350
Security deposits given	—	154
Security deposits received back	—	58
Loan given received back	—	250
Donation/CSR expenses	—	394
Recovery of expenses incurred by us on their behalf	11	854
Investments/share application money given	0	—
Lease interest cost	—	1,057
Lease liabilities	—	1,389
Dividend paid	—	1,600
Post-employment benefits	—	110

Amount due to/from related parties

	Joint ventures	Other related parties
	(Rs. in millions)	
Trade payables	777	18,758
Advance received from customers	30	38
Lease and other deposit received	130	385
Trade receivables	286	1,333
Share application money given	5	—
Capital/revenue advance	453	3,345
Lease and other deposits given	—	3,778
Loans and advances given	2,169	4,205
Interest receivable	311	200
Lease liabilities	—	16,484
Post-employment benefits plans	—	860

SUMMARY FINANCIAL AND OPERATING DATA

The summary consolidated and standalone financial data for the Group and the Guarantor as at the end of and for each of the years ended March 31, 2018, 2019 and 2020 and the three months ended June 30, 2019 and 2020 set forth below have been derived or calculated from the Group Consolidated Financial Statements and the Guarantor Standalone Financial Statements included elsewhere in this Offering Memorandum, unless stated otherwise, except for 'Revenue from operations' and 'Other expenses' for the year ended March 31, 2018 which have been restated and 'Share of Profit/(Loss) from joint ventures (net)' and its consequential impact on 'Profit before exceptional items and tax' and 'Profit before tax' which has been regrouped and derived from the comparatives presented in the annual audited financial statements as at and for the year ended March 31, 2019 of the Guarantor and the Group as applicable. This financial information should be read in conjunction with "Recent Developments", "Presentation of Financial Information" and "Index to Financial Statements" in this Offering Memorandum. Our results of operations for the three months ended June 30, 2020 are not necessarily indicative of our results for the year ending March 31, 2021, and historical results presented in this Offering Memorandum in general do not necessarily indicate results expected for any future period.

Financial Information of the Group

Summary of Consolidated Statement of Profit and Loss of the Group

		Year ended March 31,		
		2018	**2019**	**2020**
			(Rs. in millions)	
I.	**REVENUE FROM OPERATIONS**	732,110	847,571	726,109
	Fees for assignment of procurement contract	—	—	2,500
	Government grant income — VAT/GST incentive relating to earlier years	—	—	4,655
	TOTAL REVENUE FROM OPERATIONS	**732,110**	**847,571**	**733,264**
II.	**OTHER INCOME**	1,669	2,038	5,460
III.	**TOTAL INCOME (I+II)**	**733,779**	**849,609**	**738,724**
IV.	**EXPENSES:**			
	Cost of materials consumed	387,785	434,762	388,648
	Purchases of stock-in-trade	20	3,199	1,346
	Changes in inventories of finished goods, work-in-progress and stock-in-trade	2,438	(5,899)	(2,695)
	Employee benefits expense	18,426	24,892	28,393
	Finance costs	37,014	39,167	42,645
	Depreciation and amortisation expense	33,873	40,406	42,459
	Excise duty expense	12,780	—	—
	Other expenses	162,718	201,101	198,844
	TOTAL EXPENSES	**655,054**	**737,628**	**699,640**
V.	**PROFIT BEFORE SHARE OF PROFIT/(LOSS) FROM JOINT VENTURES (NET), EXCEPTIONAL ITEMS AND TAX (III-IV)**	**78,725**	**111,981**	**39,084**
VI.	**SHARE OF PROFIT/(LOSS) FROM JOINT VENTURES (NET)**	425	(297)	(900)
VII.	**PROFIT BEFORE EXCEPTIONAL ITEMS AND TAX (V+VI)**	**79,150**	**111,684**	**38,184**
VIII.	**EXCEPTIONAL ITEMS**	2,635	—	8,053
IX.	**PROFIT BEFORE TAX (VII-VIII)**	**76,515**	**111,684**	**30,131**

	Year ended March 31,		
	2018	**2019**	**2020**
		(Rs. in millions)	
X. TAX EXPENSE/(CREDIT):			
Current tax	18,262	24,731	9,432
Deferred tax	(2,877)	11,709	(18,494)
TOTAL TAX EXPENSE/(CREDIT)	**15,385**	**36,440**	**(9,062)**
XI. PROFIT FOR THE YEAR (IX-X)	**61,130**	**75,244**	**39,193**
XII. OTHER COMPREHENSIVE INCOME/(LOSS)			
A (i) Items that will not be reclassified to profit or loss			
(a) Re-measurement losses of the defined benefit plans	(47)	(192)	(230)
(b) Equity instruments through other comprehensive income	915	(18)	(3,041)
(ii) Income tax relating to items that will not be reclassified to profit or loss	19	66	72
Total (A)	**887**	**(144)**	**(3,199)**
B (i) Items that will be reclassified to profit or loss			
(a) The effective portion of gain/(loss) on hedging instruments	(4,010)	854	(8,248)
(b) Changes in Foreign Currency Monetary Item translation difference account (FCMITDA)	(328)	(486)	867
(c) Foreign currency translation reserve (FCTR)	87	(604)	(3,158)
(ii) Income tax relating to items that will be reclassified to profit or loss	1,502	(124)	2,525
Total (B)	**(2,749)**	**(360)**	**(8,014)**
Total other comprehensive income/(loss) (A+B)	**(1,862)**	**(504)**	**(11,213)**
XIII. TOTAL COMPREHENSIVE INCOME/(LOSS) (XI+XII)	**59,268**	**74,741**	**27,980**
Total Profit/(loss) for the year attributable to:			
— Owners of the Company	62,137	76,394	40,299
— Non-controlling interests	(1,007)	(1,150)	(1,106)
	61,130	**75,244**	**39,193**
Other comprehensive income/(loss) for the year attributable to:			
— Owners of the Company	(1,844)	(244)	(10,764)
— Non-controlling interests	(18)	(260)	(449)
	(1,862)	**(504)**	**(11,213)**
Total comprehensive income/(loss) for the year attributable to:			
— Owners of the Company	60,293	76,151	29,535
— Non-controlling interests	(1,025)	(1,410)	(1,555)
	59,268	**74,741**	**27,980**
XIV. EARNINGS PER EQUITY SHARE OF RE 1 EACH			
Basic (in Rs.)	25.85	31.77	16.78
Diluted (in Rs.)	25.71	31.60	16.67

Summary of Condensed Consolidated Interim Statement of Profit and Loss of the Group

		Three months ended June 30,		
		2019	**2020**	**2020**
		(Rs. in millions)		**(U.S.$ in millions)(1)**
I.	**REVENUE FROM OPERATIONS**	198,119	117,815	1,560
II.	**OTHER INCOME**	1,410	1,324	18
III.	**TOTAL INCOME (I+II)**	**199,529**	**119,139**	**1,577**
IV.	**EXPENSES:**			
	Cost of materials consumed	113,901	64,714	857
	Purchases of stock-in-trade	252	13	0
	Changes in inventories of finished goods, work-in-progress and stock-in-trade	(10,526)	(1,482)	(20)
	Employee benefits expense	7,594	6,246	83
	Finance costs	10,416	10,164	135
	Depreciation and amortisation expense	10,261	10,474	139
	Other expenses	49,746	34,915	462
	TOTAL EXPENSES	**181,644**	**125,043**	**1,656**
V.	**PROFIT/(LOSS) BEFORE SHARE OF PROFIT/(LOSS) FROM JOINT VENTURES (NET) AND TAX (III-IV)**	**17,885**	**(5,904)**	**(78)**
VI.	**SHARE OF PROFIT/(LOSS) FROM JOINT VENTURES (NET)**	(190)	(527)	(7)
VII.	**PROFIT/(LOSS) BEFORE TAX (V+VI)**	**17,695**	**(6,431)**	**(85)**
VIII.	**TAX EXPENSES/(CREDIT):**			
	Current tax	4,826	(327)	(4)
	Deferred tax	2,792	(282)	(4)
		7,618	**(609)**	**(8)**
IX.	**PROFIT/(LOSS) FOR THE PERIOD (VII-VIII)**	**10,077**	**(5,822)**	**(77)**
X.	**OTHER COMPREHENSIVE INCOME/(LOSS)**			
A	(i) Items that will not be reclassified to profit or loss			
	(a) Re-measurement losses of the defined benefit plans	(40)	59	1
	(b) Equity instruments through other comprehensive income	(574)	452	6
	(ii) Income tax relating to items that will not be reclassified to profit or loss	13	(19)	0
	Total (A)	**(601)**	**492**	**7**

	Three months ended June 30,		
	2019	2020	2020
	(Rs. in millions)		(U.S.$ in millions)(1)
B (i) Items that will be reclassified to profit or loss			
(a) The effective portion of gain/(loss) on hedging instruments	(666)	1,021	14
(b) Changes in Foreign currency monetary item translation difference account (FCMITDA)	575	—	—
(c) Foreign currency translation reserve (FCTR)	(7)	(909)	(12)
(ii) Income tax relating to items that will be reclassified to profit or loss	32	(320)	(4)
Total (B)	**(66)**	**(208)**	**(3)**
Total other comprehensive income/(loss) (A+B)	**(667)**	**284**	**4**
XI. TOTAL COMPREHENSIVE INCOME/(LOSS) (IX+X)	**9,410**	**(5,538)**	**(73)**
Total Profit/(loss) for the period attributable to:			
— Owners of the Company	10,274	(5,613)	(74)
— Non-controlling interests	(197)	(209)	(3)
	10,077	**(5,822)**	**(77)**
Other comprehensive income/(loss) for the period attributable to:			
— Owners of the Company	(688)	290	4
— Non-controlling interests	21	(6)	0
	(667)	**284**	**4**
Total comprehensive income/(loss) for the period attributable to:			
— Owners of the Company	9,586	(5,323)	(70)
— Non-controlling interests	(176)	(215)	(3)
	9,410	**(5,538)**	**(73)**
Earnings per equity share of Re 1 each (not annualized)			
Basic (in Rs.)	4.28	(2.34)	(0.03)
Diluted (in Rs.)	4.25	(2.34)	(0.03)

Note:

(1) For the reader's convenience, U.S. dollar translations of Indian rupee amounts for the three months ended June 30, 2020 have been provided at a rate of U.S.$1.00 = Rs.75.5270, which was the exchange rate as reported by the FBIL on June 30, 2020.

Summary of Consolidated Balance Sheet of the Group

	As at March 31,			As at June 30,	
	2018	2019	2020	2020	2020
		(Rs. in millions)		(Rs. in millions)	(U.S.$ in millions)(1)
I. ASSETS					
(1) NON-CURRENT ASSETS					
(a) Property, plant and equipment	570,544	616,037	577,579	570,994	7,560
(b) Capital work-in-progress	56,285	115,404	268,567	280,091	3,708
(c) Right of use assets	—	—	34,712	34,063	451
(d) Goodwill	7,071	8,403	4,151	4,158	55
(e) Other Intangible assets	868	2,000	3,500	11,642	154
(f) Intangible assets under development	3,206	3,494	3,340	3,390	45
(g) Investments in joint ventures	3,605	6,285	2,828	2,303	30
(h) Financial assets					
(i) Investments	7,961	11,844	9,743	10.326	137
(ii) Loans	3,782	4,334	7,717	7,707	102
(iii) Other financial assets	2,930	2,994	6,956	7,127	94
(i) Current tax assets (net)	2,706	2,396	3,850	4,019	53
(j) Deferred tax assets (net)	481	1,166	—	—	—
(k) Other non-current assets	28,808	39,254	29,564	29,740	394
Total non-current assets	**688,247**	**813,611**	**952,507**	**965,560**	**12,784**
(2) CURRENT ASSETS					
(a) Inventories	125,944	145,480	138,635	134,048	1,775
(b) Financial assets					
(i) Investments	3,120	817	18	82	1
(ii) Trade receivables	47,040	71,596	45,054	36,290	480
(iii) Cash and cash equivalents	5,816	55,807	39,656	19,548	259
(iv) Bank balances other than (iii) above	4,809	6,057	80,365	67,910	899
(v) Loans	2,298	5,614	7,423	6,636	88
(vi) Derivative Assets	1,515	3,210	2,936	1,545	20
(vii) Other financial assets	5,299	22,168	28,584	28,894	383
(c) Current tax assets (net)	56	64	60	56	1
(d) Other current assets	35,992	24,607	22,863	35,093	465
(e) Assets classified as held for sale	30	125	94	93	1
Total current assets	**231,919**	**335,545**	**365,688**	**330,195**	**4,372**
TOTAL ASSETS	**920,166**	**1,149,156**	**1,318,195**	**1,295,755**	**17,156**

	As at March 31,			As at June 30,	
	2018	2019	2020	2020	2020
		(Rs. in millions)		(Rs. in millions)	(U.S.$ in millions)[(1)]
II. EQUITY AND LIABILITIES					
(1) EQUITY					
(a) Equity share capital	3,017	3,012	3,013	3,013	40
(b) Other equity	276,957	344,936	362,977	357,708	4,736
Equity attributable to owners of the Company	**279,974**	**347,948**	**365,990**	**360,721**	**4,776**
Non-controlling Interests	(4,641)	(4,500)	(5,753)	(5,958)	(79)
Total equity	**275,333**	**343,448**	**360,237**	**354,763**	**4,697**
LIABILITIES					
(2) Non-current liabilities					
(a) Financial liabilities					
(i) Borrowings	317,229	296,559	446,726	457,216	6,054
(ii) Lease liabilities	—	—	17,437	16,282	216
(iii) Derivative liabilities	—	—	1,299	1,362	18
(iv) Other financial liabilities	9,194	5,318	4,637	5,139	68
(b) Provisions	1,377	2,583	3,484	3,781	50
(c) Deferred tax liabilities (net)	26,043	38,936	16,774	16,829	223
(d) Other non-current liabilities	1,361	42,210	30,723	28,196	373
Total non-current liabilities	**355,204**	**385,606**	**521,080**	**528,805**	**7,002**
(3) Current liabilities					
(a) Financial liabilities					
(i) Borrowings	21,771	63,325	83,248	55,400	734
(ii) Trade payables	159,437	161,591	179,176	184,090	2,437
(iii) Derivative liabilities	964	3,785	2,506	1,697	22
(iv) Lease liabilities	—	—	3,062	3,408	45
(v) Other financial liabilities	86,127	168,344	141,432	139,434	1,846
(b) Provisions	1,841	1,337	1,609	1,740	23
(c) Other current liabilities	15,645	19,764	24,552	25,527	338
(d) Current tax liabilities (net)	3,844	1,956	1,293	891	12
Total current liabilities	**289,629**	**420,102**	**436,878**	**412,187**	**5,457**
Total liabilities	**644,833**	**805,708**	**957,958**	**940,992**	**12,459**
TOTAL — EQUITY AND LIABILITIES	**920,166**	**1,149,156**	**1,318,195**	**1,295,755**	**17,156**

Note:

(1) For the reader's convenience, U.S. dollar translations of Indian rupee amounts as at June 30, 2020 have been provided at a rate of U.S.$1.00 = Rs.75.5270, which was the exchange rate as reported by the FBIL on June 30, 2020.

Summary of Consolidated Statement of Cash Flow of the Group

	Year ended March 31,		
	2018	**2019**	**2020**
		(Rs. in millions)	
A. CASH FLOW FROM OPERATING ACTIVITIES			
Profit before tax	76,515	111,684	30,131
Adjustments for:			
Depreciation and amortisation expense	33,873	40,406	42,459
Loss on sale of property, plant and equipment (net)	1,217	78	302
Gain on sale of financial investments designated as FVTPL	(193)	(185)	(52)
Export obligation deferred income amortisation	(680)	(1,654)	(1,438)
Fair value gain on deferral sales tax/VAT Loan	(525)	—	—
Interest income	(1,199)	(1,336)	(4,394)
Dividend income	(51)	—	(102)
Interest expense	34,999	35,820	39,243
Unrealised exchange loss	309	1,554	6,865
Gain on financial instruments designated as FVTPL	(22)	(62)	(41)
Unwinding of interest on financial assets carried at amortised cost	(10)	(250)	(451)
Fair value gain on joint venture's previously held stake on acquisition of control	—	—	(132)
Share-based payment expense	282	504	366
Share of loss/(profit) from joint ventures (net)	(425)	297	900
Fair value loss on financial instrument designated as FVTPL	1,115	11	24
Allowances for doubtful receivable and advances	1,356	1,516	1,134
Non-cash expenditure debit to the consolidated statement of profit and loss/Donation of Land	—	57	144
Exceptional items/Impairment of property plant and equipment, goodwill and investments	2,635	—	8,053
	72,681	**76,756**	**92,882**
Operating profit before working capital changes	**149,196**	**188,440**	**123,013**
Adjustments for:			
Decrease/(Increase) in inventories	(11,995)	(17,410)	7,439
Decrease/(Increase) in trade receivables	(6,403)	(22,031)	24,582
(Increase) in other assets	(17,926)	(10,841)	(18,369)
Increase in trade payable and other liabilities	25,140	34,059	1,826
Increase in provisions	174	409	913
	(11,010)	**(15,814)**	**16,390**
Cash flow from operations	**138,186**	**172,626**	**139,403**
Income taxes paid (net of refund received)	(14,404)	(26,300)	(11,554)
Net cash generated from operating activities (A)	**123,782**	**146,326**	**127,849**

	Year ended March 31,		
	2018	2019	2020
		(Rs. in millions)	
B. CASH FLOW FROM INVESTING ACTIVITIES			
Purchases for property, plant and equipment and intangibles assets (including under development and capital advances)	(47,360)	(102,056)	(128,104)
Proceeds from sale of property, plant and equipment	601	440	430
Net cash outflow for acquisition of a subsidiary/acquisition of NCI	(3,151)	(10,140)	(635)
Investment in joint ventures	(460)	(4,130)	(3)
Proceeds from sale of stake in joint venture	—	—	1,639
Purchase of current investments	(81,111)	(83,399)	(7,624)
Sale of current investments	81,202	85,910	8,470
Bank deposits not considered as cash and cash equivalents (net)	3,726	(2,679)	(75,167)
Interest received	1,213	1,575	5,034
Dividend received	51	—	102
Net cash used in investing activities (B)	**(45,289)**	**(114,479)**	**(195,859)**
C. CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from sale of treasury shares	493	—	1,065
Payments for purchase of treasury shares	(762)	(1,526)	(1,013)
Proceeds from non-current borrowings	62,091	89,987	208,140
Repayment of non-current borrowings	(72,984)	(62,734)	(111,069)
Proceeds from/(repayment) of current borrowings (net)	(27,034)	41,554	19,404
Repayment of lease liabilities/finance lease obligations	(1,994)	(2,269)	(1,773)
Interest paid	(35,114)	(38,154)	(45,198)
Dividend paid (including corporate dividend tax)	(6,546)	(9,325)	(11,948)
Premium paid on redemption of debentures	—	—	(5,720)
Net cash generated from/(used in) financing activities (C)	**(81,850)**	**17,533**	**51,888**
Net (decrease)/increase in cash and cash equivalents (A+B+C)	**(3,357)**	**49,380**	**(16,122)**
Cash and cash equivalents at the beginning of year	**9,175**	**5,816**	**55,807**
Add: Translation adjustment in cash and cash equivalents	(2)	33	(59)
Add: Cash and cash equivalents pursuant to business combinations	—	578	30
Cash and cash equivalents at the end of year	**5,816**	**55,807**	**39,656**

Summary of Condensed Consolidated Interim Statement of Cash Flow of the Group

	Three months ended June 30,		
	2019	**2020**	**2020**
	(Rs. in millions)		**(U.S.$ in millions)[1]**
Net cash generated from operating activities (A).	22,966	17,745	235
Net cash used in investing activities (B)	(54,897)	(7,370)	(98)
Net cash (used in)/generated from financing activities (C)	44,727	(30,437)	(403)
Net (decrease)/increase in cash and cash equivalents (A+B+C) . .	**12,796**	**(20,063)**	**(266)**
Cash and cash equivalents at the beginning of period	**55,807**	**39,656**	**525**
Add: Translation adjustment in cash and cash equivalents	36	(45)	(1)
Cash and cash equivalents at the end of period	**68,639**	**19,548**	**259**

Note:

(1) For the reader's convenience, U.S. dollar translations of Indian rupee amounts for the three months ended June 30, 2020 have been provided at a rate of U.S.$1.00 = Rs.75.5270, which was the exchange rate as reported by the FBIL on June 30, 2020.

Financial Information of the Guarantor

Restatement of the Guarantor's standalone financial statements as at and for the year ended March 31, 2019 and the Guarantor's condensed standalone interim financial statements as at and for the three months ended June 30, 2019

The scheme of amalgamation between the Guarantor and its following wholly-owned subsidiaries: (i) Dolvi Minerals and Metals Private Limited; (ii) Dolvi Coke Projects Limited; (iii) JSW Steel Processing Centre Limited; and (iv) JSW Steel (Salav) Limited was approved by the Mumbai Bench of the NCLT through its order dated June 6, 2019, and the Ahmedabad Bench of the NCLT through its order dated August 14, 2019. All these subsidiaries are in the business of manufacture of steel, raw materials required for making steel and other ancillary services and the Guarantor has accordingly accounted for the merger under the pooling of interest method respectively for all periods presented as prescribed in IND-AS 103 — Business Combinations of entities under common control. Accordingly, the Guarantor's standalone financial information as at and for the year ended March 31, 2019 set out below are not directly comparable to its restated standalone financial information as at for the year ended March 31, 2019 included in the comparatives presented in the Guarantor's standalone annual financial statements for the year ended March 31, 2020. For disclosure required under IND-AS 103, refer to Note 52 of the Guarantor's annual audited standalone financial statements as at and for the year ended March 31, 2020. Further, the Guarantor's condensed standalone interim financial information as at and for the three months ended June 30, 2019 set out below are not directly comparable to its restated condensed standalone interim financial information as at and for the three months ended June 30, 2019 included in the comparatives presented in the Guarantor's condensed standalone interim financial statements as at and for the three months ended June 30, 2020. For disclosure required under IND-AS 103, refer to Note 16 of the Guarantor's unaudited condensed interim standalone financial statements as at and for the three months ended June 30, 2020. These restatements did not have any effect on the consolidated financial statements of the Group.

Summary of Standalone Statement of Profit and Loss of the Guarantor for the year ended March 31, 2018 and March 31, 2019

		Year ended March 31,	
		2018	**2019**
		(Rs. in millions)	
I.	**REVENUE FROM OPERATIONS**	677,231	767,269
II.	**OTHER INCOME**	2,129	5,188
III.	**TOTAL INCOME (I+II)**	**679,360**	**772,457**
IV.	**EXPENSES:**		
	Cost of materials consumed	359,954	395,887
	Purchases of stock-in-trade	10,634	4,984
	Changes in inventories of finished goods and work-in-progress	4,119	(1,878)
	Employee benefits expense	12,597	14,001
	Finance costs	35,906	37,084
	Depreciation and amortisation expense	30,539	33,967
	Excise duty expense	12,588	—
	Other expenses	139,934	170,245
	TOTAL EXPENSES	**606,271**	**654,290**
V.	**PROFIT BEFORE EXCEPTIONAL ITEMS AND TAX (III-IV)**	**73,089**	**118,167**
VI.	**EXCEPTIONAL ITEMS**	2,336	—
VII.	**PROFIT BEFORE TAX (V-VI)**	**70,753**	**118,167**
VIII.	**TAX EXPENSE/(BENEFIT):**		
	Current tax	15,780	23,476
	Deferred tax	8,719	12,104
		24,499	**35,580**
IX.	**PROFIT FOR THE YEAR (VII-VIII)**	**46,254**	**82,587**
X.	**OTHER COMPREHENSIVE INCOME**		
A	(i) Items that will not be reclassified to profit or loss		
	(a) Re-measurements of the defined benefit plans	(26)	(147)
	(b) Equity instruments through other comprehensive income	815	40
	(ii) Income tax relating to items that will not be reclassified to profit or loss	9	51
	Total (A)	**798**	**(56)**
B	(i) Items that will be reclassified to profit or loss		
	(a) The effective portion of gains and loss on hedging instruments	(3,413)	306
	(b) Changes in Foreign Currency Monetary Item translation difference account (FCMITDA)	(328)	(489)
	(ii) Income tax relating to items that will be reclassified to profit or loss	1,299	64
	Total (B)	**(2,442)**	**(119)**
	Total Other comprehensive income/(loss) (A+B)	**(1,644)**	**(175)**
XI.	**Total comprehensive income/(loss) (IX+X)**	**44,610**	**82,412**
XII.	**EARNINGS PER EQUITY SHARE OF RE 1 EACH**		
	Basic (in Rs.)	19.24	34.35
	Diluted (in Rs.)	19.14	34.17

Summary of Standalone Statement of Profit and Loss of the Guarantor for the year ended March 31, 2020

		Year ended March 31, 2020
		(Rs. in millions)
I.	**REVENUE FROM OPERATIONS**	635,469
	Fees for assignment of procurement contract	2,500
	Government grant income — VAT/GST incentive relating to earlier years	4,655
	TOTAL REVENUE FROM OPERATIONS	**642,624**
II.	**OTHER INCOME**	6,277
III.	**TOTAL INCOME (I + II)**	**648,902**
IV.	**EXPENSES:**	
	Cost of materials consumed	330,729
	Purchases of stock-in-trade	4,200
	Changes in inventories of finished goods and work-in-progress	(274)
	Employee benefits expense	14,955
	Finance costs	40,223
	Depreciation and amortisation expense	35,217
	Other expenses	167,839
	TOTAL EXPENSES	**592,890**
V.	**PROFIT BEFORE EXCEPTIONAL ITEMS AND TAX (III-IV)**	**56,012**
VI.	**EXCEPTIONAL ITEMS**	13,090
VII.	**PROFIT BEFORE TAX (V-VI)**	**42,922**
VIII.	**TAX EXPENSE/(CREDIT):**	
	Current tax	7,894
	Deferred tax	(17,884)
		(9,990)
IX.	**PROFIT FOR THE YEAR (VII-VIII)**	**52,912**
X.	**OTHER COMPREHENSIVE INCOME**	
A	(i) Items that will not be reclassified to profit or loss	
	(a) Re-measurements of the defined benefit plans	(191)
	(b) Equity instruments through other comprehensive income	(2,552)
	(ii) Income tax relating to items that will not be reclassified to profit or loss	63
	Total (A)	**(2,681)**
	(i) Items that will be reclassified to profit or loss	
	(a) The effective portion of gains and loss on hedging instruments	(7,189)
	(b) Changes in Foreign Currency Monetary Item translation difference account (FCMITDA)	867
	(ii) Income tax relating to items that will be reclassified to profit or loss	2,209
	Total (B)	**(4,113)**
	Total Other comprehensive income/(loss) (A+B)	**(6,794)**
XI.	**Total comprehensive income/(loss) (IX+X)**	**46,118**
XII.	**EARNINGS PER EQUITY SHARE OF RE 1 EACH**	
	Basic (in Rs.)	22.03
	Diluted (in Rs.)	21.89

Summary of Condensed Standalone Interim Statement of Profit and Loss of the Guarantor for the three months ended June 30, 2019

		Three months ended June 30,
		2019
		(Rs. in millions)
I.	**REVENUE FROM OPERATIONS**	174,992
II.	**OTHER INCOME**	1,623
III.	**TOTAL INCOME (I+II)**	**176,615**
IV.	**EXPENSES:**	
	Cost of materials consumed	97,327
	Purchases of stock-in-trade	2,491
	Changes in inventories of finished goods and work-in-progress	(7,585)
	Employee benefits expense	3,870
	Finance costs	9,627
	Depreciation and amortisation expense	8,064
	Other expenses	41,629
	TOTAL EXPENSES	**155,423**
V.	**PROFIT BEFORE TAX (III-IV)**	**21,192**
VI.	**TAX EXPENSES:**	
	Current tax	4,452
	Deferred tax	2,513
		6,965
VII.	**PROFIT FOR THE PERIOD (V-VI)**	**14,227**
VIII.	**Other Comprehensive Income/(loss)**	
	A (i) Items that will not be reclassified to profit or loss	
	(a) Re-measurements of the defined benefit plans	(42)
	(b) Equity instruments through other comprehensive income	(481)
	(ii) Income tax relating to items that will not be reclassified to profit or loss	15
	Total (A)	**(508)**
	B (i) Items that will be reclassified to profit or loss	
	(a) The effective portion of gains and loss on hedging instruments	(489)
	(b) Changes in Foreign Currency Monetary item translation difference account (FCMITDA)	575
	(ii) Income tax relating to items that will be reclassified to profit or loss	(30)
	Total (B)	**56**
	Total other comprehensive income/(loss) (A+B)	**(452)**
IX.	**Total comprehensive income/(loss) (VII+VIII)**	**13,775**
X.	**EARNINGS PER EQUITY SHARE OF RE. 1 EACH (not annualized)**	
	Basic (in Rs.)	5.92
	Diluted (in Rs.)	5.89

Summary of Condensed Standalone Interim Statement of Profit and Loss of the Guarantor for the three months ended June 30, 2020

		Three months ended June 30,	
		2020	**2020**
		(Rs. in millions)	**(U.S.$ in millions)[1]**
I.	**REVENUE FROM OPERATIONS**	102,927	1,363
II.	**OTHER INCOME**	1,542	20
III.	**TOTAL INCOME (I+II)**	**104,469**	**1,383**
IV.	**EXPENSES:**		
	Cost of materials consumed	57,149	757
	Purchases of stock-in-trade	62	1
	Changes in inventories of finished goods and work-in-progress	(2,269)	(30)
	Employee benefits expense	3,543	47
	Finance costs	9,331	124
	Depreciation and amortisation expense	8,669	115
	Other expenses	30,159	399
	TOTAL EXPENSES	**106,644**	**1,412**
V.	**PROFIT/(LOSS) BEFORE TAX (III-IV)**	**(2,175)**	**(29)**
VI.	**TAX EXPENSES/(CREDIT):**		
	Current tax	(380)	(5)
	Deferred tax	(334)	(4)
		(714)	**(9)**
VII.	**PROFIT/(LOSS) FOR THE PERIOD (V-VI)**	**(1,461)**	**(19)**
VIII.	**Other Comprehensive Income/(loss)**		
	A (i) Items that will not be reclassified to profit or loss		
	(a) Re-measurements of the defined benefit plans	39	1
	(b) Equity instruments through other comprehensive income	380	5
	(ii) Income tax relating to items that will not be reclassified to profit or loss	(14)	(0)
	Total (A)	**405**	**5**
	B (i) Items that will be reclassified to profit or loss		
	(a) The effective portion of gains and loss on hedging instruments	647	9
	(ii) Income tax relating to items that will be reclassified to profit or loss	(226)	(3)
	Total (B)	**421**	**6**
	Total other comprehensive income/(loss) (A+B)	**826**	**11**
IX.	**Total comprehensive income/(loss) (VII+VIII)**	**(635)**	**(8)**
X.	**EARNINGS PER EQUITY SHARE OF RE. 1 EACH (not annualized)**		
	Basic (in Rs.)	(0.61)	(0.01)
	Diluted (in Rs.)	(0.61)	(0.01)

Note:

(1) For the reader's convenience, U.S. dollar translations of Indian rupee amounts for the three months ended June 30, 2020 have been provided at a rate of U.S.$1.00 = Rs.75.5270, which was the exchange rate as reported by the FBIL on June 30, 2020.

Summary of Standalone Balance Sheet of the Guarantor as at the years ended March 31, 2018 and March 31, 2019

				As at March 31,	
				2018	**2019**
I.	**ASSETS**				
(1)	**Non-current assets**				
	(a)	Property, plant and equipment		495,029	492,452
	(b)	Capital work-in-progress		30,709	95,773
	(c)	Intangible assets		653	1,723
	(d)	Intangible assets under development		3,206	3,444
	(e)	Investments in subsidiaries, associates and joint ventures		38,481	48,531
	(f)	Financial assets			
		(i)	Investments	10,299	14,240
		(ii)	Loans	51,649	76,741
		(iii)	Other financial assets	7,461	454
	(g)	Current tax assets (net)		2,500	1,954
	(h)	Other non-current assets		22,994	33,638
	Total non-current assets			**662,981**	**768,950**
(2)	**Current assets**				
	(a)	Inventories		100,825	105,985
	(b)	Financial assets			
		(i)	Trade receivables	46,920	67,456
		(ii)	Cash and cash equivalents	4,507	52,578
		(iii)	Bank balances other than (ii) above	1,502	4,216
		(iv)	Loans	1,578	1,358
		(v)	Derivative Assets	1,466	2,283
		(vi)	Other financial assets	5,030	26,214
	(c)	Other current assets		30,701	19,985
	Total current assets			**192,529**	**280,075**
	TOTAL ASSETS			**855,510**	**1,049,025**
II.	**EQUITY AND LIABILITIES**				
(1)	**Equity**				
	(a)	Equity share capital		3,017	3,012
	(b)	Other equity		276,049	348,612
	Total equity			**279,066**	**351,624**

		As at March 31,	
		2018	2019
	Liabilities		
(2)	**Non-current liabilities**		
	(a) Financial liabilities		
	(i) Borrowings	295,512	267,483
	(ii) Other financial liabilities	6,985	10,154
	(b) Provisions	1,149	2,259
	(c) Deferred tax liabilities (net)	20,706	32,695
	(d) Other non-current liabilities	37	40,831
	Total non-current liabilities	**324,389**	**353,422**
(3)	**Current liabilities**		
	(a) Financial liabilities		
	(i) Borrowings	21,718	53,683
	(ii) Trade payables	139,885	130,519
	(iii) Derivative Liabilities	901	3,322
	(iv) Other financial liabilities	71,113	137,857
	(b) Provisions	1,106	519
	(c) Other current liabilities	13,812	16,155
	(d) Current tax liabilities (net)	3,520	1,924
	Total current liabilities	**252,055**	**343,979**
	Total liabilities	**576,444**	**697,401**
	TOTAL EQUITY AND LIABILITIES	**855,510**	**1,049,025**

Summary of Standalone Balance Sheet of the Guarantor as at the year ended March 31, 2020 and as at June 30, 2020

	As at March 31,	As at June 30,	
	2020	**2020**	**2020**
	(Rs. in millions)	**(Rs. in millions)**	**(U.S.$ in millions)[1]**
I. ASSETS			
(1) Non-current assets			
(a) Property, plant and equipment	461,168	455,826	6,035
(b) Capital work-in-progress	238,104	248,518	3,290
(c) Right-of-use assets	41,020	39,652	525
(d) Intangible assets	3,233	11,349	150
(e) Intangible assets under development	3,310	3,339	44
(f) Investments in subsidiaries, associates and joint ventures	47,569	48,635	644
(g) Financial assets			
(i) Investments	12,418	12,942	171
(ii) Loans	87,048	89,714	1,188
(iii) Other financial assets	5,624	4,914	65
(h) Current tax assets (net)	3,400	3,485	46
(i) Other non-current assets	23,780	23,962	317
Total non-current assets	**926,674**	**942,336**	**12,477**
(2) Current assets			
(a) Inventories	96,231	94,391	1,250
(b) Financial assets			
(i) Trade receivables	31,661	25,718	341
(ii) Cash and cash equivalents	34,383	12,599	167
(iii) Bank balances other than (ii) above	79,626	67,009	887
(iv) Loans	3,211	2,662	35
(v) Derivative Assets	2,746	1,500	20
(vi) Other financial assets	27,939	28,340	375
(c) Other current assets	17,949	29,364	389
Total current assets	**293,746**	**261,583**	**3.463**
TOTAL ASSETS	**1,220,420**	**1,203,919**	**15,940**
II. EQUITY AND LIABILITIES			
(1) Equity			
(a) Equity share capital	3,013	3,013	40
(b) Other equity	380,608	380,035	5,032
Total equity	**383,620**	**383,048**	**5,072**

	As at March 31,	As at June 30,	
	2020	**2020**	**2020**
	(Rs. in millions)	**(Rs. in millions)**	**(U.S.$ in millions)[1]**
(2) Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	392,473	401,100	5,311
(ii) Lease liabilities	27,160	25,459	337
(iii) Derivative liabilities	1,299	1,362	18
(iv) Other financial liabilities	13,079	13,313	176
(b) Provisions	3,221	3,511	46
(c) Deferred tax liabilities (net)	13,151	13,054	173
(d) Other non-current liabilities	30,478	27,945	370
Total non-current liabilities	**480,860**	**485,744**	**6,431**
(3) Current liabilities			
(a) Financial liabilities			
(i) Borrowings	68,134	40,580	537
(ii) Trade payables	133,536	141,403	1,872
(iii) Derivative liabilities	1,892	1,433	19
(iv) Lease liabilities	7,733	6,650	88
(v) Other financial liabilities	119,796	118,274	1,566
(b) Provisions	638	745	10
(c) Other current liabilities	23,021	25,245	334
(d) Current tax liabilities (net)	1,191	797	11
Total current liabilities	**355,940**	**335,127**	**4.437**
Total liabilities	**836,800**	**820,871**	**10,869**
TOTAL EQUITY AND LIABILITIES	**1,220,420**	**1,203,919**	**15,940**

Note:

(1) For the reader's convenience, U.S. dollar translations of Indian rupee amounts as at June 30, 2020 have been provided at a rate of U.S.$1.00 = Rs.75.5270, which was the exchange rate as reported by the FBIL on June 30, 2020.

Summary of Standalone Statement of Cash Flow of the Guarantor for the years ended March 31, 2018 and March 31, 2019

	Year ended March 31,	
	2018	2019
	(Rs. in millions)	
A. CASH FLOW FROM OPERATING ACTIVITIES		
PROFIT BEFORE TAX	70,753	118,167
ADJUSTMENTS FOR:		
Depreciation and amortisation expenses	30,539	33,967
Loss on sale of property, plant & equipment (net)	1,242	60
Gain on sale of financial investments designated as FVTPL	(163)	(102)
Interest income	(1,766)	(2,389)
Gain arising of financial instruments designated as FVTPL	(87)	(80)
Unwinding of interest on financial assets carried at amortised cost	—	(309)
Dividend income	(46)	(2,243)
Interest expense	34,418	34,520
Shares based payment expense	282	504
Export obligation deferred income amortisation	(666)	(1,600)
Unrealised exchange loss	436	2,013
Allowance for doubtful debts, loans and advances	3,805	1,320
Loss arising from financial instruments designated as FVTPL	301	182
Non-cash expenditure	—	57
Government grant income (Fair value gain on deferred government loan)	(525)	—
	67,770	**65,900**
Operating profit before working capital changes	**138,523**	**184,067**
ADJUSTMENTS FOR:		
(Increase) in inventories	(8,122)	(5,169)
(Increase) in trade receivables	(6,610)	(20,559)
(Increase) in other assets	(13,390)	(9,235)
Increase in trade payable and other liabilities	23,245	36,085
Increase in provisions	164	377
	(4,713)	**1,499**
CASH FLOW FROM OPERATIONS	**133,810**	**185,566**
Income taxes paid (net of refund received)	(12,067)	(24,526)
NET CASH GENERATED FROM OPERATING ACTIVITIES (A)	**121,743**	**161,040**

	Year ended March 31,	
	2018	2019
	(Rs. in millions)	
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant & equipment, intangible assets including under development	(37,762)	(79,021)
Proceeds from sale of property, plant & equipment	71	305
Investment in subsidiaries and joint ventures including advances and preference shares	(1,753)	(12,368)
Sale of other non-current investments in equity instruments through FVTOCI	—	502
Purchase of current investments	(78,038)	(83,398)
Sale of current investments	81,202	83,500
Bank deposits not considered as cash and cash equivalents (net)	1,693	(2,679)
Loans given to related parties	(28,577)	(33,173)
Loans repaid by related parties	—	8,770
Interest received	1,776	2,017
Dividend received	46	2,243
NET CASH USED IN INVESTING ACTIVITIES (B)	**(61,342)**	**(113,302)**
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from sale of treasury shares	493	—
Payment for purchase of treasury shares	(762)	(1,526)
Proceeds from non-current borrowings	55,709	60,169
Repayment of non-current borrowings	(47,740)	(42,438)
Proceeds from/Repayment of current borrowings (net)	(27,034)	31,960
Repayment of finance lease obligation	(2,964)	(3,647)
Interest paid	(34,170)	(35,321)
Dividend paid (including corporate dividend tax)	(6,546)	(8,864)
NET CASH GENERATED FROM/(USED IN) FINANCING ACTIVITIES (C)	**(63,014)**	**333**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	**(2,613)**	**48,071**
CASH AND CASH EQUIVALENTS — OPENING BALANCES	**7,120**	**4,507**
CASH AND CASH EQUIVALENTS — CLOSING BALANCES	**4,507**	**52,578**

Summary of Standalone Statement of Cash Flow of the Guarantor for the year ended March 31, 2020

		Year ended March 31, 2020
		(Rs. in millions)
A.	**CASH FLOW FROM OPERATING ACTIVITIES**	
	PROFIT BEFORE TAX	42,922
	ADJUSTMENTS FOR:	
	Depreciation and amortisation expenses	35,217
	Loss on sale of property, plant & equipment (net)	288
	Gain on sale of financial investments designated as FVTPL	(38)
	Interest income	(5,284)
	Gain arising of financial instruments designated as FVTPL	(162)
	Unwinding of interest on financial assets carried at amortised cost	(451)
	Dividend income	(306)
	Interest expense	38,307
	Shares based payment expense	366
	Export obligation deferred income amortisation	(1,395)
	Unrealised exchange loss	5,658
	Allowance for doubtful debts, loans and advances	957
	Loss arising of financial instruments designated as FVTPL	173
	Non-cash expenditure	144
	Exceptional items	13,090
		86,565
	Operating profit before working capital changes	**129,487**
	ADJUSTMENTS FOR:	
	Decrease in inventories	11,917
	Decrease in trade receivables	35,138
	(Increase) in other assets	(13,925)
	(Decrease) in trade payable	(3,731)
	(Decrease) in other liabilities	(8,726)
	Increase in provisions	799
		21,474
B.	**CASH FLOW FROM OPERATIONS**	**150,961**
	Income taxes paid (net of refund received)	(9,860)
	NET CASH GENERATED FROM OPERATING ACTIVITIES (A)	**141,101**
	CASH FLOW FROM INVESTING ACTIVITIES	
	Purchase of property, plant & equipment, intangible assets (including under development and capital advances)	(107,403)
	Proceeds from sale of property, plant & equipment	406
	Investment in subsidiaries and joint ventures including advances and preference shares	(9,390)
	Purchase of current investments	(7,616)

		Year ended March 31, 2020
		(Rs. in millions)
	Sale of current investments	7,653
	Bank deposits not considered as cash and cash equivalents (net)	(75,244)
	Loans to related parties	(16,225)
	Loans repaid by related parties	12,361
	Interest received	4,233
	Dividend received	306
	NET CASH USED IN INVESTING ACTIVITIES (B)	**(190,918)**
C.	**CASH FLOW FROM FINANCING ACTIVITIES**	
	Proceeds from sale of treasury shares	1,065
	Payment for purchase of treasury shares	(1,013)
	Proceeds from non-current borrowings	185,610
	Repayment of non-current borrowings	(103,197)
	Proceeds from/Repayment of current borrowings (net)	14,428
	Repayment of lease liabilities/finance lease obligation	(5,029)
	Interest paid	(43,706)
	Dividend paid (including corporate dividend tax)	(11,902)
	Premium paid on redemption of debentures	(5,720)
	NET CASH GENERATED FROM FINANCING ACTIVITIES (C)	**30,536**
	NET (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	**(19,281)**
	CASH AND CASH EQUIVALENTS — OPENING BALANCES	**53,664**
	CASH AND CASH EQUIVALENTS — CLOSING BALANCES	**34,383**

Summary of Condensed Standalone Interim Statement of Cash Flow of the Guarantor for the three months ended June 30, 2019

		Three months ended June 30, 2019
		(Rs. in millions)
A.	**NET CASH GENERATED FROM OPERATING ACTIVITIES**	25,216
B.	**NET CASH USED IN INVESTING ACTIVITIES**	(48,128)
C.	**NET CASH GENERATED FROM/(USED IN) FINANCING ACTIVITIES**	35,530
	NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	**12,618**
	CASH AND CASH EQUIVALENTS — OPENING BALANCES	**52,578**
	CASH AND CASH EQUIVALENTS — CLOSING BALANCES	**65,196**

Summary of Condensed Standalone Interim Statement of Cash Flow of the Guarantor for the three months ended June 30, 2020

		Three months ended June 30,	
		2020	**2020**
		(Rs. in millions)	**(U.S.$ in millions)[1]**
A.	**NET CASH GENERATED FROM OPERATING ACTIVITIES**	18,082	239
B.	**NET CASH USED IN INVESTING ACTIVITIES**	(7,422)	(98)
C.	**NET CASH GENERATED FROM/(USED IN) FINANCING ACTIVITIES**	(32,444)	(430)
	NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	**(21,784)**	**(288)**
	CASH AND CASH EQUIVALENTS — OPENING BALANCES	**34,383**	**455**
	CASH AND CASH EQUIVALENTS — CLOSING BALANCES	**12,599**	**167**

Note:

(1) For the reader's convenience, U.S. dollar translations of Indian rupee amounts for the three months ended June 30, 2020 have been provided at a rate of U.S.$1.00 = Rs.75.5270, which was the exchange rate as reported by the FBIL on June 30, 2020.

The Group's Key Operating and Financial Information

This disclosure is intended to assist in understanding the trends in the operating and financial information of the Group included in this Offering Memorandum.

	Year ended/as at March 31,		**Three months ended/as at June 30,**		
	2019	**2020**	**2019**	**2020**	**2020**
	(Rs. in millions except percentages)		**(Rs. in millions except percentages)**		**(U.S.$ in millions except percentages)[6]**
Total revenue from operations (Rs. in millions)[5]	847,571	733,264	198,119	117,815	1,560
EBITDA (Rs. in millions)[1][5]	189,516	118,728	37,152	13,410	178
Purchases for property, plant and equipment and intangible assets (including under development and capital advances) (Rs. in millions)	102,056	128,104	31,186	22,265	295
Profit/(loss) before tax (Rs. in millions)	111,684	30,131	17,695	(6,431)	(85)
Profit/(loss) for the year/period (Rs. in millions)	75,244	39,193	10,077	(5,822)	(77)
EBITDA/Total revenue from operations (per cent.)	22.4	16.2	18.8	11.4	11.4
Profit/(loss) before tax/Total revenue from operations (per cent.)	13.2	4.1	8.9	(5.5)	(5.5)

	Year ended/as at March 31,		Three months ended/as at June 30,	
	2019	**2020**	**2020**	**2020**
	(Rs. in millions except percentages)		**(Rs. in millions except percentages)**	**(U.S.$ in millions except percentages)[6]**
Net debt to equity ratio (times)[2][7]	1.20	1.31	1.37	1.37
Return on average net worth[3][5] (per cent.). . . .	24.3	11.1	(1.6)	(1.6)
Return on average capital employed[4][5] (per cent.)	19.2	8.4	0.3	0.3

Notes:

(1) EBITDA: Profit/(loss) for the year/period +(-) share of profit/loss from joint ventures (net) +(-) tax expense/credit + exceptional items + depreciation and amortisation expense + finance costs - other income.

(2) Net debt to equity ratio: net debt/net worth (Net debt: Non-current Borrowings + current borrowings + current maturities of long-term borrowings + current maturities of finance lease obligations, if any, - cash and cash equivalents - bank balances other than cash and cash equivalents - current investments) (Net worth: Equity attributable to Owners of the Guarantor + Non-controlling interests). Net debt excludes acceptances.

(3) Return on average net worth: Profit/(loss) for the year/period/average net worth (Net worth: Equity attributable to Owners of the Guarantor + Non-controlling interests). (Average net worth: (net worth as at the beginning of the year/period + net worth as at the closing of the year/period)/2).

(4) Return on average capital employed: EBIT/average capital employed (Capital employed: net worth + Non-current borrowings + Current borrowings + current maturities of long-term borrowings + current maturities of finance lease obligations, if any, + deferred tax liabilities (net) + deferred tax assets (net)) (EBIT: EBITDA - depreciation and amortisation expenses) (Average capital employed: (capital employed as at the beginning of the year/period + capital employed as at the closing of the year/period)/2).

(5) As used in this Offering Memorandum, a non-GAAP financial measure is one that purports to measure historical financial performance, financial position or cash flows, but excludes or includes amounts that would not be so adjusted in the most comparable IFRS/IND-AS measures. From time to time, reference is made in this Offering Memorandum to such "non-GAAP financial measures", primarily EBITDA, or (unless otherwise specified) profit/(loss) before other income and finance costs, tax expense/credit, depreciation, amortisation and exceptional items and share of profit/loss from joint-ventures (net), and net debt, or (unless otherwise specified) non-current borrowings plus current borrowings plus current maturities of long-term borrowings plus current maturities of finance lease obligations, if any, minus cash and cash equivalents, bank balances other than cash and cash equivalents, and current investments. The Group's management believes that EBIT, EBITDA, EBITDA/Total revenue from operations, profit/(loss) before tax/Total revenue from operations, Net debt, Net worth, Net debt to equity ratio, Average net worth, Return on average net worth, Return on average capital employed and other non-GAAP financial measures provide investors with additional information about the Group's performance, as well as ability to incur and service debt and make capital expenditures, and are measures commonly used by investors. The non-GAAP financial measures described herein are not a substitute for IFRS/IND-AS measures of earnings and may not be comparable to similarly titled measures reported by other companies due to differences in the way these measures are calculated.

(6) For the reader's convenience, U.S. dollar translations of Indian rupee amounts for the three months ended June 30, 2020 have been provided at a rate of U.S.$1.00 = Rs.75.5270, which was the exchange rate as reported by the FBIL on June 30, 2020.

(7) With the adoption of IND-AS 116 from April 1, 2019 by the Group, finance lease obligations are now presented as part of 'Lease Liabilities' in the balance sheet. As finance lease obligations are not disclosed as 'Borrowings' in the balance sheet, they are also not included as part of Net debt as at March 31, 2020, June 30, 2019 and June 30, 2020. Further interest bearing advance received from customer against long-term supply agreement are presented as 'Other Liabilities' in the balance sheet and hence also not included as part of net debt as at March 31, 2019, March 31, 2020, June 30, 2019 and June 30, 2020. Also, the lease expenses relating to operating lease contracts which was being disclosed as part of 'Other expenses' till March 31, 2019 are now disclosed as depreciation and amortization expense and finance costs in the profit and loss account on transition to IND-AS 116 from April 1, 2019.

Non-GAAP Financial Measures

The following table reconciles the Group's profit after tax for the years ended March 31, 2019 and 2020 and for the three months ended June 30, 2019 and 2020 to the Group's definition of EBITDA, Net debt to equity ratio, return on average net worth, return on average capital employed and other Non-GAAP financial measures for the periods indicated:

	Year ended/as at March 31,		Three months ended/as at June 30,		
	2019	**2020**	**2019**	**2020**	**2020**
	(Rs. in millions)		**(Rs. in millions)**		**(U.S.$ in millions except percentages)[1]**
Profit/(loss) for the year/period (A)	75,244	39,193	10,077	(5,822)	(77)
Adjustments					
Other income	2,038	5,460	1,410	1,324	18
Finance costs	(39,167)	(42,645)	(10,416)	(10,164)	(135)
Exceptional Items	—	(8,053)	—	—	—
Tax (expenses)/credit					
Current tax	(24,731)	(9,432)	(4,826)	327	4
Deferred tax	(11,709)	18,494	(2,792)	282	4
Share of Profit/(loss) from joint ventures (net)	(297)	(900)	(190)	(527)	(7)
Total adjustments (B)	**(73,866)**	**(37,076)**	**(16,814)**	**(8,758)**	**(116)**
EBIT (C) = (A) - (B)	**149,110**	**76,269**	**26,891**	**2,936**	**39**
Adjustments (D)					
Depreciation and amortisation expense	(40,406)	(42,459)	(10,261)	(10,474)	(139)
EBITDA[2] (E) = (C) - (D)	**189,516**	**118,728**	**37,152**	**13,410**	**178**
Total revenue from operations (F)	847,571	733,264	198,119	117,815	1,560
Profit/(loss) before tax (G)	111,684	30,131	17,695	(6,431)	(85)
EBITDA/Total revenue from operations (per cent.) (H) = (E/F)	**22.4**	**16.2**	**18.8**	**11.4**	**11.4**
Profit/(loss) before tax/Total revenue from operations (per cent.) (G/F)	**13.2**	**4.1**	**8.9**	**(5.5)**	**(5.5)**

Notes:

(1) For the reader's convenience, U.S. dollar translations of Indian rupee amounts for the three months ended June 30, 2020 have been provided at a rate of U.S.$1.00 = Rs.75.5270, which was the exchange rate as reported by the FBIL on June 30, 2020.

(2) EBITDA: profit/(loss) for the year/period +(-) share of profit/loss from joint ventures (net) +(-) taxes/(credit) + exceptional items + depreciation and amortisation expense + finance costs - other income.

	Year ended/as at March 31,		Three months ended/as at June 30,	
	2019	**2020**	**2020**	**2020**
	(Rs. in millions)		**(Rs. in millions)**	**(U.S.$ in millions except percentages)[1]**
Non-current borrowings	296,559	446,726	457,216	6,054
Current borrowings	63,325	83,248	55,400	734
Current maturities of long-term borrowings	111,474	63,759	62,483	827
Current maturities of finance lease obligations[6]	2,604	—	—	—
Total borrowings	**473,962**	**593,733**	**575,099**	**7,614**
Less: Cash and cash equivalents	(55,807)	(39,656)	(19,548)	(259)
Less: Bank balance other than cash and cash equivalents	(6,057)	(80,365)	(67,910)	(899)
Less: Current investment	(817)	(18)	(82)	(1)
Net Debt[2][5]	**411,281**	**473,694**	**487,559**	**6,455**
Equity attributable to Owners of the Company	347,948	365,990	360,721	4,776
Non-controlling interests	(4,500)	(5,753)	(5,958)	(79)
Net worth[2][5]	**343,448**	**360,237**	**354,763**	**4,697**
Net debt to equity ratio (times)[2][5]	**1.20**	**1.31**	**1.37**	**1.37**
Net worth as at beginning of the year/period	275,333[7]	343,448	360,237	4,770
Net worth as at closing of the year/period	343,448	360,237	354,763	4,697
Average Net worth[3][5]	**309,391**	**351,843**	**357,500**	**4,733**
Return on average net worth (Profit/(loss) for the year/period/average net worth (per cent.))[3][5]	**24.3**	**11.1**	**(1.6)**	**(1.6)**
Net worth	343,448	360,237	354,763	4,697
Non-current borrowings	296,559	446,726	457,216	6,054
Current borrowings	63,325	83,248	55,400	734
Current maturities of long-term borrowings[6]	111,474	63,759	62,483	827
Current maturities of finance lease obligations	2,604	—	—	—
Deferred tax liabilities (net)	38,936	16,774	16,829	223
Deferred tax assets (net)	(1,166)	—	—	—
Capital employed[4][5]	**855,180**	**970,744**	**946,691**	**12,534**
Capital employed as at beginning of the year/period	694,823[7]	855,180	970,744	12,853
Capital employed as at closing of the year/period	855,180	970,744	946,691	12,534
Average capital employed[4][5]	**775,002**	**912,962**	**958,718**	**12,694**
Return on average capital employed (EBIT/Average Capital employed) (per cent.)[4][5]	**19.2**	**8.4**	**0.3**	**0.3**

Notes:

(1) For the reader's convenience, U.S. dollar translations of Indian rupee amounts as at June 30, 2020 have been provided at a rate of U.S.$1.00 = Rs.75.5270, which was the exchange rate as reported by the FBIL on June 30, 2020.

(2) Net debt to equity ratio: net debt/net worth (Net debt: Non-current Borrowings + current borrowings + current maturities of long-term borrowings + current maturities of finance lease obligations, if any, - cash and cash equivalents - bank balances other than cash and cash equivalents - current investments) (Net worth: Equity attributable to Owners of the Guarantor + Non-controlling interests). Net debt excludes acceptances.

(3) Return on average net worth: Profit/(loss) for the year/period/average net worth (Net worth: Equity attributable to Owners of the Guarantor + Non-controlling interests) (Average net worth: (net worth as at the beginning of the year/period + net worth as at the closing of the year/period)/2).

(4) Return on average capital employed: EBIT/average capital employed (Capital employed: net worth + Non-current borrowings + Current borrowings + current maturities of long-term borrowings + current maturities of finance lease obligations, if any, + deferred tax liabilities (net) + deferred tax assets (net)) (EBIT: EBITDA - depreciation and amortisation expenses) (Average capital employed: (capital employed as at the beginning of the year/period + capital employed as at the closing of the year/period)/2).

(5) As used in this Offering Memorandum, a non-GAAP financial measure is one that purports to measure historical financial performance, financial position or cash flows, but excludes or includes amounts that would not be so adjusted in the most comparable IFRS/IND-AS measures. From time to time, reference is made in this Offering Memorandum to such "non-GAAP financial measures", primarily EBITDA, or (unless otherwise specified) profit/(loss) before other income and finance costs, tax expenses/credit, depreciation, amortisation and exceptional items and share of profit/loss from joint-ventures (net), and net debt, or (unless otherwise specified) non-current borrowings plus current borrowings plus current maturities of long-term borrowings plus current maturities of finance lease obligations, if any, minus cash and cash equivalents, bank balances others than cash and cash equivalents, and current investments. The Group's management believes that EBIT, EBITDA, EBITDA/Total revenue from operations, profit/(loss) before tax/Total revenue from operations, Net debt, Net worth, Net debt to equity ratio, Average net worth, Return on average net worth, Return on average capital employed and other non-GAAP financial measures provide investors with additional information about the Group's performance, as well as ability to incur and service debt and make capital expenditures, and are measures commonly used by investors. The non-GAAP financial measures described herein are not a substitute for IFRS/IND-AS measures of earnings and may not be comparable to similarly titled measures reported by other companies due to differences in the way these measures are calculated.

(6) With the adoption of IND-AS 116 from April 1, 2019 by the Group, finance lease obligations are now presented as part of 'Lease Liabilities' in the balance sheet. As finance lease obligations are not disclosed as 'Borrowings' in the balance sheet, they are also not included as part of Net debt as at March 31, 2020 and June 30, 2020. Further interest-bearing advance received from customer against long-term supply agreement are presented as 'Other Liabilities' in the balance sheet and hence also not included as part of net debt as at March 31, 2019, March 31, 2020 and June 30, 2020. Also, the lease expenses relating to operating lease contracts which was being disclosed as part of 'Other expenses' till March 31, 2019 are now disclosed as depreciation and amortization expense and finance costs in the profit and loss account on transition to IND-AS 116 from April 1, 2019.

(7) Net worth as at the beginning of the year and Capital employed as at the beginning of the year for the year ended March 31, 2019 is presented below (noting the footnotes contained throughout the below table refer to the notes above):

	As at March 31, 2018
	(Rs. in millions)
Equity attributable to Owners of the Company	279,974
Non-controlling interests	(4,641)
Net worth(2)(5)	**275,333**
Non-current borrowings	317,229
Current borrowings	21,771
Current maturities of long-term borrowings	52,715
Current maturities of finance lease obligations(6)	2,213
Deferred tax liabilities (net)	26,043
Deferred tax assets (net)	(481)
Capital employed(4)(5)	**694,823**

THE OFFERING

The following is a brief summary of the terms of this offering and is qualified in its entirety by the remainder of this Offering Memorandum. This summary is derived from, and should be read in conjunction with, the full text of the "*Terms and Conditions of the Notes and the Guarantees*" and other information included in this Offering Memorandum.

Issuer	Periama Holdings, LLC (the "**Issuer**")
Company	JSW Steel Limited (the "**Company**")
Notes Offered	U.S.$250,000,000 5.95 per cent. Notes due 2026 (the "**Notes**"), to be fungible with and be consolidated and form a single series with the Issuer's U.S.$500,000,000 5.95 per cent. Notes due 2026 issued on October 19, 2020 (the "**Original Notes**").
Joint Lead Managers	Deutsche Bank AG, Singapore Branch Credit Suisse (Hong Kong) Limited Standard Chartered Bank
Issue Price	106.75 per cent. of the principal amount with respect to the Notes plus accrued interest from (and including) October 19, 2020 to (but excluding) December 21, 2020.
Maturity Date	April 19, 2026.
Interest	The Notes will bear interest at the rate of 5.95 per cent. per annum from, and including, the Original Issue Date to, but excluding April 19, 2026 payable semi-annually in arrear on April 19 and October 19 of each year. Interest payable in relation to the Notes will be paid as if such Notes were issued on the Original Issue Date. The first interest payment will be made on April 19, 2021.
Trustee	DB Trustees (Hong Kong) Limited
Principal Paying Agent, Registrar, and Transfer Agent	Deutsche Bank AG, Hong Kong Branch
Status of the Notes	The Notes constitute (subject to Condition 4.2 (*Negative Pledge*)) direct, general, unsecured and unsubordinated obligations of the Issuer and will rank at all times *pari passu* without any preference among themselves and at least equally with all other present and future outstanding unsecured and unsubordinated obligations of the Issuer but, in the event of insolvency, only to the extent permitted by applicable laws relating to creditors' rights.

Status of the Guarantee	The payment of principal of and interest on the Notes and all other moneys payable by the Issuer under or pursuant to the Trust Deed has been unconditionally and irrevocably guaranteed on an unsubordinated basis by the Company (the "**Guarantee**") in the Trust Deed. The Guarantee constitutes (subject to Condition 4.2 (*Negative Pledge*)) direct, general, unsecured and unsubordinated obligations of the Company. The payment obligations of the Company under the Guarantee shall at all times rank at least *pari passu* with all of its other present and future outstanding unsecured and unsubordinated obligations but, in the event of insolvency, only to the extent permitted by applicable laws relating to creditors' rights. All guarantees by the Company, which would be applicable to the Notes when the Notes are issued by the Issuer, shall be subject to FEMA Guarantee Regulations and FEMA ODI Regulations.
Limitation of the Guarantee	The Company's potential liability under the Guarantee is capped at an amount equal to 125.0 per cent. of the total aggregate principal amount of the Notes outstanding from time to time, being initially U.S.$625,000,000 immediately following the issuance of the Original Notes, to be further increased by U.S.$312,500,000 to a total of U.S.$937,500,000 upon the issuance of the Notes (the "**Guaranteed Amount**"). The Guaranteed Amount will (i) be increased in an amount equal to 125.0 per cent. of any increase in the aggregate principal amount of Notes outstanding and (ii) be decreased in an amount equal to 125.0 per cent. of any decrease in the aggregate principal amount of Notes outstanding, in each case, concurrently with any such increase or decrease. The Company will comply with all requirements under applicable law, including the FEMA ODI Regulations, that may be required to give effect to such increase or decrease in its aggregate potential liability under the Guarantee. No claim shall be made against the Company in respect of its obligations under the Guarantee after the earlier of (i) the date on which all amounts due and payable under the terms of the Notes have been unconditionally and irrevocably paid in full and (ii) the date falling 45 calendar days after the Maturity Date (as defined below) (the "**Guarantee Period**"). The Company will comply with all requirements under applicable law, including the FEMA ODI Regulations, that may be required to give effect to such increase or decrease in its aggregate potential liability under the Guarantee.
Form and Denomination of the Notes	The Notes will be issued in fully registered form and in the denomination of U.S.$200,000 each and integral multiples of U.S.$1,000 in excess thereof. Upon issue, the Notes will be represented by an Unrestricted Global Certificate in registered form. On the Closing Date, that Unrestricted Global Certificate will be deposited with a custodian for, and registered in the name of a nominee of Euroclear and Clearstream.

Redemption for Tax Reasons	The Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable), at their principal amount, (together with interest accrued to the date fixed for redemption), if: (a) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 8 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of any Relevant Jurisdiction (as defined in Condition 8 (*Taxation*)) or any change in the official application or interpretation of such laws or regulations; and (b) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, *provided* that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due. See "*Terms and Conditions of the Notes and the Guarantees — Redemption and Purchase — Redemption for taxation reasons*".
Redemption for a Change of Control Triggering Event	If a Change of Control Triggering Event (as defined below) occurs with respect to the Issuer, each Noteholder shall have the right at such Noteholder's option, to require the Issuer to redeem all of such Noteholder's Note in whole but not in part at 101.0 per cent. of their principal amount plus accrued and unpaid interest, if any, to and including the date of purchase, in accordance with the Conditions. See "*Terms and Conditions of the Notes and the Guarantees — Redemption for a Change of Control Triggering Event*".
Events of Default.	For a description of events that would permit acceleration of repayment of principal and interest of the Notes see "*Terms and Conditions of the Notes and the Guarantees — Events of Default*".
Covenants	The Issuer has agreed in the Trust Deed constituting the Notes and the Conditions related thereto to observe certain covenants, including, among other things, limitation on indebtedness, negative pledge, limitation on asset sales, consolidation and merger and reporting covenants. For details see "*Terms and Conditions of the Notes and the Guarantees — Covenants*".
Suspension of Covenants . . .	If, on any date following the date of the Trust Deed, the Notes are rated Investment Grade from both of the Rating Agencies and no Default or Event of Default has occurred and is continuing (a "Suspension Event"), then, beginning on that day and continuing until such time, if any, (i) at which the Notes cease to be rated Investment Grade from either of the Rating Agencies or (ii) an Event of Default occurs and is continuing, Condition 4.1 (*Limitation on Indebtedness*) and Condition 4.3 (*Limitation on Asset Sales*) will not apply to the Notes.

	Such Conditions will be reinstituted and apply according to their terms as at and from the first day on which a Suspension Event ceases to be in effect. Such Conditions will not, however, be of any effect with regard to actions of the Issuer properly taken in compliance with the provisions of the Trust Deed during the continuance of the Suspension Event, and no Default will be deemed to have occurred as a result of a failure to comply with such covenants during such period. See "*Terms and Conditions of the Notes and the Guarantees — Covenants — Suspension of Covenants*".
Meetings of Noteholders . . .	The Terms and Conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.
Withholding Tax and Additional Amounts	The Issuer will pay such additional amounts as may be necessary in order that the net payment received by each Noteholder in respect of the Notes, after withholding for any taxes imposed by tax authorities in an Relevant Jurisdiction upon payments made by or on behalf of the Issuer in respect of the Notes, will equal the amount which would have been received in the absence of any such withholding taxes, subject to the customary exceptions, as described in "*Terms and Conditions of the Notes and the Guarantees — Taxation*".
Selling Restrictions	There are restrictions on the offer, sale and transfer of the Notes in, among others, the European Economic Area, the United Kingdom, Singapore, the Republic of Italy, India, Hong Kong, Japan and Switzerland. Any sale, resale or other transfer not made in compliance with the restrictions described herein shall be null and void ab initio and will not be honored by the Issuer. See "*Selling Restrictions*".
Global Certificate	ISIN: XS2224065289. Common Code: 222406528.
Book-Entry Only	The Notes will be issued in book-entry form for the accounts of Euroclear and Clearstream.
Delivery of the Notes	The Issuer expects to make delivery of the Notes, against payment in same-day funds, on or about December 21, 2020, which the Issuer expects will be the fifth business day following the date of this Offering Memorandum, referred to as "**T+5**." You should note that initial trading of the Notes may be affected by the T+5 settlement.
Governing Law	The Notes, the Guarantee and any non-contractual obligations arising out of or in connection with them will be governed by, and shall be construed in accordance, with English law.
Risk Factors	For a discussion of certain factors that should be considered in evaluating an investment in the Notes, see "*Risk Factors*".

Listing	The Original Notes are listed on the SGX-ST and approval in-principle has been received from the SGX-ST for listing of and quotation for the Notes on the Official List of the SGX-ST. The Notes will be traded on the SGX-ST in a minimum board lot size of S$200,000 (or its equivalent in other currencies) for so long as the Notes are listed on the SGX-ST and the rules of the SGX-ST so require.
Use of Proceeds	The Issuer intends to use the gross proceeds of the Notes for repayment of part of the existing indebtedness owed to the Guarantor including interest thereon and for general corporate purposes.

RISK FACTORS

The information in this section is qualified in its entirety by, and should be read together with, the other information included in this Offering Memorandum, including the information contained in "Recent Developments".

Prospective investors should carefully consider the risks and uncertainties described below and the information contained elsewhere in this Offering Memorandum before making an investment in the Notes. In making an investment decision, each investor must rely on its own examination of the Group and the terms of the offering of the Notes. The risks described below are not the only ones faced by the Group or investments in India in general that may adversely affect the Group's ability to make payment on the Notes. The Group's business, prospects, financial condition, cash flows and results of operations could be materially and adversely affected by any of these risks. Additional risks not currently known to the Group or that the Group currently deems immaterial may also impair the business, prospects, financial condition, cash flows and results of operations of the Group, the trading price of the Notes could decline and you may lose all or part of your investment.

The financial and other related implications of the risk factors, wherever quantifiable, have been disclosed in the risk factors mentioned below. However, there are certain risk factors where the financial impact is not quantifiable and, therefore, cannot be disclosed in such risk factors.

This Offering Memorandum also contains forward-looking statements that involve risks, assumptions, estimates and uncertainties. Our actual results could differ materially from those anticipated in such forward-looking statements as a result of certain factors including the considerations described below and elsewhere in this Offering Memorandum. For details, please see "*Forward-Looking Statements*".

The results for any interim period are not necessarily indicative of the results that may be expected for the full year and therefore are not strictly comparable with our annual results. Our historical results are not necessarily indicative of the results expected for any future period.

Risks Relating to the Group

The steel industry is cyclical in nature and the Group's performance, including operating margin, is affected by a variety of factors, including demand and supply of steel products and domestic and global economic conditions.

The steel industry, like most capital intensive commodity industries, is cyclical in nature. Global steel prices have fluctuated significantly in recent years depending on a number of factors, such as the availability and cost of raw materials, fluctuations in both international and domestic steel demand, production capacity addition, imports/exports, transportation costs, trade measures and various social and political factors in the economies in which the steel producers sell their products. Steel prices are also sensitive to the trends of particular industries, such as the automotive, construction, packaging, appliance, machinery, equipment and transportation industries, which are among the biggest consumers of steel products. Moreover, the industries in which a large proportion of the Group's customers operate, such as the automotive, construction and oil and gas industries, are also cyclical in nature, and this too can result in adverse fluctuations in the demand for, and prices of, the Group's steel products.

The Group's operating margins are substantially affected by variations in the realized sales prices of the Group's products, which, in turn, are influenced by a variety of factors, including fluctuations in demand and supply of steel products domestically and internationally, general economic conditions, movements in the international prices of steel products, capacity expansion by major producers, purchases made by traditional bulk steel end users or their customers and slowdowns in basic manufacturing industries. Further, demand for the raw materials necessary for the production of steel products, such as iron ore and coal, is generally correlated with the demand for steel products. The availability and price of such key raw materials also affect the Group's operating margins.

The Group sells the majority of its products to the domestic market. The Group's revenue from operations within India amounted to Rs.554,190 million and Rs.56,029 million for the year ended March 31, 2020 and the three months ended June 30, 2020, respectively. The Group may be affected by significant downturns and disruptions in the Indian as well as the global market for a sustained period, which may be reflected in steep and sustained reductions in the price of steel in India. World steel demand is expected to contract by 6.4 per cent, dropping to 1,654 mt in the calendar year 2020 due to the COVID-19 pandemic and rebound to 1,717 mt in the calendar year 2021, an increase of 3.8 per cent. on a year-on-year basis. This reduction in global steel demand in the calendar year 2020 is likely to be cushioned by an expected faster recovery in China compared to the rest of the world. While lockdown restrictions have eased notably with social distancing in place since June 2020, there is still uncertainty due to localized lockdowns given the difference in the spread of the pandemic in the different locales. Sustained periods of lower growth or lower public spending on infrastructure in Europe or in the United States, or further reductions in growth of emerging economies which are substantial consumers of steel (such as China and India, as well as emerging Asian markets, the Middle East and the Commonwealth of Independent States regions) would have a material adverse effect on the steel industry. There can be no assurance that the future global events will not have an adverse effect on the Indian economy and the Group's business, financial condition and results of operations. Please see "*Risk Factor — The ongoing global COVID-19 pandemic and the disruption caused by various countermeasures to reduce its spread may have unprecedent adverse consequences of uncertain magnitude and duration on the Group's business, industry, the jurisdictions the Group operates in and the global economy*".

The ongoing global COVID-19 pandemic and the disruption caused by various countermeasures to reduce its spread may have unprecedent adverse consequences of uncertain magnitude and duration on the Group's business, industry, the jurisdictions the Group operates in and the global economy.

A novel strain of coronavirus ("**COVID-19**") was first reported in December 2019 and has subsequently spread throughout the world to countries and jurisdictions in which the Group operates or conducts business in, primarily India, Italy and the United States. On January 30, 2020, the World Health Organization declared COVID-19 a public health emergency of international concern and on March 11, 2020, the World Health Organization declared the outbreak a pandemic. The COVID-19 pandemic has had and continues to have adverse repercussions across regional and global economies and financial markets which necessarily adversely affects India, the jurisdictions in which the Group operates and conducts business in and in turn, the Group's business. The governments of many countries, including certain of the jurisdictions in which the Group operates and conducts business in, have reacted by instituting lockdowns, business shutdowns, quarantines and restrictions on travel. Businesses have also implemented countermeasures and safety measures to reduce the risk of transmission. Such actions have not only disrupted businesses but have had a material and adverse effect on industries and local, regional and global economies.

For example, the Central Government ordered the first phase of a nationwide lockdown for 21 days to take effect from March 25, 2020, limiting the movement of the population in India. The nationwide lockdown was subsequently extended until June 30, 2020 on a zones basis, with the Government dividing the nation into districts based on the spread of the virus. There can be no assurance that the lockdown would not be further extended as there is uncertainty associated with the lifting or re-imposition of these restrictions. Several state governments such as West Bengal, Jharkhand, Assam, Tamil Nadu and Karnataka have re-imposed/extended the lockdown period until July 2020. The Group's business has faced disruptions in light of the nationwide lockdown which has resulted in reduced commercial activities and industrial production.

In assessing the recoverability of carrying amounts of Group's assets including, but not limited to, property, plant & equipment, goodwill and other assets, the Group has considered various internal and external information up to the date of approval of the annual audited consolidated financial statements as at and for the year ended March, 31, 2020 and condensed consolidated interim financial statements as at and for the three months ended June 30, 2020 and concluded that they are recoverable based on the estimate of values of the businesses and assets by an independent external valuer which was based on cash flow projections/implied multiple approach. In making the said projections, reliance has been placed on estimates of future prices of iron ore and coal, mineable resources, and assumptions relating to operational performance including significant improvement in capacity utilization and margins based on forecasts of demand in local markets, and capacity expansion/availability of infrastructure facilities for mines.

The Group has performed sensitivity analysis on the assumptions used and based on current indicators of future economic conditions, the Group expects to recover the carrying amount of the assets disclosed as at March 31, 2020 and June 30, 2020. The impact of the COVID-19 pandemic may be different from that estimated as at the date of approval of the annual audited consolidated financial statements as at and for the year ended March, 31, 2020 and the condensed consolidated interim financial statements as at and for the three months ended June 30, 2020 and the Group will continue to closely monitor any material changes to future economic conditions.

However, the COVID-19 pandemic has affected, and may continue to affect the Group's industry and business in a number of ways, including:

- resulting in further declines or continuing to repress prices of the Group's products (including steel and coal) and causing significant disruptions in the supply-chains;

- reducing the sales volume of steel due to a decline in demand;

- limiting the Group's ability to generate cash flow, and as a result, affecting the Group's financial condition;

- causing the Group to delay, postpone, scale-down, shut down or cancel certain business activities and its production across all facilities. For example, following the announcement of the first phase of the nationwide lockdown on March 24, 2020, the Guarantor scaled down/suspended production across all facilities with a view to ensure safety of its workforce across all areas of operations from then to late April 2020. The lockdown restrictions also severely constrained project activity and all sites were impacted due to non-availability of required manpower and materials due to restrictions on movement. Furthermore, the Group has revised its total planned capex spend for the fiscal year 2021 to about Rs.90,000 million, a reduction from the earlier guidance of Rs.163,400 million;

- adversely impacting the Group's ability to enter into new strategic transactions or to finalize strategic transactions on previously agreed terms and timetables;

- requiring the Group to make operational changes and implement measures to ensure the health and safety of the Group's employees and counterparties, which may involve increased costs or operational inefficiencies; and

- the Group's employees are unable to work effectively during the COVID-19 outbreak as a result of facility closures, ineffective remote working arrangements and limitations in movements and technology. The Group may face labor shortages if its employees are unable or unwilling to come to work. For example, due to the nationwide lockdown, several of the workers employed by the Guarantor's contractors had returned home to various parts of the country. In addition, if any of the Group's employees are identified to have, or potentially have, contracted COVID-19, it could adversely affect or disrupt production levels and operations at the relevant plants. Several workers in the Guarantor's steel plant in the Bellary district of Karnataka have been identified to have contracted the virus.

The Group continues to monitor the development of the COVID-19 pandemic closely and is making continuing efforts to gradually ramp up its capacity utilization. The impact of the pandemic on the Group's business will depend on a range of factors which the Group not able to accurately predict, including the duration, severity, potential recurrence and scope of the pandemic and the nature and severity of measures adopted by governments.

While the Government permitted certain additional activities from April 20, 2020 in non-containment zones and the Group has secured the relevant approvals to commenced operations of all its facilities since the last week of April 2020, the Group may not be able accurately predict the near-term or long-term impact of the COVID-19 pandemic on its business as the COVID-19 pandemic is ongoing and evolving rapidly. The duration and ultimate impact of the outbreak cannot be reasonably estimated at this time. For example, the production volumes of the Guarantor had declined to 66 per cent. in the three month period from April 1 to 30 June 2020 as compared to 89 per cent. in FY2020. The outbreak and restrictions imposed to contain it may be further broadened or continue for extended periods of time. As a result, the global economy is facing significant uncertainties and global financial markets are experiencing significant volatilities which may adversely affect the Indian economy, the Group, its business and financial condition, results of operations, prospects, liquidity, capital position, credit ratings and the value of the Notes. Investors must exercise caution before making any investment decisions. To the extent the COVID-19 pandemic adversely affects the Group's business and financial results, it may also have the effect of heightening many of the other risks described in this "Risk Factors" section, such as the cyclical nature of the steel industry and volatility in prices of raw materials in response to global market conditions and demand, the need for the Group to generate sufficient cash flows to services its indebtedness and its ability to comply with covenants contained in the agreements that govern its indebtedness. For more information on the impact of the COVID-19 pandemic, see "*Business of the Guarantor — Recent Developments*".

The steel industry is characterized by heavy reliance on and volatility in the prices of raw materials, including mismatches between trends in prices for raw materials as well as limitations on or disruptions in the supply of raw materials, which could adversely affect the Group's profitability.

The primary raw materials that the Group uses in the production of steel are iron ore and coal. In addition, the Group's operations require substantial amounts of other raw materials and utilities, including various types of limestone, alloys, refractories, oxygen, fuel and gas. The cost of materials consumed accounted for the single largest component of the Group's cost base and amounted to 53.0 per cent. and 54.9 per cent. of consolidated total revenue from operations for the year ended March 31, 2020 and the three months ended June 30, 2020, respectively. The price and availability of raw materials may be adversely affected by a number of factors that are beyond the Group's control, including interruptions in production by suppliers, demand for raw materials, supplier allocation to other purchasers, price and currency fluctuations and transport costs, among others. In the event that the Group is unable to procure raw materials in sufficient quantities, at acceptable prices, in a timely manner, or at all, the Group's operations may be disrupted, resulting in a reduction of production volumes or complete cessation of production. Any such disruption may adversely impact the Group's business, financial condition and results of operations.

In the past, iron ore mining activities in the state of Karnataka which houses the Group's major facilities were suspended due to certain environmental violations by miners. Any such suspensions could affect the quantity and quality of iron ore available to the Group. While the Group's technological competence to convert low grade iron ore to higher grade has helped it in meeting the Group's raw material requirements in the past, there can be no assurance that any future suspensions would not have a material adverse effect on the Group's business, financial condition and results of operations.

The Group may be at a comparative disadvantage to more integrated competitors who have secure or more diversified sources of key raw materials. Any shortage or termination in supply of raw materials may lead to partial or full closure of the Group's facilities, thereby adversely impacting its production schedules and output. Further, any disruption in the Group's suppliers' operations may result in unavailability of raw materials to the Group and a disruption to its operations.

In recent years, many steel companies have focused on acquiring raw materials sources around the world in an effort to limit their exposure to the volatility and instability of the markets for raw materials. To the extent such companies use these raw materials in their own steel production, these acquisitions will further limit the supply of these raw materials available for purchase in the global markets. Any prolonged interruption in the supply of raw materials, or failure to obtain adequate supplies of raw materials at reasonable prices or at all, or increases in costs which the Group cannot pass on to its customers, could have a material adverse effect on its business, financial condition, results of operations or prospects.

The Group is also susceptible to sustained upward movements in the cost of key raw materials and any significant increase in the prices of raw materials would increase the Group's manufacturing costs and adversely affect its business, financial condition and results of operations. For example, the price of iron ore (Chicago Mercantile Exchange Iron Ore Fines 62 per cent. Fe CFR Futures) fluctuated between U.S.$79/ton and U.S.$95/ton during the three months ended June 30, 2020 while the price of hard coking coal (Dalian Commodity Exchange Coking Coal Futures) fluctuated between U.S.$108/ton and U.S.$142/ton during the same period (*Source*: *investing.com*).

Overcapacity and oversupply in the global steel industry may adversely affect the Group's profitability.

The Group's competitiveness and long-term profitability are, to a significant degree, dependent upon its ability to optimize capacity utilization and maintain low-cost and efficient production relative to competitors. Due to the high fixed costs related to steel production, steel producers generally attempt to maintain high capacity utilization rates in order to maintain their profitability. During periods of declining demand, this may result in a significant oversupply of steel and a corresponding decline in steel prices. During periods of economic weakness, overcapacity increases due to weaker demand for steel. Global steelmaking capacity currently exceeds global consumption of steel products. This excess capacity often results in manufacturers exporting significant amounts of steel and steel products at prices that are at or below their costs of production. In addition, oversupply may result in decreased steel prices as well as lower utilization rate. A lower utilization rate would also affect the Group's fixed costs, which cannot be fully reduced in line with production volumes, leading to a higher per unit cost. A decrease in the Group's utilization rate could have a material adverse effect on its business, financial condition and results of operations.

If industry-wide steel inventory levels are high, customers may draw from inventory rather than purchase new products, which would adversely affect the Group's revenue and profitability.

Above-normal industry inventory levels of the Group's customers can cause a decrease in demand for the Group's products and thereby adversely impact its revenue. High industry-wide inventory levels of steel reduce the demand for production of steel because customers can draw from inventory rather than purchase new products. This reduction in demand could result in a corresponding reduction in prices and sales, both of which could contribute to a decrease in profitability. Industry-wide inventory levels of steel products can fluctuate significantly from period to period.

The Group may not be able to successfully implement, sustain or manage its organic growth strategy.

The Group's organic growth strategy includes completion of brownfield expansion projects, capacity enhancement through the establishment of new greenfield projects in future, such as in the state of West Bengal, Jharkhand and Odisha, increasing focus on forward and backward integration, diversifying its product profile, prudent management of its financial position and investing in technology to improve cost efficiency and reduce wastage. However, there can be no assurance that the Group will be able to implement, sustain or manage this strategy successfully or that it will be able to expand further successfully. Further, there can be no assurance that the strategy will have the desired outcome.

If the Group grows its business too rapidly or fails to make proper assessments of credit risks associated with acquisitions or its investments in other companies, it may become significantly exposed to debt incurred for the purpose of the acquisitions or investments, which would have a negative impact on the Group's financial condition.

While the Group has been expanding its steelmaking capacity at Vijayanagar in Karnataka, Dolvi in Maharashtra and other facilities, in the event of a slowdown in demand primarily due to the continued weakness of the global economy, the increased production capacity may result in overcapacity in the global and domestic steel industry. Overcapacity in the global steel industry may intensify if global economy goes into a recession or if demand from developing countries does not meet the growth in production capacity. If the Group is unable to achieve optimal capacity utilization with its new or expanded or existing facilities, there could be a material adverse effect on its business, financial condition and results of operations.

The Group may need additional capital for pursuing other growth or acquisition opportunities.

The Group may pursue opportunities for further growth identified by the Group. The acquisition of new assets may be dependent upon the Group's ability to obtain suitable financing. There can be no assurance that such funding will be available, and if such funding is made available, that it will be offered on economical terms. Even if the Group succeeds in raising the required resources, such an effort may materially alter the risk profile of the Group and in turn have an adverse effect on its business, financial condition and results of operations.

The Guarantor may reorganize its subsidiaries from time to time.

The Guarantor has multiple subsidiaries both domestic and overseas and in accordance with customary business practice, the Guarantor has reorganized its subsidiaries by way of share or asset sales. Any similar reorganization in future may affect its business, financial condition and results of operations. For further information please see "*Business of the Guarantor — Restructuring*".

The Group's expansion plans require significant expenditure and, if it is unable to obtain the necessary funds for expansion, the Group's business may be adversely affected.

The Group has already invested and proposes to continue to make significant investments towards improving and increasing its existing capacity at certain of its facilities. For further details of the Group's expansion plans, see "*Business of the Guarantor — Facilities*". The Group will need significant additional capital to finance its expansion plans. To the extent that the Group's capital expenditure requirements exceed its available resources, the Group will be required to seek additional debt or equity financing. Additional debt financing could increase the Group's interest costs and require it to comply with additional restrictive covenants in its financing agreements.

The Group's ability to finance its capital expenditure plans is subject to a number of risks, contingencies and other factors, some of which are beyond its control, including tariff regulations, borrowing or lending restrictions, if any, imposed by the RBI or other regulatory or government organizations and general economic and capital markets conditions. Furthermore, adverse developments in the Indian and international credit markets may significantly increase the Group's debt service costs and its overall costs of funds. Even though a substantial portion of the required debt is already committed for the expansion projects, there can be no assurance that the Group will be able to raise additional financing on acceptable terms in a timely manner or at all. The Group's failure to renew existing funding or to obtain additional financing on acceptable terms in a timely manner could materially and adversely impact the Group's planned capital expenditure, business and profitability.

In the event of adverse market conditions, or if actual expenditure exceeds planned expenditure, the Group's external financing activities and internal sources of liquidity may not be sufficient to support current and future expansion plans, and the Group may be forced to, or may choose to, delay or terminate the expansion of the capacity of certain of its facilities, the construction of new facilities or the acquisition of new businesses. The Group's ability to arrange external financing and the cost of such financing, as well as the Group's ability to raise additional funds through the issuance of equity, equity-related or debt instruments in the future, is dependent on numerous factors. These factors include general economic and capital market conditions, interest rates, credit availability from banks or other lenders, investor confidence in the Group, the success of the Group, provisions of tax and securities laws that may be applicable to the Group's efforts to raise capital, the political and economic conditions in the geographic locations in which the Group operates, the amount of capital that other entities may seek to raise in the capital markets, the liquidity of the capital markets and the Group's business, financial condition and results of operations.

Further, any debt the Group may raise may be required to be rated by credit rating agencies on an ongoing basis. Any fall in ratings for existing debt may impact the Group's ability to raise additional financing or may increase the cost of servicing debt due to renegotiation of lending terms by the Group's lenders. Further, the Group may not be able to receive adequate debt funding on commercially reasonable terms in India and may be required to seek funding internationally, which may result in exposure to higher interest rates and may have a material adverse impact on the Group's business, financial condition and results of operations.

There can also be no assurance that the actual costs incurred, the production capacity added or time taken for implementation of the Group's expansion plans will not vary from the estimated parameters. In the event of any significant cost overruns, the Group may need to incur additional indebtedness or may need to raise capital through other sources, which may have a material adverse impact on its business, financial condition and results of operations.

The Group is subject to comprehensive central, state, local and other laws and regulations that could increase the cost and alter the manner or feasibility of carrying the Group's business.

The Group's operations are regulated extensively at the central, state and local levels in India as well as in other countries where it operates. Such regulations are significantly different to those of the Group generally and require a different compliance regime. Environmental and other governmental laws and regulations have increased the Group's costs to plan, design, install and operate its facilities. Under such laws and regulations, the Group could also be liable for personal injuries, property damage and other damages. Failure to comply with these laws and regulations may result in the suspension or termination of the Group's operations and subject it to administrative, civil and criminal penalties. Moreover, public interest in environmental protection has increased in recent years, and environmental organizations have opposed, with some success, certain mining projects. There is also increasing effort globally, to limit climate change, including in India, and to move towards a stricter carbon emission regulation regime, the impact of which may be adverse to the Group's business and operations.

Part of the regulatory environment in which the Group operates includes, in some cases, legal requirements for obtaining environmental assessments, environmental impact studies and/or plans of development before commencing production activities. Any expiration or delay of approvals could prevent the Group from carrying out certain aspects of its operations, which may be adverse to the Group's business and results of operations. In addition, the Group's activities are subject to regulations regarding conservation practices and protection of correlative rights. These regulations may affect the Group's operations. The construction and operation of the Group's facilities have previously faced opposition from local communities where these projects are located and from special interest groups due to the perceived negative impact they may have on the natural and cultural heritage. Any actions taken by them in response to such concerns could compromise the Group's profitability or, in extreme cases, the viability of an operation or the development of new activities in the relevant region. There are certain cases filed against the Group alleging violation of environmental laws. Even if no orders are passed against the Group, it may have to bear the expense of various litigations and if any order is passed against it, it could have an impact on continuation of its business operations and reputation. It may have to pay the penalty and related charges, and its financial condition and results of operations could be adversely affected.

The Group has incurred significant indebtedness and may incur further debt. The Group's substantial indebtedness and the conditions and restrictions imposed by the Group's lenders and the terms of any future debt obligations may restrict the Group's ability to conduct its business and operations.

As at June 30, 2020, the Group had total borrowings (non-current borrowings plus current borrowings plus current maturities of long-term borrowings) of Rs.575,099 million (U.S.$7,614 million) and a net debt to equity ratio of 1.37. The Group may incur additional indebtedness in the future. Any unfavorable change in the above may adversely impact the Group's ability to raise further resources.

The Group's substantial indebtedness could have several important consequences. For example, it could:

- increase the Group's vulnerability to general adverse economic and industry conditions;
- require the Group to dedicate a substantial portion of its cash flow from operations to payments on its indebtedness, thereby reducing the availability of its cash flows to fund working capital, capital expenditures, acquisitions, joint ventures and other general corporate purposes;
- limit the Group's flexibility in planning for, or reacting to, changes in its business and the industry in which it operates;
- place the Group at a competitive disadvantage compared to its competitors that have less debt;
- impair the Group's ability to pay dividends in the future; and
- limit the Group's ability to obtain financing in the future for working capital, capital expenditures, acquisitions or other purposes on acceptable terms, on a timely basis or at all.

Many of the existing agreements with the Group's lenders contain restrictive covenants that require it to obtain the prior consent of its lenders to take certain actions, including raising additional debt, making investments, declaration of dividends, alteration of capital structure, making changes to constitutional documents and merging, amalgamating or consolidating with any other company, issuing additional securities, issuing guarantees and selling significant assets, among others. In addition, certain of the Group's financing arrangements include covenants to maintain certain debt to EBITDA ratios, debt to equity ratios, debt coverage ratios and certain other liquidity ratios, and there can be no assurance that such financial covenants will not hinder business development and growth. The Group has, in the past, sought waivers for certain of these covenants from some of its lenders and it may need to do so again in the future, with no assurance that any such waiver will be granted. Any breach of these covenants and in the absence of a waiver of all of such breaches by the concerned lender, such lender may call for immediate repayment of the entire outstanding amount of the loan or such breach may result in a cross default under other indebtedness, which may adversely affect the Group's business, financial condition and results of operations.

As at June 30, 2020, the Group had total contingent liabilities of Rs.66,511 million (U.S.$881 million) as per IND-AS 37 — "Provisions, contingent liabilities and contingent assets". These included contingent liabilities on account of guarantees, disputed claims and levies. If these contingent liabilities fully, or substantially, materialize, the Group's business, financial condition and results of operations may be adversely affected.

The Group faces substantial competition, both from Indian and international steel producers, which may affect its prospects.

The Indian steel industry is highly competitive. As an integrated steel manufacturer in India, the Group competes to varying degrees with other Indian integrated steel manufacturers. The major integrated producers in India produce most of the flat steel products in India including hot rolled coils, cold rolled coils and galvanized steel and account for most of the steel production in India. In addition to these major integrated producers, the Group also competes with certain non-integrated steel producers, which manufacture value-added steel products as well as long steel products.

In the past, competing domestic steel producers have increased their manufacturing capacity which at times intensified domestic competition with the ramping up of new facilities by these competitors. Some of the Group's domestic competitors may possess an advantage over the Group due to various reasons, such as captive raw material sources, greater economies of scale, integrated manufacturing facilities, specialization in production of value-added or niche products and greater presence in certain markets. Maintaining or increasing the Group's market share will depend on effective marketing initiatives and the

Group's ability to anticipate and respond to various competitive factors affecting the industry, including the Group's ability to improve its manufacturing process and techniques, introduce new products, respond to pricing strategies of its competitors, and adapt to changes in technology and changes in customer preferences. Failure by the Group to compete effectively could have a material adverse effect on its business, financial condition and results of operations.

The Group also expects increasing competition from international steel producers due to the increasing consolidation in the steel industry worldwide. A number of the Group's international competitors may have greater financial and other resources and some have announced plans to establish manufacturing operations in India. The Group may also face competition from new companies that are emerging which may attempt to obtain a share in the Group's existing markets, including steel producers from China. These factors, among others, have intensified the competition from global steel players and there can be no assurance that the Group will be able to compete successfully in the future against its existing or potential competitors or that increased competition with respect to its activities may not have an adverse effect on the Group's business, financial condition and results of operations.

Further, in the past, India has witnessed rising imports of steel, especially from countries such as Japan and South Korea with whom India has signed free trade agreements and steel manufacturers from these jurisdictions pose significant competition for the Group. Steel imports from South Korea, Japan and ASEAN countries have the benefit of concessional duty rates prevailing under bilateral and multilateral trade agreements, which could make the Group's products relatively more expensive.

The Group has undertaken, and may undertake in the future, strategic acquisitions which may require the incurrence of material indebtedness, may be difficult to integrate, and may end up being unsuccessful. There can be no assurance that such acquisitions will be successful, will result in a positive outcome or, in certain instances, will not result in a material adverse effect on the Group's financial position or results of operations.

The Group may not be able to successfully complete its planned acquisitions and, even if it succeeds at acquiring any businesses, the Group's ability to achieve the benefits it anticipates from future acquisitions will depend in large part upon whether it is able to integrate the acquired businesses into the rest of the Group in an efficient and effective manner. The integration of acquired businesses and the achievement of synergies require, among other things, coordination of business development and procurement efforts, manufacturing improvements and employee retention, hiring and training policies, as well as the alignment of products, sales and marketing operations, compliance and control procedures, research and development activities and information and software systems. Any difficulties encountered in combining operations could result in higher integration costs and lower savings than expected. Integration of certain operations also requires the dedication of significant management resources, and time and costs devoted to the integration process may divert management's attention from day to day business.

In addition, the Group may make further acquisitions which may require the Group to incur or assume substantial new debt, expose it to future funding obligations and expose it to integration risks, and the Group cannot assure prospective investors that such acquisitions will contribute to its profitability. The failure to successfully integrate an acquired business or the inability to realize the anticipated benefits of such acquisitions could materially and adversely affect the Group's business, financial condition and results of operations. See "*Business of the Guarantor — Strategic acquisitions and Joint Ventures*" and "*Business of the Guarantor — Recent Developments*" for further details on the Group's recent acquisitions.

The Group's acquisition of Bhushan Power and Steel Limited ("BPSL") is expected to subject the Group to various risks.

The completion of the acquisition of BPSL is subject to the order of the NCLAT and satisfaction of certain conditions precedent under the BPSL Resolution Plan. While the NCLAT by its order dated February 17, 2020 ruled in favor of the Guarantor in respect of the BPSL Plan, the former promoters of BPSL and an operational creditor have filed further appeals. As of October 12, 2020, hearings in respect of the appeal filed by the former promoters of BPSL and an operational creditor are pending for consideration before the SC. In addition, the Group's acquisition of BPSL remains subject to challenge by third parties. As a result of the foregoing, the exact timing of the Group's acquisition of BPSL remains uncertain.

Due to the material size of BPSL (as per the last publicly available figure for total assets as at March 31, 2017 being approximately 33 per cent. of the Group's total assets as at March 31, 2020), the Group expects to incur significant indebtedness for some duration in connection with its acquisition of BPSL. The incurrence of such significant indebtedness is expected to result in significant additional financing costs. There is no guarantee that the Group will be able to service such additional indebtedness in a timely manner, or at all, which would have a material adverse effect on the Group's business, financial condition and results of operations.

The Group is currently in advanced negotiations with various investors to invest in a special purpose vehicle that is intended to hold BPSL's business. The proposed arrangement is expected to result in a joint control over BPSL's business and accordingly group will need to consolidate its proportionate share in profits or losses and net assets of BPSL's business as a single line item following equity method as per the IND-AS 111 — Joint Arrangements and will not require consolidation of assets and liabilities of BPSL on a line by line basis. While the group continues to maintain joint control over BPSL, its exposure to the debt of BPSL would be significantly reduced. However, there can be no assurance that the Group will be able to find a required partner or to successfully complete a proposed reorganization of the capital structure subsequent to the completion of the acquisition. Any inability to find a required partner would result in the Group bearing full responsibility for BPSL, meaning that the Group would be required to (i) book the full amount of debt incurred to acquire BPSL, (ii) bear full responsibility for servicing debt incurred to acquire BPSL, (iii) bear responsibility and risk for the operational turnaround of BPSL and (iv) pay amounts owed to operational creditors of BPSL, as ultimately decided through NCLAT proceedings. All or any of the above may materially and adversely affect the Group's business, financial condition and results of operations. While the Group believes it has sufficient resources to absorb such responsibility, it has not mobilized internal resources in such a manner to prepare for such absorption given its present intent to not consolidate BPSL's business, and there is no guarantee that such absorption will not materially and adversely affect the Group's business, financial condition and results of operations. Furthermore, if a partner were found, the Group's operation of BPSL may encounter risks relating to strategic alignment, potential discord and deadlock.

Furthermore, there are significant financial risks associated with the Group's acquisition of BPSL. There are various uncertainties and risks in respect of the Group's exposure to BPSL due to, among other things: (i) whether a partner will be present (and whether a joint venture will be entered into); (ii) if a partner is present, the exact split of partnership equity and debt; and (iii) the nature of any debt financing of any such joint venture. Variation in any of the above may materially and adversely affect the Group's business, financial condition and results of operations.

In addition, the implementation of the BPSL Resolution Plan would subject the Group to various risks. The turnaround of BPSL to further improve operational profitability is large-scale and ambitious, and thus capital expenditure in excess of budgeted amounts, delays and difficulties in achieving commercial objectives therefore cannot be ruled out. The risks in this respect are compounded to an extent by the fact that BPSL is emerging from bankruptcy (meaning, among other things, that maintenance capital expenditures were deferred). Any inability to effectively implement the BPSL Resolution Plan may materially and adversely affect the Group's business, financial condition and results of operations.

Please see also "*Business of the Guarantor — Recent Developments — Acquisition of Bhushan Power and Steel Limited*".

The Group may, from time to time, evaluate strategic acquisitions, which may be in various stages and the final outcome of which is inherently uncertain.

As part of its acquisition strategy, the Group may from time to time evaluate strategic transactions which may be in various stages, including the submission of bids (including binding bids) for a particular target company or asset and the negotiation of contracts and other items with respect thereto. The Group currently has binding bids outstanding, the outcomes of which are uncertain. Although the Group conducts business, financial and legal due diligence in connection with the evaluation of future business or acquisition opportunities, there can be no assurance such due diligence investigations will identify every matter that could have a material adverse effect on the Group should the acquisition take place. Due to the nature of binding bids in particular, the Group in such circumstances is making a commitment upfront despite certain uncertainties in the event the bid is accepted. These include the possibility that the acquired business or asset does not perform as expected, the possibility that the price paid for the acquisition is more than the value that can be derived from such acquisition and the risk of less cash available for operations and the incurrence of additional indebtedness to finance the acquisition as well as that of the target entity, among others. Any of these factors could materially and adversely affect the Group's business, financial condition and results of operations.

The Group operates a global business and its financial condition and results of operations are affected by the local conditions impacting countries where it operates.

The Group operates a global business and has facilities and/or interests in India, the United States, Italy and Mozambique, among others. As a result, the Group's financial condition and results of operations are affected by political and economic conditions impacting countries where it operates.

The Group faces a number of risks associated with its operations, including: challenges caused by distance, local business customs, languages and cultural differences and adverse changes in laws and policies, including those affecting taxes and royalties on energy resources. Other risks may relate to labor, local competition law regimes, environmental compliance and investments, difficulty in obtaining licenses, permits or other regulatory approvals from local authorities; adverse effects from fluctuations in exchange rates; multiple and possibly overlapping and conflicting standards and practices of the regulatory, tax, judicial and administrative bodies of the relevant foreign jurisdiction; political strife, social turmoil or deteriorating economic conditions; military hostilities or acts of terrorism; and natural disasters, including earthquakes in India and flooding and tsunamis in Southeast Asia, and epidemics or outbreaks such as avian flu, swine flu, severe acute respiratory syndrome or the COVID-19 pandemic. In addition, the infrastructure of certain countries where the Group operates its business, in particular India and Mozambique, is less developed than that of many developed nations and problems with its port, rail and road networks, electricity grid, communication systems or any other public facility could disrupt the Group's normal business activities.

Any failure on the Group's part to recognize and respond to these risks may materially and adversely affect the success of its operations, which in turn could materially and adversely affect the Group's business, financial condition and results of operations.

Failure to secure power at competitive prices could increase the cost of production and any shortage of power supply or water may prevent the Group from operating its production facilities.

The Group's continuing production processes require, and the proposed expansions will require, a stable supply of electricity in large quantities. The entire production process may cease if there is insufficient power or a suspension in the power supply. Currently, substantially all of the Group's electricity requirements at Vijayanagar Works are met from its captive power plants, with any remainder being sourced from JSW Energy Limited, an affiliated company. The Group's electricity requirements at Vasind, Tarapur and Kalmeshwar Works are largely sourced from JSW Energy Limited, with the remainder being sourced from the Maharashtra State Electricity Board. At Salem Works, the power requirements are largely met from captive power plants and the balance from Tamil Nadu Electricity Board. At Dolvi Works, the power requirements are met from its captive power plant and a long-term power purchase agreement with JSW Energy Limited. The Group also has arrangements in place to source power from JSW Energy Limited, an affiliated company, and the power grid to help supply additional power, if required.

In the event that there is any disruption to the electricity supply due to events beyond the Group's control, such as natural calamities or sabotage, the Group's operations will be adversely affected. The Group also relies on water supplied from the Tungabhadra Dam, the Almatti Dam, the Mettur Dam and the Amba River to operate the cooling systems at its facilities. If the sources supplying these facilities dry up or if a drought occurs, the Group may suffer from water supply shortages and the production facilities may be forced to cease operations. Lower monsoon rainfall in parts of South India in 2017 resulted in acute water scarcity in several parts of India and future reduced rainfall monsoons may contribute to water supply shortages.

Although there has not been any major shortage of electricity or water supply, there can be no assurance that the level of supply required by the Group can be maintained at a low cost or at all. Any significant increase in utilities cost or any interruption in utility supply will not only increase the Group's cost of production, but will also prevent the Group from producing and delivering products to customers as scheduled or at all, which may adversely affect the Group's business, financial position and results of operations.

The Group's steelmaking operations involve hazardous processes that can cause personal injury and loss of life, severe damage to and destruction of property and equipment and environmental damage, as a result of which the Group could suffer material liabilities, loss of revenues and increased expenses.

The Group's steelmaking operations are subject to various risks associated with the inherently hazardous production of steel. Hazards associated with the Group's steelmaking operations include accidents involving moving machinery, on-site transport, forklifts and overhead cranes; explosions, and resulting fires, in blast furnaces, coke ovens, steam generators and annealing ovens; fires in control rooms, electrical switch rooms, cable tunnels and vaults, transformers and lubricating oil rooms; fires caused by contact of molten metal in blast furnaces, open hearth furnaces; spills and spattering of molten materials; extreme temperatures, vibration and noise; and exposure to, through inhalation or contact with, hazardous chemicals including acids, ammonia, asbestos, carbon monoxide and various dusts such as coal dust and silica. These hazards may cause severe damage to and destruction of property and equipment, environmental damage and personal injury or even fatalities among the Group's personnel, which may result in temporary or lengthy interruptions of operations, damage to the Group's business reputation and corporate image and the imposition of civil and criminal liabilities.

The Group's employees, members of the public or government authorities may bring claims against the Group arising out of these hazardous production processes. If it is determined by the appropriate authorities that provisions and measures for safety within the Group's premises are inadequate, the licenses granted to the Group for operations at such premises may be revoked, thereby adversely affecting its business, financial condition and results of operations. Such events may also adversely affect public perception of the Group's business and the perception of its suppliers, customers and employees, leading to an adverse effect on the Group's business, financial condition and results of operations.

The Group may not be able to complete land acquisition and related formalities for its planned or any future expansion plans in a timely and cost efficient manner. Further, if the Group becomes involved in any land related disputes in the future, for any reason, the resolution of such disputes may take considerable time and expense.

Uncertainty of, or imperfection in, title to land may impede the processes of any future acquisition, verification and transfer of title to land by the Group. As registration of land title in India is not centralized and has not been fully computerized as yet, title to land may be defective as a result of a failure on the part of a present holder or on the part of a prior transferee to obtain necessary consents or to duly complete stamping and registration requirements. The Group may also be exposed to risks associated with the acquisition and ownership of land based on inaccurate, incomplete, dated or illegible information in local land records. However, any disputes in respect of land title that the Group may become party to in the future may take several years and considerable expense to resolve if they become the subject of court proceedings and may thereby adversely affect the Group's business, financial condition and results of operations.

Further, the Government has enacted the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013 (the "**New Land Acquisition Act**"), which has replaced the Land Acquisition Act, 1894. Some of the significant provisions of the New Land Acquisition Act include a requirement of obtaining the consent of up to 80 per cent. of affected families, including those whose land is acquired, for projects by the private companies and consent of 70 per cent. of the affected families in the case of public private partnership projects. It also provides for compensation, which is calculated basis the market value of the land and which may be significantly higher than then existing practice in rural and urban areas. The New Land Acquisition Act may make it difficult for the Group to obtain land for its expansion and new projects, in a timely manner or at an estimated cost, which may adversely affect the Group's business, financial condition and results of operations.

Certain portion of the land where the Guarantor's plant at Vijayanagar is situated and which was allotted by the Government of Karnataka by way of lease with sale deeds executed with the Government of Karnataka. The Guarantor cannot assure you that the permanent transfer of title, in respect of such portion of the land, in its favor, as required under the lease with sale deeds, will be completed in a timely manner.

The Guarantor set up the Vijayanagar plant in 1994 pursuant to obtaining the necessary approvals from the Government of Karnataka. The Guarantor executed a lease-with-sale deed with the Government of Karnataka, in 2006 ("**2006 Agreement**") for a parcel of land of 2,000.58 acres ("**2006 Parcel**"), which forms part of the land on which the Vijayanagar plant is situated. Subsequently, with a view to expanding the facilities, the Guarantor executed another lease-with-sale deed in 2007 ("**2007 Agreement**") for a parcel of land of 1,700 acres. The 2006 Agreement stipulated that, subject to the Guarantor complying with the terms of the agreement, the Government of Karnataka would be obliged to execute a sale deed in favor of the Guarantor on the commissioning of the industrial unit set up on the 2006 Parcel. Similarly, the 2007 Agreement stipulated that, subject to the Guarantor complying with terms of the agreement, the Government of Karnataka would be obliged to execute a sale deed in favor of the Guarantor ten years from the date of the 2007 Agreement. The Guarantor has complied with all terms of both agreements and has made attempts to initiate the process of the transfer of the title. However, the title of such land parcels has not been transferred to the Guarantor as of the date of this Offering Memorandum. The Guarantor cannot assure you that such transfer will take place in a timely manner or at all. Such uncertainty of, or imperfection in, title to land may impede the processes of any verification and transfer of title to land by the Guarantor. The Guarantor may be exposed to unexpected risks with respect to the land parcels. Further, any disputes in respect of such land title may take several years and considerable expense to resolve if they become the subject of court proceedings and may thereby adversely affect the Group's progress in business, financial condition and results of operations.

The Group's business is dependent on its manufacturing facilities and the loss, or shutdown, of operations at any of its manufacturing facilities or strikes, work stoppages or increased wage demands by its employees may have an adverse effect on the Group's business, financial condition and results of operations.

The Group's facilities are subject to operating risks, such as the breakdown or failure of equipment, power supply or processes, performance below expected levels of output or efficiency, obsolescence, production outages, labour disputes, natural disasters, industrial accidents and the need to comply with new directives of the relevant government authorities. The Group is required to carry out planned shutdowns of its various plants for routine maintenance, statutory inspections and testing. The Group also needs to shut down its various plants, from time to time, for capacity expansions and equipment upgrades. Any disruptions in the operations of the Group's manufacturing facilities may have a material adverse impact on its business, financial condition and results of operations.

While the Group takes precautions to minimize the risk of any significant operational problems at its manufacturing facilities, there can be no assurance that the Group's business, financial condition and results of operations will not be adversely affected by disruptions caused by operational problems at its manufacturing facilities.

As at June 30, 2020, the Guarantor had 13,201 full-time employees. It has also employed contract laborers at various locations. The number of employees may increase as the Group's proposed expansion plans are implemented. Currently, employees at most of the Group's locations are not represented by labor unions. While the Group considers its current labour relations to be good, there can be no assurance that it will not experience future disruptions in its operations due to disputes or other problems with its employees, which may adversely affect the Group's business and results of operations.

The Group's ability to meet future business challenges depends on its ability to attract and recruit talented, skilled and professionally qualified personnel, which may be affected by strong competition and increasing wage demands to recruit and retain such personnel. The loss of key personnel or any inability to manage the attrition levels in different employee categories may materially and adversely impact the Group's business, its ability to grow and its control over various business functions.

The Group relies on contractors for the implementation of various aspects of its regular as well as expansion activities, and is therefore exposed to execution risks, including in relation to the timing or quality of their services, equipment or supplies.

The Group relies on the availability of skilled and experienced contractors for certain portions of its regular semi-skilled and unskilled workforce at its steel processing facilities. The execution risks the Group faces include the following:

- contractors hired by the Group may not be able to complete construction and installation on time, and within budgeted costs or to the agreed specifications and standards;

- as the Group expands, it may have to use contractors with whom it is not familiar, which may increase the risk of cost overruns or lower or no return on capital, construction defects and failures to meet scheduled completion dates; and

- the Group's regular labour contractors may engage contract laborers and although the Group does not engage such laborers directly, it may be held responsible under applicable Indian laws for wage payments to such laborers should the Group's contractors default on wage payments.

Further, pursuant to the provisions of the Contract Labour (Regulation and Abolition) Act, 1970, in the event that the contractor fails to make such payment or provide the prescribed amenities, the Group may be required to pay wages to or provide certain amenities to such contract laborers, as prescribed under the statute. Any requirement to fund such payments and any such order from a court or any other regulatory authority may adversely affect the Group's business and results of operations.

Furthermore, as a result of increased industrial development in India in recent years, the demand for contractors and agencies with specialist design, engineering and project management skills and services has increased, resulting in a shortage of and increasing costs of services of such contractors and agencies. The Group cannot be certain that such skilled and experienced contractors and agencies will continue to be available to it at reasonable rates in the future. Any deterioration in the Group's relationships with its identified contractors and customers or its failure to negotiate acceptable terms may result in the Group incurring substantial additional costs, beyond its budgeted expenditure, in identifying and entering into alternative arrangements with other contractors.

Further, third party contractor defaults that disrupt or otherwise affect the Group's operations and that are not adequately resolved or cured in a timely manner may render the Group liable to regulatory intervention, cause damage to its reputation, and adversely affect its business, financial condition and results of operations.

If the Group does not continue to invest in new technologies and equipment, its technologies and equipment may become obsolete and its cost of processing may increase relative to its competitors, which may have an adverse impact on the Group's business, results of operations and financial condition.

The Group's profitability and competitiveness depend in large part on its ability to maintain a low cost of operations, including its ability to process and supply sufficient quantities of its products as per the agreed specifications. While the Group believes that it has a strong focus on research and development and has achieved significant technological advancements, if it is unable to respond or adapt to changing trends and standards in technologies and equipment, or otherwise adapt its technologies and equipment to changes in market conditions or requirements, in a timely manner and at a reasonable cost, the Group may not be able to compete effectively and its business, financial condition and results of operations may be adversely affected.

The Group faces risks relating to its joint ventures.

The Group has also entered into, and may from time to time in the future enter into, joint venture agreements, including for raw material projects. The Group may have limited control of these projects and therefore may be unable to require that its joint ventures sell assets, return invested capital, make additional capital contributions or take any other action. If there is a disagreement between the Group and its partners in a joint venture regarding the business and operations of the project, there can be no assurance that it will be able to resolve such disagreement in a manner that will be in the Group's best interests. Certain major decisions, such as selling an equity interest in the joint project, may require the consent of all other partners. These limitations may adversely affect the Group's ability to obtain the economic and other benefits it seeks from participating in these projects. In addition, the Group's joint venture partners may have economic or business interests or goals that are inconsistent with the Group; take actions contrary to the Group's instructions, requests, policies or objectives; be unable or unwilling to fulfill their obligations; withdraw technology licenses provided to the Group; have financial difficulties; or have disputes as to their rights, responsibilities and obligations. Joint venture partners of the Group may also enter into business partnerships with competitors of the Group after the expiry of applicable non-compete periods, if any. Any of these and other factors may have a material adverse effect on the Group's joint venture projects, which may in turn materially and adversely affect the Group's business, financial condition and results of operations.

Some of the Group's overseas operations are currently operating at low production levels, such as those in the U.S. and Italy, and have been making losses and there can be no assurance that these operations will provide desirable returns in the near future.

The Group has made significant investments in the plate and pipe mill, steel mill and coal mining assets in the U.S. The operations continues to be subdued due to low capacity utilization and contraction of spreads in the U.S. market. For fiscal year 2020, 275,629 net tons of plates, 68,701 net tons of pipes and 314,784 net tons of hot roll coils were produced from the Group's U.S. units with capacity utilization of 30.0 per cent., 12.0 per cent. and 10 per cent., respectively. For the three months ended June 30, 2020, 57,035 net tons of plates, 4,175 net tons of pipes and 26,954 net tons of hot roll coils were produced from the U.S. units with capacity utilization of 23 per cent., 3 per cent. and 3 per cent., respectively. Similarly, the Group's other operations in Italy have been operating at low levels of capacity utilization due to weak economic conditions.

In fiscal year 2018, the Group surrendered one of its iron ore mines in Chile after taking into consideration its economic viability. Accordingly, the Guarantor reassessed the recoverability of the carrying amounts of property, plant and equipment, goodwill and advances in relation to the said iron ore mine, and recognized an impairment provision of Rs.2,635 million for the year ended March 31, 2018. The Group further made an impairment provision of an additional Rs.7,250 million for the year ended March 31, 2020 towards the Chile assets based on the overall assessment of recoverability of recoverable value considering the uncertainty in restarting the iron ore mining operations in Chile on account of the COVID-19 outbreak.

There can be no assurance that the Group's U.S. operations will reach full production or that they will become profitable in the near future. The inability of certain of the Group's overseas operations to return to profitability may adversely affect its business, financial condition and results of operations.

The Group is currently developing mining operations in various parts of India, the U.S. and Mozambique and there can be no assurance that these operations will result in meaningful reserves or the expected quality of the mined materials.

The Group is presently undertaking and plans to undertake mining activities in various parts of India and other countries. In the U.S., the Group has a 100 per cent. equity interest in coal mining concessions in West Virginia, U.S. Further, the Group had invested in iron ore mining concessions in Chile. These mines are currently under care and maintenance and the entire investments have been provided for. In Mozambique, JSW Natural Resources Mozambique Limitada ("**JSW Mozambique**"), a subsidiary of the Group, has completed its exploration activities in Mutarara, Tete and has applied for a mining license. JSW ADMS Carvão, Ltda ("**JSW ADMS**"), a subsidiary of JSW Mozambique, has a mining license in Zumbo, Tete in Mozambique. JSW ADMS is in the process of obtaining environmental approvals for mining from the relevant authorities.

The Group's estimates of iron ore and coal resources are subject to probabilistic assumptions based on interpretations of geological data obtained from sampling techniques and projected rates of production in the future. Actual reserves and production levels may differ significantly from reserve estimates. Furthermore, it may take many years from the initial phase of exploration before production is possible during which time the economic feasibility of exploiting such reserves may change. There can be no assurance that commercial levels of raw materials will be discovered or that the mines will produce raw materials at the estimated amounts or at all.

Mining operations are subject to substantial risks, including those related to operational hazards and environmental issues.

The Group's mining operations are subject to hazards and risks normally associated with the exploration, development and production of natural resources including industrial accidents, such as explosions, fires, transportation interruptions and inclement weather. The occurrence of any of these events, or similar events, some or all of which may not be covered by insurance, could delay production, increase production costs and result in death or injury to persons, or damage to property and liability for the Group, as well as substantially harm the Group's reputation.

These operations are also subject to hazards and risks relating to negative environmental consequences such as those resulting from tailings and sludge disposal, effluent management and disposal of mineralized waste water and rehabilitation of land disturbed during mining processes. In addition, environmental awareness throughout the world, including in India and other emerging markets, has grown significantly in recent years, and opposition to mining operations has also increased due to the perceived negative impact they have on the environment. Public protests over the Group's mining operations could cause operations to slow down, damage the Group's reputation and goodwill with the governments or public in the countries and communities in which it operates, or cause damage to its facilities.

The Group faces foreign exchange risks, which may adversely affect its cash flows and results of operations.

There has been considerable volatility in foreign exchange rates in recent years, including rates between the Rupee, the U.S. Dollar, the Euro, the Japanese Yen and other major foreign currencies. To the extent that the Group incurs costs in one currency and generates sales in another, its profit margins may be affected by changes in the exchange rates between the two currencies.

During the years ended March 31, 2019 and March 31, 2020, earning in foreign currency (F.O.B. value of exports, interest income) by the Guarantor amounted to Rs.76,037 million and Rs.96,765 million, respectively, and C.I.F. value of imports (capital goods, raw materials (including power and fuel), stores and spare parts, traded goods) and expenditure in foreign currency (interest and finance charges, ocean freight, technical know-how, commission on sales, legal and professional fees, others) by the Guarantor amounted to Rs.280,156 million and Rs.226,800 million, respectively.

The Group is exposed to the risks arising from timing and quantum mismatches of inflows and outflows in foreign currency. While the Group enters into derivative financial instruments to manage its exposure to interest rates and foreign exchange risks, changes in exchange rates may still have a material adverse effect on the Group's results of operations and financial condition and there can be no assurance that the use of derivative financial instruments would fully protect the Group from foreign exchange risks. Further, hedging contracts may, at times, restrict the Group from realizing the full potential of a favorable movement in the currency markets on receivables as well as payables.

Additionally, risk hedging contracts are regulated by the RBI and any change in its policies with respect to such hedging contracts may impact the Group's ability to adequately hedge its foreign currency exposure. Changes in exchange rates could materially and adversely affect the Group's cash flow, business, financial condition and results of operations.

The Group has in the past entered into related party transactions and may continue to do so in the future.

The Group has entered into certain transactions with related parties, including the promoters, directors, subsidiaries, group companies, joint ventures and associates of the Group. Transactions with related parties will continue to be significant considering the Group's reliance on related parties for procurement of essential resources which include raw materials, power and fuel etc. Although regulations in India require disclosure of related party transactions in a listed company's financial statements, such regulations only require board of directors' approval and shareholders' approval in certain circumstances and do not require an independent assessment of connected or related party transactions. As a result, there is no requirement for independent third-party verification with respect to the terms of such transactions. All related party transactions of the Group require approval from the Audit Committee, which is headed by an Independent Non-Executive Director. At its annual general meeting held on July 25, 2019, the Guarantor received shareholder approval for entering into related party transactions with JSW International Tradecorp Pte. Ltd. for an aggregate value of up to U.S.$9,265 million for a period of 36 months starting from April 1, 2019 for procuring iron ore, coking coal, coal and other raw materials.

While the Group believes that all such transactions have been conducted on an arm's length basis and contain commercially reasonable terms, there can be no assurance that the Group could not have achieved more favorable terms had such transactions not been entered into with related parties. Furthermore, it is likely that the Group will enter into related party transactions in the future. For further details, see "*Related Party Transactions*".

Product liability claims could adversely affect the Group's operations.

The Group sells its products to major manufacturers who sell a wide range of end products. Furthermore, the Group's products are also sold to, and used in, certain safety-critical applications. If the quality of the Group's steel does not meet the specifications of the order or the requirements of the application, there may be significant disruptions to the customer's production lines. There could be, as a result of such quality failure, significant consequential damages resulting from the use of such products. The Group has a limited amount of product liability insurance coverage, and a major claim for damages related to products sold could leave it uninsured against a portion or the entire award and, as a result, materially harm the Group's business, financial condition and results of operations.

Environmental matters, including compliance with laws and regulations and remediation of contamination, could result in substantially increased capital requirements and operating costs.

The Group's businesses are subject to numerous laws, regulations and contractual commitments relating to the environment in the countries in which it operates, and the Group's operations generate large amounts of pollutants and waste, some of which are hazardous. These laws, regulations and contractual commitments concern air emissions, wastewater discharges, solid and hazardous waste material handling and disposal, and the investigation and remediation of contamination or other environmental restoration. The risk of costs and liabilities related to compliance with these laws and regulations is an inherent part of the Group's business. Facilities currently or formerly owned or operated by the Group, or where wastes have been disposed or materials extracted, are all subject to risk of environmental cost and liabilities, which includes the costs or liabilities relating to the investigation and remediation of past or present contamination or other environmental restoration. In addition, future conditions and contamination may develop, arise or be discovered that create substantial environmental compliance, remediation or restoration liabilities and costs despite the Group's efforts to comply with environmental laws and regulations, violations of such laws or regulations can result in civil and/or criminal penalties being imposed, the suspension of permits, requirements to curtail or suspend operations, lawsuits by third parties and negative reputational effects. The Group had in the past incurred remedial cost in respect of alleged environmental pollution and contamination from its plants. There can be no assurance that costs and liabilities will not be incurred in the future.

An increase in the requirements of environmental laws and regulations, increasingly strict enforcement thereof by governmental authorities, or claims for damages to property or injury to persons resulting from the environmental impacts of the Group's operations or past contamination, could prevent or restrict some of the Group's operations, require the expenditure of significant funds to bring the Group into compliance, involve the imposition of clean-up requirements and reporting obligations, and give rise to civil and/or criminal liability.

There can be no assurance that any such legislation, regulation, enforcement or private claim will not have a material adverse effect on the Group's business, financial condition or results of operations. In the event that production at one of the Group's facilities is partially or wholly disrupted due to this type of sanction, the Group's business could suffer significantly, and its financial condition and results of operations could be materially and adversely affected.

The Government, through the Ministry of Environment, Forest and Climate Change has recently introduced a draft Environment Impact Assessment Notification, 2020 ("**Draft Notification**") for public comments. The Draft Notification, amongst others, includes obligations on industries engaged in certain activities to obtain a prior environmental clearance from the statutory authority before commencing any construction work, installation, establishment, excavation among others. The final notification may include a higher threshold of obligations for prior environmental clearances.

In addition, the Group's current and future operations may be located in areas where communities may regard its activities as having a detrimental effect on their natural environment and conditions of life. Any actions taken by such communities in response to such concerns could compromise the Group's profitability or, in extreme cases, the viability of an operation or the development of new activities in the relevant region or country. Further, there are certain cases filed against the Guarantor alleging violation of environmental laws and causing pollution to the environment. Even though no orders may have been passed against the Guarantor, the Guarantor may have to bear the expense of various litigations and if any order is passed against the Guarantor, it could have an impact on the reputation of the Guarantor. The Guarantor may have to pay the penalty and related charges, and its financial condition and results of operations could be materially and adversely affected.

Laws and regulations restricting emissions of greenhouse gases could force the Group to incur increased capital and operating costs and could have a material adverse effect on the Group's results of operations and financial condition.

Compliance with new and more stringent environmental obligations relating to greenhouse gas emissions may require additional capital expenditures or modifications in operating practices, as well as additional reporting obligations. The integrated steel process involves carbon and creates carbon dioxide ("**CO2**"), which distinguishes integrated steel producers from mini-mills and many other industries where CO2 generation is primarily linked to energy use.

In particular, the increase in global awareness of the risk of climate change and the urgent need to address it may result in the implementation of measures for drastic reductions of carbon emissions. While the Group takes this message seriously and investigates possibilities to contribute towards this objective through research programs and exploring its technical possibilities to reduce emissions, such measures, whether in the form of a national or international cap-and-trade emissions permit system, a carbon tax, emissions controls, reporting requirements, or other regulatory initiatives, could have a negative effect on the Group's production levels, income and cash flows. Such regulations could also have a negative effect on the Group suppliers and customers, which could result in higher costs and lower sales. Moreover, the EU Commission's decision to further reduce the allocation of CO2 emission rights to companies could negatively impact the global industry, as the amount of such rights is currently at the edge of covering technically achievable operating conditions.

The Group faces numerous protective trade restrictions, including anti-dumping laws, countervailing duties and tariffs, which could adversely affect its financial condition and results of operations.

Protectionist measures, including anti-dumping laws, countervailing duties and tariffs and government subsidization adopted or currently contemplated by governments in some of the Group's export markets could adversely affect the Group's sales. Anti-dumping duty proceedings or any resulting penalties or any other form of import restrictions may limit the Group's access to export markets for its products, and in the future additional markets could be closed to the Group as a result of similar proceedings, thereby adversely impacting its sales or limiting its opportunities for growth.

Tariffs are often driven by local political pressure in a particular country. For example, in 2018, the United States announced its decision to levy import tariffs on steel and aluminum. Such protective trade restrictions that are imposed on the Group or any of the Group companies could result in the decline of its exports. There can be no assurance that other quotas or tariffs will not be imposed on the Group in the future as the imposition of such trade barriers may in turn affect the exports of the Group. Foreign steel manufacturers may, as a result of trade restrictions in other regions or other factors, attempt to increase their sales in India thereby causing increased competition in the Group's largest market. A decrease in exports from India or an increase in steel imports to India as a result of protective trade restrictions could have a negative impact on the Group's business, financial condition and results of operations.

The Group's business is dependent on its key customers and the loss of any major customer may adversely affect its business and financial condition.

The loss of a number of major customers would have a material adverse effect on the Group's business and financial condition. Demand for the Group's products is sensitive to general economic conditions in India and globally, which are driven by factors beyond its control. There can be no assurance that the Group will be able to maintain historical levels of business from these major customers or that it will be able to replace these major customers in the event that they cease to purchase products from the Group. Further some of the key customer segments like automobile and construction are of a cyclical nature. Demand from these customers gets significant affected during down turns. The construction sector in India is largely unorganized and is affected by liquidity constraints (such as bank credit and high levels of inventory).

New materials, products or technologies could reduce the demand for the Group's steel products.

In many applications, steel as a product competes with other materials that may be used as substitutes, such as aluminum (particularly in the automobile industry), cement, composites, glass, plastic and wood. Government initiatives mandating or incentivizing the use of such materials in lieu of steel, whether for environmental or other reasons, as well as the development of other new substitutes for steel products, could significantly reduce market prices and demand for steel products and thereby reduce the Group's business, financial condition and results of operations.

In addition, the steel market is characterized by evolving technology standards that require improved quality and changing customer specifications. The products or manufacturing processes of the customers that use the Group's steel products may change from time to time due to improved technologies or product enhancements. These changes may require the Group to develop new products and enhancements for its existing products to keep pace with evolving industry standards and changing customer requirements. In addition, some of the Group's machinery may become out dated and, if it is not able to upgrade them or keep up with industry standards, then the Group's operations may suffer. If the Group cannot keep pace with market changes and produce steel products that meet market preferences, customers' specifications and quality standards in a timely and cost-effective manner, there is a risk that the demand for the Group's products would decrease and thereby have a material adverse effect on the Group's business, financial condition and results of operations.

The steel industry involves high capital costs and is subject to long gestation periods, which exposes the Group's production of steel to substantial price volatility.

The production of steel is capital intensive, with a high proportion of investment in fixed assets such as land, plant and machinery. Further, setting up of new capacities or expansion of existing capacities requires long lead times. Significant capacity additions in the steel industry, if not matched by a corresponding growth in demand, may result in downward pressure on operating margins. Conversely, if demand grows strongly, prices increase rapidly, as additional capacity to meet the higher demand cannot be brought on line as quickly due to long gestation periods. While the Group has taken steps to reduce operating costs, it may be negatively affected, particularly in the event of excess production capacity in the global steel market and incur operating losses as a result.

The Group may not have sufficient insurance coverage for all possible economic losses.

The Group's operations are subject to inherent risks such as fire, strikes, loss-in-transit of the Group's products, cash-in-transit, accidents and natural disasters. In addition, many of these operating and other risks may cause personal injury, damage to or destruction of the Group's properties and may result in suspension of operations and the imposition of civil or criminal penalties.

As part of its risk management, the Group maintains insurance policies that in its judgement may provide some reasonable insurance cover for mechanical failures, power interruptions, natural calamities or other problems at the Group's facilities. Notwithstanding the insurance coverage that the Group carries, the occurrence of any event that causes losses in excess of limits specified under the policy, or losses arising from events not covered by insurance policies, could have a material adverse effect on the Group's business, financial condition and results of operations.

While the Group believes that it maintains adequate insurance coverage amounts for its business and operations, the Group's insurance policies do not cover all risks and are subject to exclusions and deductibles. If any or all of the Group's facilities are damaged in whole or in part, the Group's operations, totally or partially, may be interrupted for a temporary period.

Members of the Jindal family are the Group's principal shareholders and may have conflicting interests.

As at June 30, 2020, Mrs. Savitri Devi Jindal and the sons of the late Mr. O.P. Jindal namely, Mr. P.R. Jindal, Mr. Sajjan Jindal, Mr. Ratan Jindal and Mr. Naveen Jindal, and their wives and children (together, the "**Jindal Family**"), through personal ownership, associates, investment companies and holding companies, owned 43.07 per cent. of the Guarantor's equity shares. The Jindal Family has significant ability to control the Group's business including matters relating to any sale of all or substantially all of its assets, the timing and distribution of dividends and the election or termination of appointment of its officers and directors. This control could delay, defer or prevent a change in control of the Group, impede a merger, consolidation, takeover or other business combination involving the Group, or discourage a potential acquirer from making a tender offer or otherwise attempting to obtain control of the Group. In addition, for so long as the Jindal Family continues to exercise significant control over the Group, it may influence the material policies of the Group in a manner that may conflict with the interests of other security holders. The Jindal Family has interests that may be conflicting with the interests of other security holders and may take positions with which the Group or other security holders may not agree.

The Group is involved in litigation, investigations and other proceedings and cannot assure Noteholders that it will prevail in these actions.

There are several outstanding litigations and other proceedings against the Group. In the ordinary course of business, there have been various criminal proceedings filed against the Group, its directors or its employees, which are pending before various authorities, tribunals and courts and are at various stages of adjudication. Legal and regulatory authorities have initiated, and may initiate in the future, investigations and proceedings against the Group, its senior management or its employees in relation to non-compliance of statutes which are incidental to its business and operations which are pending at different levels of adjudication before various courts, agencies and tribunals in different jurisdictions. There is no assurance that similar legal and regulatory investigations and proceedings will not be initiated against the Group in the future. No assurance can be given that these legal and regulatory proceedings will be decided in favor of the Group, its senior management or its employees.

Should any of these proceedings be decided adversely against the Group, its senior management or its employees or any new developments, such as a change in Indian law or rulings against the Group by appellate courts or tribunals, arise, the Group, among other things, may be required to make provisions in its financial statements, become subject to penalties, lose regulatory approvals or licenses, and such member of senior management or employee may become subject to imprisonment, any of which could have a material adverse effect on the Group's business, financial condition and results of operations and which could increase the Group's expenses and liabilities. See "*Business — Legal Proceedings*".

The Group's success depends in large part upon its senior management and key personnel and its ability to attract and retain them.

The Group is highly dependent on its senior management and other key personnel. Their extensive experience in the steel industry and in-depth knowledge of various aspects of the Group's business operations are critical to the continued success of the Group and the future performance of the Group will depend upon the continued services of these persons. Competition for senior management in the steel industry is intense, and the Group may not be able to retain its senior management personnel or attract and retain new senior management personnel in future. The loss of any of these key personnel may adversely affect the Group's business and results of operations.

Any future reduction in import duties or trade remedial measures on steel products in India may lead to increased competition from foreign companies, reduce the Group's market share and reduce margins on its steel products.

Import duty is payable on import of steel products which comprises of basic customs duty plus the surcharge as may be applicable. Additionally, integrated goods and service tax is also payable on such imports. The basic customs duty payable on the import of prime hot rolled, cold rolled, galvanized and color coated steel products currently ranges between 7.5 to 12.5 per cent. (plus applicable surcharge) depending on the description, category and classifications of the steel product being imported. However, the customs duty is nil for imports from countries with whom India has free trade agreements; such as Japan and South Korea. The import duty (including applicable Integrated Goods and Services Tax), along with lower freight costs, anti-dumping duties on certain steel products and, in some countries, higher labor costs, have allowed domestic manufacturers to enjoy a price advantage over imported steel products in the domestic Indian market. However, any policy change by the Government, resulting in a reduction in import duties or trade remedial measures may assert downward pressure on the Group's margins and prices. Reductions in import duties and lower priced imports from countries that benefit from bilateral or multilateral trade agreements with India may have an adverse effect on the Group's business, financial condition and results of operations.

The trade disputes arising from tariffs and other protectionist measures announced by the United States on imports from China and other countries continue to pose risk to global growth outlook. Uncertainty around the resolution of the ongoing trade disputes may also test the strength of domestic demand in these countries. Such measures from the United States were followed by similar trade actions from other countries such as the EU nations and Turkey. India being the third largest steel consumer with the highest growth rate among major consumers would be a key target for exports that were made earlier to these markets. This may affect the Guarantor's ability to compete effectively with international exporters in the Indian market.

Risks Relating to the Issuer

The Issuer operates the Guarantor's business in the United States. Accordingly, in addition to the risk described below, the risks described under "*Risks Relating to the Group*" above are relevant to the Issuer.

The Issuer has incurred losses in recent years.

The Issuer has incurred losses in recent years. No assurance can be provided that the Issuer will be able to record any profit in the future and would generate sufficient cash flow to meet its obligations. If the Issuer continues to record losses and the Guarantor does not continue to support the Issuer, this could, among other things, result in the Issuer being unable to continue its operations, failing to make any payment in respect of any of its indebtedness and/or being found insolvent, each of which could impair the ability of the Issuer to perform its obligations under the Notes.

Risks Relating to India

A prolonged slowdown in the economic growth in India or financial instability in other countries could cause the Group's business to suffer.

According to the RBI, GDP at constant (2011-2012) prices grew at 4.2 per cent. during fiscal year 2020, 6.8 per cent. during fiscal year 2019 and 7.2 per cent. during fiscal year 2018. Notwithstanding the RBI's policy initiatives, the course of market interest rates continues to be uncertain due to factors such as inflation, fiscal deficit and the Government borrowing program. Any increase in inflation in the future, because of increases in prices of commodities such as crude oil or otherwise, may result in a tightening of monetary policy. The uncertainty regarding liquidity and interest rates and any increase in interest rates or reduction in liquidity could materially and adversely impact the Group's business.

In addition, the Indian market and the Indian economy are influenced by economic and market conditions in other countries, particularly those of emerging market countries in Asia. Investors' reactions to developments in one country may have adverse effects on the economies of other countries, including the Indian economy. Although economic conditions are different in each country, investors' reactions to developments in one country can have adverse effects on the securities of companies in other countries, including India. A loss of investor confidence in the financial systems of other emerging markets may cause increased volatility in the Indian financial markets and, indirectly, in the Indian economy in general. Any worldwide financial instability could also have a negative impact on the Indian economy. Financial disruptions may occur again and could harm the Group's business and its future financial performance.

In Europe, (i) the on-going exit of the United Kingdom from the European Union; (ii) the possible exit of Scotland, Wales or Northern Ireland from the United Kingdom; (iii) the possibility that other European Union countries could hold similar referendums to the one held in the United Kingdom and/or call into question their membership of the European Union; (iv) the possibility that one or more countries that adopted the Euro as their national currency might decide, in the long term, to adopt an alternative currency; or (v) prolonged periods of uncertainty connected to these eventualities could have significant negative impacts on international markets. These could include greater volatility of foreign exchange and financial markets in general due to the increased uncertainty.

These and other related events have had a significant impact on the global credit and financial markets as a whole, including reduced liquidity, greater volatility, widening of credit spreads and a lack of price transparency in the United States, Europe and global credit and financial markets. In response to such developments, legislators and financial regulators in the United States, Europe and other jurisdictions, including India, have implemented several policy measures designed to add stability to the financial markets. In addition, any announcement by the United States Federal Reserve to increase interest rates may lead to an increase in the borrowing costs in the United States and may impact borrowing globally as well. Further, in several parts of the world, there are signs of increasing retreat from globalization of goods, services and people, as pressures for protectionism are building up and such developments could have the potential to affect exports from India.

The global economy has also been impacted by the COVID-19 pandemic due to high infection rates and strict lockdown measures restricting commercial activity imposed by various countries across the globe.

In the event that the global credit markets worsen or if there is any significant financial disruption, this could have an adverse effect on the Group's ability to borrow, as well as its profitability or growth of its business, which could have a material adverse effect on the Group's business, future financial performance, financial condition and results of operations.

A loss of investor confidence in the financial systems of other emerging markets may cause increased volatility in the Indian financial markets and, indirectly, in the Indian economy in general. Any worldwide financial instability could influence the Indian economy and could have a material adverse effect on the Group's business, financial condition and results of operations.

Changes in the policies of, or changes in, the Government, could adversely affect economic conditions in India, and thereby adversely impact the Group's business, financial condition and results of operations.

India remains the Group's largest market. Revenue from operations within India represents 75.6 per cent. and 47.6 per cent. of the Group's total revenue from operations for the year ended March 31, 2020 and the three months ended June 30, 2020, respectively. In addition, a significant portion of the Group's facilities are located in India. Consequently, the Group may be affected by changes to Government policies, changes in the Government itself, or any other political instability in India. For example, the imposition of foreign exchange controls, rising interest rates, increases in taxation or the creation of new regulations could have a detrimental effect on the Indian economy generally and the Group in particular. Further, the Group's businesses and the performance and liquidity of the Notes may be adversely affected by changes in exchange rates and controls, interest rates, government policies, taxation, social and ethnic instability and other political and economic developments affecting India.

While the Government has sought to implement a number of economic reforms in recent years, it has had and continues to exercise a significant influence over many aspects of the Indian economy. The Government and the state governments in the Indian economy play the roles of producers, consumers and regulators. Any significant change in such liberalization and deregulation policies could adversely affect business and economic conditions in India generally which may have an adverse effect on the Group's business, financial condition and results of operations.

The rate of economic liberalization could change, and specific laws and policies affecting foreign investment, currency exchange rates and other matters affecting investment in India could change as well. A significant change in India's economic liberalization and deregulation policies, and in particular, those relating to the business in which the Group operates, could disrupt the business and economic conditions in India generally and the Group's business in particular.

Macroeconomic situations and global conditions might lead to a gradual departure from an accommodative fiscal and monetary policy in the future, which would affect exchange rates and interest rates. Such events could affect India's sovereign ratings and in turn, the Group's business, its future financial performance and the trading price of the Notes.

If terrorist attacks or social unrest in India increases, the Group's business could be adversely affected.

India has from time to time experienced instances of civil unrest, terrorist attacks, war and conflicts. Some of India's neighboring countries have also experienced or are currently experiencing internal unrests. These events could lead to political or economic instability in India and may adversely affect the Indian economy, the Group's business, financial condition and results of operations. India has also experienced social unrest, Naxalite violence and communal disturbances in some parts of the country.

If such tensions occur in places where the Group operates or in other parts of the country, leading to overall political and economic instability, it could adversely affect the Group's business, financial condition and results of operations. Military activity or terrorist attacks in the future could influence the Indian economy by disrupting communications and making travel more difficult, and such tensions could create a greater perception that investments in Indian companies involve higher degrees of risk. Events of this nature in the future, as well as social and civil unrest within other countries in Asia, could influence the Indian economy and the Group's revenue, operating results and cash flows. The impact of these events on the volatility of global financial markets could increase the volatility of the market price of the Notes.

Volatility in India's financial markets could materially and adversely affect the Group's financial condition.

Stock exchanges have, in the past, experienced substantial fluctuations in the prices of listed securities. In the past, uncertainties relating to the Eurozone sovereign debt crisis and a decrease in the rate of economic growth in emerging markets have led to a loss of investor confidence in worldwide financial markets. Indian financial markets have also experienced the contagion effect of the global financial turmoil. The Indian economy and financial markets are significantly influenced by worldwide economic, financial and market conditions. As the Group has significant operations in India and accesses the Indian markets for debt financing, this uncertainty and volatility in the Indian financial markets could have a material and adverse effect on the Group's financial condition.

The Group's business may be exposed to rising interest rates.

Any increase in the interest rates across key economies across the globe including the U.S. could result in slowdown in foreign currency inflows into the country. This could in turn affect the value of the domestic currency and interest rates. As the Group has significant operations in India and accesses the Indian markets for debt financing, the rising interest rates could adversely impact our ability to secure financing on favorable terms.

The Group may not be able pass on the increase in costs on to the Group's customers.

Inflation rates in India have been stable in recent years. An increase in inflation in India could cause a rise in the price of transportation, wages, raw materials and other expenses, and the Group may be unable to reduce costs or pass the increased costs on to its customers by increasing prices, and the Group's business, prospects, financial condition and results of operations may therefore be adversely affected.

The extent and reliability of Indian infrastructure could adversely affect the Group's results of operations, financial condition and cash flows.

India's physical infrastructure is less developed than that of many developed nations. Any congestion or disruption in its transportation networks, electricity grid, communication systems or any other public facility could disrupt the Group's normal business activity. Any deterioration of India's physical infrastructure would harm the national economy, disrupt the transportation of goods and supplies and add costs to doing business in India. These problems could interrupt the Group's business operations, which could have an adverse effect on the Group's results of operations, financial condition and cash flows.

Companies operating in India are subject to a variety of central and state government taxes and surcharges.

Tax and other levies imposed by the central and state governments in India that affect the Group's tax liability include central and state taxes and other levies, custom duty, income tax, equalization levy, goods and services tax stamp duty and other special taxes, surcharges and cess which are introduced on a temporary or permanent basis from time to time. Moreover, the central and state tax scheme in India is extensive and subject to change from time to time. See "*Risk Factors — Risks Relating to India — Changing laws, rules and regulations and legal uncertainties may adversely affect the Group's business and financial performance*". The statutory corporate income tax in India in the case of a domestic company, which includes a surcharge on the tax and a health and education cess on the tax, may range up to 34.94 per cent. where taxable income is computed under normal provisions of the IT Act. If the tax payable by a company, under the normal provisions of the IT Act was less than the minimum alternate tax rate which ranges up to 17.47 per cent. (inclusive of surcharge and health and education cess), then minimum alternate tax is payable. Domestic companies also have an option to pay a reduced statutory corporate income tax of 25.17 per cent. (inclusive of surcharge and health and education cess), provided such companies do not claim certain specified deduction or exemptions. Further, where a company has opted to pay the reduced corporate tax rate of 25.17 per cent., the minimum alternate tax provisions are not applicable. Any further change or any ambiguity regarding the present tax regime may in increase in our tax cost, which may adversely impact the Group's businesses.

In addition to the corporate income tax, any dividend distributed by a domestic company is subject to tax in the hands of the investor at the applicable rate. Non-resident investors may be able to claim benefit, if any, under the applicable Tax Treaty read with Multilateral Instruments ("**MLI**"), if and to the extent applicable. The company is required to withhold tax on such dividends distributed at the rate of 10 per cent., where such distributions are made to a resident investor. Similarly, tax would be required to be withheld at rates in force in case of non-resident investors, which can lower of 20 per cent. or the rate prescribed under the applicable Tax Treaty read with MLI, if and to the extent applicable. Any future changes to the taxability of dividends may affect the overall tax efficiency of companies operating in India and may result in significant additional taxes becoming payable. Additional tax exposure could adversely affect the Group's business and results of operations.

Further, the provisions of GAAR have come into effect from April 1, 2017. The GAAR provisions can be invoked once an arrangement is regarded as an "impermissible avoidance arrangement", which is any arrangement the main purpose of which is to obtain a tax benefit and which satisfies at least one of the following tests: (i) creates rights, or obligations, which are not ordinarily created between persons dealing at arm's length; (ii) results, directly or indirectly, in misuse, or abuse, of the provisions of the Income Tax Act, 1961; (iii) lacks commercial substance or is deemed to lack commercial substance, in whole or in part; or (iv) is entered into, or carried out, by means, or in a manner, which is not ordinarily employed for bona fide purposes. Once it is established that the main purpose of any part or step of the arrangement is to obtain tax benefit, the onus will be on the taxpayer to establish that obtaining a tax benefit was not the main purpose of the entire arrangement. If GAAR provisions are invoked, then the tax authorities have wide powers, including denial of tax benefit or a benefit under a tax treaty (read with MLI, if and to the extent applicable the consequences and effects of which are not determinable at present.

Additionally, the Indian government also amended the IT Act in respect of the manner of determining the 'tax residency' of a company in India with effect from April 1, 2017. Previously, a foreign company could be a tax resident of India only if its control and management was situated wholly in India. Under the amended rules, a company is treated as tax resident of India if (i) it is an Indian company; or (ii) its place of effective management ("**POEM**") is in India. POEM is defined in the IT Act, to mean a place where key management and commercial decisions that are necessary for the conduct of the business of an entity as a whole are, in substance, made. The Indian government has also issued the final guidelines for determining the POEM of a company on January 24, 2017.

In the absence of sufficient direct precedents on the subjects, the application of some of these provisions may look uncertain. However, such effects could materially and adversely affect our business, prospects, cash flows, financial condition and results of operations which is difficult to ascertain at this stage.

If natural disasters occur in India, the Group's business, financial condition and results of operations could be adversely affected.

India has experienced floods, earthquakes, tsunamis, cyclones and droughts in recent years. Such natural catastrophes could disrupt the Group's operations, production capabilities or distribution chains or damage its facilities located in India, including its production facilities and mines or those of its suppliers or customers. While the Group's facilities were not damaged in the past, a significant portion of its facilities and employees are located in India where they are exposed to such natural disasters. Potential effects may include the damage to infrastructure and the loss of business continuity and business information. In the event that the Group's facilities are affected by any of these factors, the Group's operations may be significantly interrupted, which may materially and adversely affect business, financial condition, results of operations, cash flows and prospects.

Additionally, in the event of a drought, the state governments in which the Group's facilities are located could cut or limit the supply of water to the Group's facilities, thus adversely affecting the Group's production capabilities by reducing the volume of products the Group can manufacture and consequently reducing its revenues. In the event of any of the foregoing natural disasters, the ability of the Group to produce and distribute steel may be adversely affected. There can be no assurance that such events will not occur in the future, or that its business, financial condition and results of operations will not be adversely affected.

The Group's ability to raise foreign capital may be constrained by Indian law.

Given the Group primarily operates in India, the Group is subject to exchange controls that regulate borrowing in foreign currencies. Such regulatory restrictions limit the Group's financing sources and hence could constrain its ability to obtain financing on competitive terms and refinance existing indebtedness. In addition, there can be no assurance that the required approvals will be granted to it on favorable terms or at all. Limitations on raising foreign debt may have an adverse effect on the Group's business, financial condition and results of operations.

Any downgrading of India's debt rating by an international rating agency could have a negative impact on the Group's business.

On June 1, 2020, Moody's downgraded India's sovereign foreign currency and local currency long term issuer ratings to 'Baa3' from 'Baa2' while maintaining the "negative outlook". There is no assurance that

India's credit ratings will not be further downgraded in the future. Any adverse revisions to India's sovereign rating or credit ratings for domestic and international debt by international rating agencies may adversely impact the Group's ability to raise additional financing, and the interest rates and other commercial terms at which such additional financing is available. This could have a material adverse effect on the Group's business and future financial performance, the Group's ability to obtain financing for capital expenditures, and the trading price of the Notes.

The Group may be affected by competition law in India and any adverse application or interpretation of the Competition Act could adversely affect its business.

The Competition Act, 2002, as amended (the "**Competition Act**"), regulates practices having an appreciable adverse effect on competition in the relevant market in India. Under the Competition Act, any formal or informal arrangement, understanding or action in concert, which causes or is likely to cause an appreciable adverse effect on competition is considered void and results in the imposition of substantial monetary penalties. Further, any agreement among competitors which (i) directly or indirectly determines the purchase or sale prices; (ii) limits or controls production, supply, markets, technical development, investment or provision of services; (iii) shares the market or source of production or provision of services by way of allocation of geographical area of market, or type of goods or services, or number of customers in the market or any other similar way; or (iv) directly or indirectly results in bid rigging or collusive bidding, is presumed to have an appreciable adverse effect on competition. The Competition Act also prohibits abuse of a dominant position by any enterprise. The Competition Commission of India (the "**CCI**"), has extra-territorial powers and can investigate any agreements, abusive conduct or combination occurring outside India if such agreement, conduct or combination has an appreciable adverse effect on competition in India. However, the Group cannot predict the impact of the provisions of the Competition Act on the agreements entered into by it at this stage. The Group is not currently party to any outstanding proceedings, however, if the Group is affected, directly or indirectly, by the application or interpretation of any provision of the Competition Act, or any enforcement proceedings initiated by the CCI, or any adverse publicity that may be generated due to scrutiny or prosecution by the CCI or if any prohibition or substantial penalties are levied under the Competition Act, it would adversely affect the Group's business, financial condition and results of operations.

Increased volatility or inflation of commodity prices in India could adversely affect the Group's business.

In recent months, consumer and wholesale prices in India have stabilized, however, such prices have exhibited inflationary trends in the past and may continue to do so in the future. The Government's Wholesale Price Index stood at approximately 3.05 per cent. (provisional) and the Consumer Price Index stood at approximately 6.09 per cent. (provisional) for the month of June 2020, respectively. Consumer inflation in India has been high over the last years. Any increase in the volatility or rate of inflation of global commodity prices, in particular oil and steel prices, could adversely affect the Group's customers and contractual counterparties. Although the RBI has implemented various policy measures designed to curb inflation, these policies may not be successful. Increase in inflation in India could cause a rise in the price of transportation, wages, raw materials and other expenses, and the Group may be unable to reduce the costs or pass the increased costs on to its customers by increasing the price that the Group charges for its services, and the Group's financial condition, cash flows and results of operations may therefore be adversely affected.

Trade deficits could have a negative effect on the Group's business.

India's trade relationships with other countries can influence Indian economic conditions. In the year ended March 31, 2020, the overall trade deficit was approximately U.S.$9.76 billion compared to approximately U.S.$176 billion in the year ended March 31, 2019. This large merchandise trade deficit neutralizes the surpluses in India's invisibles in the current account, resulting in a current account deficit. If India's trade deficits increase or become unmanageable, the Indian economy, and therefore the Group's business, financial condition, results of operations could be adversely affected.

A decline in India's foreign exchange reserves may affect liquidity and interest rates in the Indian economy, which could have an adverse impact on the Group. A rapid decrease in reserves would also create a risk of higher interest rates and a consequent slowdown in growth.

India's foreign exchange reserves were approximately U.S.$428 billion as at June 28, 2019 and approximately U.S.$505.6 billion as at June 30, 2020. A decline in these reserves could result in reduced liquidity and higher interest rates in the Indian economy. On the other hand, increased foreign capital inflows could add excess liquidity into the system, leading to policy interventions by the RBI and a consequential slowdown in economic growth. Either way, an increase in interest rates in the economy following a decline in foreign exchange reserves could adversely affect the Group's business, financial condition, results of operations and the trading price of the Notes.

Investors may have difficulty enforcing judgments against the Guarantor or its respective management in the Indian courts.

The enforcement by investors of civil liabilities, including the ability to affect service of process and to enforce judgments obtained in courts outside of India may be affected adversely by the fact that the Guarantor is incorporated under the laws of India. The majority of the Guarantor's directors and executive officers currently reside in India, and a substantial portion of the assets of the Guarantor and its directors and executive officers are located in India. As a result, it may be difficult to affect service of process upon the Guarantor or to enforce judgments obtained against the Guarantor and these persons. The recognition and enforcement of foreign judgments in India is governed by Sections 13 and 44A of the Civil Procedure Code, which provide that a suit must be brought in India within three years from the date of the judgment sought to be enforced. However, Section 44A of the Civil Code is applicable only to monetary decrees not being in the nature of any amounts payable in respect of taxes or other charges of a like nature or in respect of a fine or other penalty and shall in no case include an arbitration award, even if such award is enforceable as a decree or judgment. While the United Kingdom and Singapore have been declared by the Government to be reciprocating territories for the purposes of Section 44A of the Civil Code, but the U.S. has not been so declared. A judgment of a court in a jurisdiction, which is not a reciprocating territory, may be enforced only by a fresh suit upon the judgment and not by proceedings in execution. Generally, there are considerable delays in the disposal of suits by Indian courts. It is unlikely that a court in India would award damages on the same basis as a foreign court if an action is brought in India. Furthermore, it is unlikely that an Indian court would enforce foreign judgments if it viewed the amount of damages awarded as excessive or inconsistent with Indian practice. A party seeking to enforce a foreign judgment in India is required to obtain prior approval from the RBI under the FEMA to repatriate any amount recovered. See "*Enforceability of Civil Liabilities*". Any judgment in a foreign currency would be converted into Indian Rupees on the date of the judgment and not on the date of the payment. The Guarantor cannot predict whether a suit brought in an Indian court will be disposed of in a timely manner or be subject to considerable delays.

There may be less information available in the Indian securities market than in securities markets in other more developed countries.

There is a lower level of regulation and monitoring of the Indian securities market and the activities of investors, brokers and other participants than in certain Organisation for Economic Cooperation and Development ("**OECD**") countries.

There is a difference between the level of regulation, disclosure and monitoring of the Indian securities markets and the activities of investors, brokers and other participants, and that of markets and market participants in the United States and other more developed economies. The SEBI is responsible for ensuring and improving disclosure and other regulatory standards for the Indian securities markets. The SEBI has issued regulations and guidelines on disclosure requirements, insider trading and other matters. There may, however, be less publicly available information about Indian companies than is regularly made available by public companies and OECDs in more developed economies, which could adversely affect the market for the Notes.

As a result, investors may have access to less information about the business, results of operations and financial condition of the Group and its competitors that are listed on stock exchanges in India than companies subject to reporting requirements of other more developed countries.

The Guarantor may not be successful in acquiring assets under the Insolvency and Bankruptcy Code, 2016.

The Bankruptcy Code is a recent legislation which, among others, consolidates the law relating to reorganization and insolvency resolution of corporate entities. Under the Bankruptcy Code, a confidential information memorandum is provided to prospective applicants who satisfy the eligibility criteria with information about the corporate debtor including the liquidation value, the latest annual financial statements and the assets and liabilities. The applicant is required to submit a resolution plan within the prescribed period providing for, among others, payment of insolvency resolution process costs (including amount of any interim finance provided for the corporate debtor), repayment of the creditors as prescribed in the Bankruptcy Code, the details of management and control of the corporate debtor during the term of the resolution plan and the implementation and supervision of the resolution plan. The resolution plan is required to be approved by 66 per cent. of the voting share of the financial creditors and thereafter by the NCLT. The corporate insolvency resolution process under the Bankruptcy Code (the "**Bankruptcy Code Process**") is new and relatively untested.

The Guarantor may not be able to submit its resolution plan in a timely manner or at all, or the resolution plan submitted by the Guarantor may not be approved by the committee of creditors or the NCLT. Further, while the Bankruptcy Code has prescribed a maximum period for the Bankruptcy Code Process, as it is relatively untested, the Guarantor cannot assure you that it will be completed in a timely manner or at all.

The Bankruptcy Code Process may be challenged in court and the Guarantor may be made a party to such litigation as a bidder or otherwise. Any such litigation could be time-consuming and expensive.

The Guarantor cannot assure you that it will successfully acquire any entity in respect of which it has or chosen to submit a resolution plan. Participation in the Bankruptcy Code Process may distract management attention from its business operations and lead the Guarantor to incur significant costs, which may have a material adverse effect on its business, reputation and results of operation.

Changing laws, rules and regulations and legal uncertainties may adversely affect the Group's business and financial performance.

The Group's business and operations are governed by various laws and regulations. The Group's business and financial performance could be adversely affected by any change in laws or interpretations of existing, or the promulgation of new laws, rules and regulations applicable to the business.

For instance, the Government has enacted laws to lay the framework for a comprehensive national GST regime that combines taxes and levies by the central and state governments into a unified rate structure. Similarly, amendments have been made to direct tax laws relating to tax avoidance mechanisms and disclosure standards. Any future changes to laws that increase taxes or other amendments may affect the overall tax efficiency of companies operating in India and may result in significant additional taxes becoming payable. If, as a result of a particular tax risk materializing, the tax costs associated with certain transactions are greater than anticipated, it could affect the profitability of such transactions. In addition, there are uncertainties and ambiguities in relation the existing tax incentive regime. Any adverse changes to the incentive scheme may have a material adverse effect on the Group's business, prospects, financial condition and results of operations.

There can be no assurance that the Government or state governments will not implement new regulations and policies, which will require the Group to obtain approvals and licenses from the Government, state government or other regulatory bodies or which will impose onerous requirements and conditions on the Group's operations. Any such changes and related uncertainties with respect to the implementation of the new regulations may have a material adverse effect on the Group's business, financial condition, cash flows and results of operations.

Significant differences exist between IND-AS and other accounting principles, such as U.S. GAAP and IFRS, which may be material to the financial statements prepared and presented in accordance with IND-AS contained in this Offering Memorandum.

The Group's consolidated financial statements for the years ended March 31, 2018, 2019 and 2020 and the unaudited condensed consolidated interim financial statements for the three months ended June 30, 2020 (including comparatives for the three months ended June 30, 2019) presented in this Offering Memorandum are prepared and presented in accordance with IND-AS. IND-AS differ from accounting principles and auditing standards with which prospective investors may be familiar in other countries, such as U.S. GAAP and IFRS. Significant differences exist between IND-AS, U.S. GAAP and IFRS, which may be material to the financial information prepared and presented in accordance with IND-AS contained in this Offering Memorandum. Accordingly, the degree to which the financial information included in this Offering Memorandum will provide meaningful information is dependent on the Investor 's familiarity with IND-AS and the Companies Act, 2013. Any reliance by persons not familiar with IND-AS on the financial disclosures presented in this Offering Memorandum should accordingly be limited.

Risks Relating to the Notes and the Guarantee

The Issuer may not be able to meet its obligations to pay or redeem the Notes.

In certain circumstances, Noteholders may require the Issuer to redeem all or a portion of the Notes and the Issuer would be required to pay all amounts then due under the Notes. In particular, upon a change of control of the Guarantor, Noteholders may require the Issuer to redeem the Notes and following an acceleration of the Notes upon an event of default, the Issuer would be required to pay all amounts then due under the Notes which the Issuer may not be able to meet. The Issuer and the Guarantor may not be able to make required payments in connection with the Notes if the requisite regulatory approval is not received or if the Issuer and the Guarantor do not have sufficient cash flows for those payments.

The Issuer may not be able to redeem the Notes.

The Notes and the Guarantee are unsecured obligations of the Issuer or the Guarantor, respectively, and will be effectively subordinated to all of the Issuer's and the Guarantor's present and future secured indebtedness to the extent of the value of the collateral securing such obligations. In addition, the Notes and the Guarantee will rank subordinate to certain liabilities preferred by law, such as claims of the Government on account of taxes and certain liabilities incurred in the ordinary course of the Guarantor's business, trading or banking transactions. In particular, in the event of bankruptcy, liquidation or winding-up, the Issuer's assets or the Guarantor's assets, as the case may be, will be available to pay obligations on the Notes and the Guarantee only after all of the above liabilities that rank senior to the Notes and the Guarantee have been paid. In the event of bankruptcy, liquidation or winding-up, there may not be sufficient assets remaining, after paying amounts relating to these proceedings, to pay amounts due on the Notes or the Guarantee.

The insolvency laws of India may differ from bankruptcy laws of other jurisdictions with which Noteholders are familiar.

Because the Guarantor is incorporated under the laws of India, an insolvency proceeding relating to it, even if brought in a jurisdiction outside India, would likely involve Indian insolvency laws, the procedural and substantive provisions of which may differ from comparable provisions of bankruptcy laws in jurisdictions outside India.

The Terms and Conditions of the Notes contain covenants limiting the Guarantor's financial and operating flexibility.

The Terms and Conditions of the Notes contain covenants that will restrict the Guarantor's ability to, among other things: (i) create liens; (ii) incur additional indebtedness; (iii) pay dividends on capital stock; (iv) sell assets; and (v) enter into new business. These limitations are subject to certain, exceptions and qualifications described in "*Terms and Conditions of the Notes and the Guarantees*".

These covenants could limit the Guarantor's ability to pursue growth plans, restrict the Guarantor's flexibility in planning for, or reacting to, changes in its business and industry and increase the Guarantor's vulnerability to general adverse economic and industry conditions.

Any default under the covenants contained in the Terms and Conditions of the Notes may lead to an event of default under the Notes and may lead to acceleration under the Issuer's and the Guarantor's other indebtedness. The Issuer and the Guarantor may not be able to pay any amounts due to holders of the Notes in the event of any such default and any such default may significantly impair their ability to satisfy their obligations under the Notes and the Guarantee.

The Terms and Conditions of the Notes provide that the Trustee may, without the consent of Noteholders, agree to modification, waivers and substitution under certain conditions.

The Terms and Conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders, including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority. The Terms and Conditions of the Notes also provide that the Trustee may, without the consent of Noteholders, agree to: (i) any modification of, or the waiver or authorization of any breach or proposed breach of, any of the provisions of the Terms and Conditions of the Notes or of the Transaction Documents; or (ii) determine, without any such consent as aforesaid, that any Event of Default or Potential Event of Default (as defined in the Trust Deed) shall not be treated as such; or (iii) the substitution of another company as guarantor under any Guarantee in place of the Guarantor, in all cases in the circumstances described in the Terms and Conditions of the Notes (as applicable).

Modifications of, and any waivers under, the Trust Deed and the Notes could be adverse to the interests of Noteholders.

The Trust Deed contains provisions permitting the Trustee to agree, subject to such amendment of the Trust Deed and such other conditions as the Trustee may require, but without the consent of the Noteholders, to the substitution of any other company in place of the Guarantor, or of any previous substituted company, as Guarantor under the Trust Deed, the Notes and the Guarantee; provided, however, that immediately after such substitution, the Issuer and the Guarantor must deliver to the Trustee an opinion of counsel of recognized standing with respect to U.S. federal income tax matters that the beneficial owners of the Notes will not recognize gain or loss for U.S. federal income tax purposes as a result of such substitution and will be subject to the same U.S. federal income tax consequences as if such substitution did not occur.

A holder who holds less than the minimum specified denomination in its account may not receive a definitive Note in respect of such holding.

In relation to these Notes, which have denominations consisting of a minimum specified denomination plus one or more higher integral multiples of another smaller amount, it is possible that these Notes may be traded in amounts that are not integral multiples of such minimum specified denomination. In such a case, a holder who, as a result of trading such amounts, holds an amount which is less than the minimum specified denomination in its account with the relevant clearing system at the relevant time, may not receive a definitive Note in respect of such holding (should definitive Notes be printed) and would need to purchase a principal amount of Notes such that its holding amounts to a specified denomination.

The Notes may not be a suitable investment for all investors.

Each prospective investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Offering Memorandum or any applicable supplement;

- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact such investment will have on its overall investment portfolio;

- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where principal or interest is payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;

- understand thoroughly the terms of the Notes and be familiar with the behavior of any relevant indices and financial markets; and

- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Holders of Notes held through Euroclear and Clearstream must rely on procedures of those clearing systems to effect transfers of Notes, receive payments in respect of Notes and vote at meetings of Noteholders.

The Notes will be represented on issue by one or more Global Certificates that may be deposited with a common depositary for Euroclear and Clearstream. Except in the circumstances described in each Global Certificate, investors will not be entitled to receive Notes in definitive form. Each of Euroclear and Clearstream and their respective direct and indirect participants will maintain records of the beneficial interests in each Global Certificate held through it. While the Notes are represented by a Global Certificate, investors will be able to trade their beneficial interests only through the relevant clearing systems and their respective participants.

While the Notes are represented by Global Certificates, the Issuer and the Guarantor will discharge their payment obligations under the Notes and the Guarantee by making payments through the relevant clearing systems. A holder of a beneficial interest in a Global Certificate must rely on the procedures of the relevant clearing system and its participants to receive payments under the Notes and the Guarantee. The Issuer and the Guarantor have no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in any Global Certificate. Holders of beneficial interests in a Global Certificate will not have a direct right to vote in respect of the Notes so represented. Instead, such holders will be permitted to act only to the extent that they are enabled by the relevant clearing system and its participants to appoint appropriate proxies. If definitive Notes are issued, holders should be aware that definitive Notes that have a denomination that is not an integral multiple of the minimum specified denomination may be illiquid and difficult to trade.

If you are a non-U.S. investor you should expect that U.S. withholding tax will apply to payments of interest unless you provide the necessary U.S. tax forms demonstrating the "portfolio interest" or another exemption from such withholding tax.

Although not free from doubt, solely for purposes of U.S. federal withholding tax compliance, the Issuer intends to treat interest on the Notes as arising from sources within the United States. Non-U.S. persons who are prospective investors in the Notes should expect that, unless they are eligible for the "portfolio interest" or another exemption from (or reduction in) withholding on U.S.-source interest payments on the Notes and provide to the applicable withholding agent a valid appropriate U.S. Internal Revenue Service Form W-8 demonstrating such eligibility, they will be subject to withholding at a rate of 30 per cent. with respect to such interest payments. In the event any U.S. tax is withheld with respect to any payments on the Notes as a result of the failure by a non-U.S. investors to satisfy conditions for interest on the Notes to qualify as "portfolio interest," there will be no Additional Amounts (as defined in Condition 8 (*Taxation*)) payable in respect of the withheld amount. See "*United States Taxation*".

The Trustee may request Noteholders to provide an indemnity and/or security and/or prefunding to its satisfaction.

In certain circumstances, the Trustee may (at its sole discretion) request Noteholders to provide an indemnity and/or security and/or prefunding to its satisfaction before it takes actions on behalf of the Noteholders. The Trustee shall not be obliged to take any such actions if not indemnified and/or secured and/or prefunded to its satisfaction. Negotiating and agreeing to an indemnity and/or security and/or prefunding can be a lengthy process and may have an impact on when such actions can be taken. The Trustee may not be able to take actions, notwithstanding the provision of an indemnity or security or prefunding to it, in breach of the terms of the Trust Deed or in circumstances where there is uncertainty or dispute as to the applicable laws or regulations and, to the extent permitted by the agreements and the applicable law, it will be for the Noteholders to take such actions directly.

There may be interest rate risks on an investment in the Notes.

Investment in fixed rate instruments involves the risk that subsequent changes in market interest rates may adversely affect the value of the fixed rate instruments.

The price of the Notes following the offering may be volatile.

The price and trading volume of the Notes may be highly volatile. Factors such as variations in the Guarantor's revenues, earnings and cash flows and proposals of new investments, strategic alliances and/or acquisitions and interest rates, could cause the price of the Notes to change. Any such developments may result in large and sudden changes in the volume and price at which the Notes will trade. There can be no assurance that these developments will not occur in the future.

Rupees may not be freely convertible to other currencies.

The convertibility of Rupees is dependent, inter alia, on international and domestic political and economic factors, and on measures taken by governments and central banks, including the Government and the RBI. Such measures include, without limitation, imposition of regulatory controls or taxes, issuance of a new currency to replace an existing currency, alteration of the exchange rate or exchange characteristics by revaluation of a currency, or imposition of exchange controls with respect to the exchange or transfer of a specified currency that would affect exchange rates and the availability of Rupees and vice versa. The taking of any one or more of such measures could adversely affect the value of the Notes as well as any amount which may be payable upon redemption of the Notes.

The liability of the Guarantor will be capped. The increase in the liability under the Guarantee is subject to the Guarantor having sufficient net worth and compliance with various regulations as well as an overall exposure limit.

Under the FEMA Guarantee Regulations and the FEMA ODI Regulations, a guarantee cannot be 'open ended' i.e. the amount of the guarantee should be specified upfront. Accordingly, the Guarantor's potential liability under the Guarantee cannot be unlimited and will be capped at all times at an amount equal to 125.0 per cent. of the total outstanding principal amount of the Notes as described in "*Terms and Conditions of the Notes and the Guarantees*". Under certain circumstances, including as a result of the deferral of interest over time, amounts due in respect of the Notes may exceed such cap. Any payment in excess of such cap will require the prior approval of the RBI. No assurance can be given that any such approval would be obtained in a timely manner, or at all.

There are certain circumstances where the liability under the Guarantee may need to be increased as described in "*Terms and Conditions of the Notes and the Guarantees*". The ability of the Guarantor to effect the increase will be subject to its compliance with the FEMA Guarantee Regulations and the FEMA ODI Regulations as amended or modified from time to time, which currently limits its total financial commitment to overseas joint ventures and wholly-owned subsidiaries to an amount not exceeding 400 per cent. of its net worth as set forth in its last audited balance sheet at the time of issuance of any such guarantee. As per the FEMA ODI Regulations, the net worth means paid capital and free reserves. For the purpose of determining the "net worth" of an Indian Party, the net worth of the holding company (which holds a minimum 51.0 per cent. stake in such Indian Party) or its Indian subsidiary (in which such Indian party holds a minimum 51.0 per cent. stake) may be taken into account to the extent not availed by of by the holding company or the subsidiary independently and has furnished a letter of disclaimer in favor of the Indian Party.

In addition, the financial commitment to overseas joint ventures and wholly owned subsidiaries in any fiscal year currently cannot exceed U.S.$1 billion in a fiscal year. Approval of the RBI will be required for any increase in liability under the Guarantee over the limits specified above. Additional approvals may also be required on account of a change in the applicable regulations. No assurance can be given that any such approval would be obtained in a timely manner, or at all, and accordingly the Issuer cannot assure you that the liability under the Guarantee will be increased in the manner described in "*Terms and Conditions of the Notes and the Guarantees*".

The liability of the Guarantor will end on the expiry of the Guarantee Period unless the Guarantee is rolled over or renewed. Any roll-over or renewal of the Guarantee is subject to compliance with the conditions under various regulations including there being no change in any of the terms and conditions of the guarantee.

Under the FEMA Guarantee Regulations, an Indian company can provide a guarantee on behalf of its non-Indian wholly owned subsidiaries or joint ventures in which it has equity participation and in compliance with the FEMA ODI Regulations.

Under the FEMA Guarantee Regulations and the FEMA ODI Regulations, the period of a guarantee should be specified upfront as the guarantee cannot be open ended. Accordingly, the Guarantee will have a fixed term. The ability of the Guarantor to extend or renew the Guarantee will be subject to its compliance with FEMA Guarantee Regulations and the FEMA ODI Regulations, which may be amended or modified from time to time. Currently, a renewal or rollover of an existing guarantee, will not be treated as a fresh financial commitment, if the existing guarantee was issued in terms of the then prevailing regulations, there is no change in the end use of the guarantee, i.e. the facilities availed by the Issuer, there is no change in any of the terms and conditions of the guarantee, including the amount of the guarantee except for the validity period, the required reporting of the rolled over guarantee in Form ODI-I is undertaken and if the Indian party is under investigation by any investigation or enforcement agency or regulatory body, the concerned agency or body has been notified of the roll-over or renewal. If these conditions are not met, the prior approval of the RBI will be required for any renewal or rollover of the existing guarantee. Additional approvals may also be required on account of any change in applicable regulations. No assurance can be given that any such approvals would be obtained in a timely manner, or at all. In addition, all demands with respect to the Notes must be received by the Guarantor within the Guarantee Period as described in "*Terms and Conditions of the Notes and the Guarantees*".

The enforceability of the Guarantee will be subject to Indian law.

The laws of India may limit (i) on account of a change in applicable regulations, the ability of the Guarantor to guarantee the Notes, and/or (ii) any obligations other than such entities' direct obligations or the obligations of such entities' subsidiaries and/or impose a time limit pursuant to which a claim must be made under a Guarantee.

These limitations arise under various provisions or principles of corporate and tax law which include provisions requiring a guarantor to receive adequate corporate benefit from the financing, financial assistance rules, rules governing preservation of share capital and fraudulent transfer principles. Accordingly, if the Noteholders were to enforce the Guarantee, its claims may be limited. If these limitations were not observed, the Guarantee could be subject to legal challenge.

Any enforcement of the Guarantee after an insolvency event of the Guarantor will be subject to the insolvency and administrative laws of India, or the insolvency laws of the country where the Guarantor's center of main interests is. The insolvency, administrative and other laws of each of these jurisdictions may be materially different from, or in conflict with, each other, including in the areas of rights of creditors, priority of governmental and other creditors, ability to obtain post-petition interest and duration of the proceeding. The application of these laws, or any conflict among them, could call into question whether any particular jurisdiction's law should apply, and could adversely affect the Noteholders ability to enforce their rights under the Guarantee or could limit any amounts that the Noteholders may receive. Under bankruptcy laws, fraudulent transfer laws, insolvency or unfair preference or similar laws in India, a guarantee could be voided, or claims in respect of a guarantee would be subordinated to all other debts of the guarantor.

Under the laws of India, a guarantor may be considered to be discharged of its guarantee obligations upon the occurrence of the following:

(i) there is a material alteration to the terms of the contract between the principal debtor and the creditor, without the consent of the guarantor. However, the guarantor would continue to be liable for obligations effected prior to the variation;

(ii) the principal debtor is released of its obligations to the creditor or by any act or omission of the creditor, the legal consequence of which is the discharge of the principal debtor, unless there is an agreement to the contrary;

(iii) the creditor makes a composition with or promises to give time to or not to sue, the principal debtor, unless the guarantor agrees to such contract; and

(iv) the creditor does any act which is inconsistent with the rights of the guarantor or omits to do any act which his duty to the guarantor requires him to do and the eventual remedy of the guarantor against the principal debtor is discharged,

if the waivers under the Guarantee are not upheld by the courts in India.

Risks Relating to the Market Generally

An active trading market may not be maintained for the Notes, in which case the ability to transfer the Notes will be limited.

The liquidity in the market for the Notes will depend on a number of factors, including general economic conditions and the Group's own financial condition, performance and prospects, as well as recommendations of securities analysts. The Group cannot make any assurance that any market in the Notes will be maintained. If an active market in the Notes fails to be sustained, Noteholders may not be able to sell the Notes or may have to sell them at a lower price.

Developments in other markets may adversely affect the market price of the Notes.

The market price of the Notes may be adversely affected by events affecting the international financial markets and world economic conditions. The market for Indian securities is, to varying degrees, influenced by economic and market conditions in other markets, especially those in Asia. Although economic conditions are different in each country, investors' reactions to developments in one country can affect the securities markets and the securities of issuers in other countries, including India. Since the sub-prime mortgage crisis in 2008, the international financial markets have experienced significant volatility. The global financial crisis, including the sovereign debt crisis in Europe, the COVID-19 pandemic, concerns over recession, inflation or deflation, energy costs, geopolitical issues, commodity prices and the availability and cost of credit, have contributed to unprecedented levels of market volatility and diminished expectations for the global economy and the capital and credit markets. If similar developments occur in the international financial markets in the future, the market price of the Notes could be adversely affected.

An investment in the Notes may subject investors to foreign exchange risks.

The Notes are denominated and payable in U.S. Dollars. If investors measure their investment returns by reference to a currency other than U.S. Dollars, they would face a risk of adverse movement in the value of that currency in reference to the U.S. Dollar due to, among other things, economic, political and other factors over which the Group has no control. Depreciation of the U.S. Dollar against said currency to which investors measure their investment returns could cause a decrease in the effective yield of the Notes or result in a loss to investors. In addition, there may be tax consequences for investors as a result of any foreign exchange gains resulting from any investment in the Notes.

Further, government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect the exchange rate or the ability of the Guarantor to make payments in respect of the Notes. As a result, investors may receive less interest or principal than expected, or no interest or principal.

Credit ratings assigned to the Guarantor or the Notes may not reflect all the risks associated with an investment in the Notes and ratings and outlook of the Notes and the Guarantor may be downgraded or withdrawn.

The Notes are expected to be rated Ba2 (with negative outlook) by Moody's and BB- (with negative outlook) by Fitch. The ratings and outlook represent the opinions of the rating agencies and their assessment of the ability of the Issuer and the Guarantor to perform their obligations under the Notes and credit risks in determining the likelihood that payments will be made when due under the Notes. A rating or outlook is not a recommendation to buy, sell or hold securities. The ratings or outlook can be lowered or withdrawn at any time. The Issuer is not obligated to inform Noteholders if the ratings or outlook are lowered or withdrawn. A reduction or withdrawal of the ratings may adversely affect the market price and liquidity of the Notes and the Issuer's and the Guarantor's ability to access the debt capital markets. One or more independent credit rating agencies may assign credit ratings to the Issuer, the Guarantor or the Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes.

Legal considerations may restrict certain investments.

The investment activities of certain investors are subject to laws and regulations, or regulatory review by certain authorities. Each potential investor should consult its legal advisors to determine whether and to what extent: (1) the Notes are legal investments for it; (2) the Notes can be used as collateral for borrowing; and (3) any other restrictions apply to its purchase or pledge of the Notes. Financial institutions should consult their legal advisors or the appropriate regulators to determine the appropriate treatment of the Notes under any applicable risk-based capital or similar rules.

DESCRIPTION OF THE ISSUER

The information in this section is qualified in its entirety by, and should be read together with, the other information included in this Offering Memorandum, including the information contained in "Recent Developments".

Overview

The Issuer is a limited liability company formed in January 2017 and is based in the State of Delaware, the United States. In March 2017, under a tax-free re-organization, the Issuer became the holding entity for the manufacturing operations of the Group in Baytown, Texas and the coal mining operations in West Virginia. The re-organization process comprised of a merger of a Group entity, a West Virginia based limited liability company with the same name as the Issuer on March 16, 2017, and an acquisition of all of the assets and liabilities of another Group entity, JSW Steel Holdings (USA) Inc. ("**JSW Holdings**") on March 28, 2017.

The former Periama Holdings, LLC was incorporated on July 21, 2009 in the State of West Virginia, the United States and became a wholly-owned subsidiary of JSW Holdings in May 2010 after JSW Holdings acquired a 100 per cent. equity interest in the then Periama Holdings, LLC.

The Issuer is 99.9 per cent. owned by JSW Steel Netherlands B.V. and 0.1 per cent. owned by the Guarantor. The Guarantor owns 100 per cent. of JSW Steel Netherlands B.V. and is the ultimate holding company of the Issuer.

Business of the Issuer

The Issuer operates as a holding company for some of the Group's operations in the United States. These include:

Steel plate/pipe operations

This business is conducted by JSW Steel (USA) Inc., a 90 per cent. owned subsidiary of the Issuer based in Baytown, Texas. It comprises of facilities for the manufacture of steel plates, piles and double jointing and coating.

JSW Steel (USA) Inc. has been implementing a project for modernizing its plate manufacturing facility. The project was initially planned to include a modernization of the existing plate mill in the in two phases, and the setting-up of an electric arc furnace and a slab caster in the third phase for backward integration. The first phase is nearing completion with the cold commissioning completed and the hot commissioning is in progress. The second phase of the modernization of the plate mill and the backward integration has been presently put on hold.

Coal operations

This business is carried out through the Issuer's wholly-owned subsidiaries that undertake surface and underground coal mining as well as the process, load and sell of metallurgical coal from its own and third party mines located in the state of West Virginia. This is in addition to a 500 tph coal handling and preparation plant with an attached load out facility. These operations are held in two wholly-owned subsidiaries Planck Holdings, LLC ("**Planck**") and Purest Energy, LLC ("**Purest**"). Purest's wholly-owned subsidiaries include Meadow Creek, LLC, Keenan Minerals, LLC, Hutchinson Minerals, LLC, R. C. Minerals, LLC and Peace Leasing, LLC, which own or lease and operate the mining interests. Planck's wholly-owned subsidiaries are Rolling S Augering, LLC, Caretta Minerals, LLC, Periama Handling, LLC and Lower Hutchinson Minerals LLC, which also own or lease and operate mineral interests.

The Issuer's principal place of business is 5200 E McKinney Road, Baytown, Texas 77523, the United States.

Credit Facilities

In 2013, JSW Holdings entered into a facility agreement with an aggregate facility amount of U.S.$400 million with the State Bank of India (London branch) to be utilized for the purposes of repaying existing liabilities to the Guarantor. The facility agreement was subsequently taken over by the Issuer in March 2017 as part of the re-organization. As at June 30, 2020, a total of Rs.5,035.13 million (U.S.$66.67 million excluding interest accrued) is outstanding under the agreement. This facility has since been repaid in full in September 2020.

Managers of the Issuer

As at June 30, 2020, the Board of Managers of the Issuer (each, a "**Manager**" and collectively, the "**Managers**") comprises:

- Mr. Parth Jindal
- Mr. Ashok Kumar Aggarwal
- Mr. John G Hritz

The Managers are responsible for the Group's operations in the United States.

Brief profiles of the Managers are set out below:

Mr. Parth Jindal

Mr. Parth Jindal was appointed as a Manager in March 2017. Mr. Jindal joined the JSW Group in 2012 and has since held various responsibilities across the Group. He plays a key role in the Group's human resources, legal, commercial and corporate communications functions. He is currently based in the Group's global headquarters in Mumbai, India and is leading the Group's operations in the United States. He holds a bachelor's degree in economics and political science from Brown University, U.S. and a master's degree in business administration from Harvard Business School.

Mr. Ashok Kumar Aggarwal

Mr. Ashok Kumar Aggarwal was appointed as Manager in June 2019. He has over 34 years' experience in the industry. Prior to joining the Group, Mr. Ashok Kumar Aggarwal worked at Bharat Heavy Electricals Limited and Steel Authority India Limited and was responsible for several key projects such as the designing of drive system for industrial plants, the commissioning of drive and automation system for steel plants, installation and operation of a hot strip mill and the operation and maintenance of hot and cold rolling mills as well as logistics and production planning. He holds a degree in electronics and communication engineering from the Regional Engineering College (now the National Institute of Technology), Kurukshetra.

Mr. John G Hritz

Mr. John G Hritz was appointed as Manager in June 2019. Since February 2015, he has been involved with the JSW Group's operations in Texas as a director, president and CEO. Presently he is advising the US operations on legal and strategic initiatives. Prior to joining the Group, Mr. John G Hritz held leadership positions at SAS SRESSSTEEL, Inc., MMI Development, LLC, Marubeni-Itochu Steel America, Inc., Sentrinex, Ltd., and AK Steel Corporation. Mr. John G Hritz has over 47 years' working experience and has developed key skills in executive leadership and operations management, as well as extensive experience in, and understanding of, manufacturing techniques, logistics, customer relations, human resources, corporate governance and corporate law generally. He also oversaw several successful mergers and acquisitions (including among business units) within the industry and has founded and led a consulting entity to provide consulting services to private equity firms on various mergers and acquisitions projects until 2013. He holds a bachelor's degree in science (majoring in electrical engineering) from Youngstown State University, and a Juris Doctorate degree from the University of Akron School of Law. He also completed the Executive Program at the University of Michigan School of Business.

Capitalization of the Issuer — On consolidated basis

The following table sets forth the Issuer's current and non-current borrowings and equity as at September 30, 2020 on a consolidated basis prepared by applying the principles of IND-AS for the purpose of its consolidation with the Guarantor and as adjusted only to give effect to the issuance of the Notes offered, as if such issuance had occurred as at such date. The "as adjusted" data set forth below gives effect to the issuance of the Notes but does not give effect to any change to the current borrowings and non-current borrowings between September 30, 2020 and the date of this Offering Memorandum.

	As at September 30, 2020			
	Actual		As Adjusted	
	(Rs. in millions)	(U.S.$ in millions)[4]	(Rs. in millions)	(U.S.$ in millions)[4]
Borrowings:				
Current borrowings[1]	57,126	774	57,126	774
Non-current borrowings[2]	15,373	208	15,373	208
The Original Notes	—	—	36,899	500
The additional Notes	—	—	18,449	250
Total Borrowings (A)	**72,499**	**982**	**127,847**	**1,732**
Equity:				
Equity share capital	1,059	14	1,059	14
Other Equity	(33,566)	(455)	(33,566)	(451)
Non-Controlling Interests	(5,241)	(71)	(5,241)	(71)
Total Equity (B)	**(37,748)**	**(511)**	**(37,748)**	**(511)**
Total Borrowings and Equity (A+B)	**34,751**	**471**	**90,099**	**1,221**

Notes:

(1) Current borrowings include current maturities of long-term borrowings.

(2) Non-current borrowings include long-term borrowings.

(3) Current borrowings (including current maturities of long-term borrowings) and non-current borrowings include Rs.67,439 millions (U.S.$914 million) and Rs.927 million (U.S.$13 million) loans from the Guarantor and JSW Steel Netherlands B.V., respectively.

(4) For the reader's convenience, U.S. Dollar translation of Indian Rupee amounts as at September 30, 2020 have been provided at a rate of U.S.$1.00 = Rs.73.7978, which was the exchange rate as reported by the FBIL on September 30, 2020.

(5) Upon application of the proceeds of the issuance of the Notes and the Original Notes, the Issuer's Total Borrowings will be Rs.72,499 million (U.S.$982 million), assuming the Indian Rupee amount has been translated into U.S. Dollars at a rate of U.S.$1.00 = Rs.73.7978, which was the exchange rate as reported by the FBIL on September 30, 2020.

BUSINESS OF THE GUARANTOR

The information in this section is qualified in its entirety by, and should be read together with, the more detailed financial and other information included in this Offering Memorandum, including the information contained in "Recent Developments", "Risk Factors", "Management's Discussion and Analysis of Financial Condition and Results of Operations", "Presentation of Financial Information" and "Index to Financial Statements". All financial information for the Group and the Guarantor as at and for the years ended March 31, 2018, 2019 and 2020 and for the three months ended June 30, 2019 and 2020 have been derived from the Group Consolidated Financial Statements and the Guarantor Standalone Financial Statements, unless stated otherwise, except for 'Revenue from operations' and 'Other expenses' for the year ended March 31, 2018 which have been restated and 'Share of Profit/(Loss) from joint ventures (net)' and its consequential impact on 'Profit before exceptional items and tax' and 'Profit before tax' which has been regrouped and derived from the comparatives presented in the annual financial statements as at and for the year ended March 31, 2019 for the Guarantor and the Group as applicable. See "Presentation of Financial Information".

Overview of the Group

The Guarantor, JSW Steel Limited, the flagship company of the diversified U.S.$12 billion JSW Group and part of the O.P. Jindal Group, is an integrated manufacturer of a diverse range of steel products with an export footprint in more than 100 countries. The JSW Group has diversified interests in mining, carbon steel, power, industrial gases, port facilities, cement and paints. The Group offers an extensive portfolio of flat and long products, including hot rolled coils, sheets and plates, cold rolled coils and sheets, galvanized and galvalume products, tinplates, electrical steel, pre-painted galvanized and galvalume products, thermo-mechanically treated ("**TMT**") bars, wire rods, rails, grinding balls and special steel bars, rounds and blooms, plates and pipes of various sizes and cold rolled non-grain oriented products. The Group is also one of the largest producers and exporters of coated flat steel products in India. The Group believes that it has one of the lowest conversion costs in the industry, primarily due to its efficient operations, high manpower productivity and the strategic location of its state-of-the-art manufacturing facilities. The Group's operations in India currently have an installed crude steel capacity of approximately 18.0 mtpa, which comprises 12.5 mtpa (approximately 70 per cent. of the capacity) of flat products and 5.5 mtpa (approximately 30 per cent. of the capacity) of long products. Since the Group's incorporation in 1994, the Group's total revenue from operations has grown to Rs.733,264 million for the year ended March 31, 2020 and to Rs.117,815 million (U.S.$1,560 million) for the three months ended June 30, 2020.

In June 2019, the Group was ranked seventh amongst the top 35 world class steelmakers according to a report, 'Seeing Steel with New Eyes' by World Steel Dynamics, based on a variety of factors. In particular, the Group achieved the highest rating (10 out of 10) on the following criteria: conversion costs; yields, expanding capacity, location in high-growth markets and labour costs. This ranking puts the Group ahead of all other steelmakers based in India and ranked third amongst Asian steelmakers.

The Group has significantly expanded its steelmaking capacity at its Indian operations, which has increased from 1.6 mtpa in financial year 2002 to 2.5 mtpa in financial year 2006, 3.8 mtpa in financial year 2007, 7.8 mtpa in financial year 2010, 11.0 mtpa in financial year 2012 and to 18.0 mtpa in financial year 2016, through organic and inorganic growth. The Group's manufacturing facilities in India consist of Vijayanagar Works in Karnataka (12.0 mtpa), Dolvi Works in Maharashtra (5.0 mtpa) and Salem Works in Tamil Nadu (1.0 mtpa) in addition to downstream facilities for its coated products division at Vasind, Tarapur and Kalmeshwar Works in Maharashtra. The Group's major facilities in India are strategically located near raw material sources and are well connected via ports and railways, thus helping the Group to maintain a low-cost structure. The Group's overseas manufacturing facilities comprise a plate/pipe mill in Baytown, Texas, U.S., a steel making facility at Ohio, U.S., and a long product mill in Italy. The Baytown facility has a 1.2 mntpa plate mill and a 0.55 mntpa pipe mill. The facility is located near a port and in close proximity to key customers in the oil and gas industry. The Ohio facility is a hot rolling mill with a 3.0 mntpa capacity. It is partially backward integrated with a 1.5 mntpa EAF furnace that became operational in December 2018 after commencement of operations by the Group. The facility in Italy was acquired by the Group in July 2018 and produces long products — railway lines, bars, wire rods and grinding balls — with aggregate capacity of 1.3 mtpa. The Group plans to expand its domestic steel capacity to 45.0 mtpa in the next decade through a combination of organic and inorganic growth.

For fiscal year 2020 and for the three months ended June 30, 2020, revenue from operations within India represents 75.6 per cent. and 47.6 per cent., respectively, of the Group's total revenue from operations. The Group has a widespread sales and distribution network that sells its products directly to customers, wholesale traders and stock points. The Group's sales presence is particularly strong in South and West India, where a large portion of India's steel customers are located. The Group is mainly focused on retail sales through its exclusive and non-exclusive retail outlets. As at June 30, 2020, the Group had more than 11,000 exclusive and non-exclusive retail outlets located throughout India. For fiscal year 2020 and the three months ended June 30, 2020, revenue from operations outside India represents 24.4 per cent. and 52.4 per cent. of the Group's total revenue from operations respectively. The Group has an export footprint in more than 100 countries across five continents. The Group uses a combination of direct sales to customers and sales to international trading houses for its international sales. See "*Description of the Issuer*" for information on the business of the Issuer.

Competitive Strengths

The Group believes that the following competitive strengths can be leveraged to allow it to further enhance its position as a leading steel producer.

JSW Steel is a leading player in India

FY19	FY20	
15.60	14.90 MT	**Consolidated saleable steel**
18.5%	24.4%	**Revenue from outside India**
53%	48%	**Group value added and special products sales**

Source: Company data

Leading player in the Indian steel market

The Group is a leading player in the Indian steel market with significant domestic and international exposure. The Group has continuously sustained its market position with its core strengths of agile operations, rich product mix, best-in-class technology, excellence in project execution, sustainable sourcing and consistent focus on employee engagement. With the long-term growth potential for steel consumption in the Indian domestic market, the Group has introduced additional capital expenditure program to expand its capacities at its plants, and also to modernize and expand capacities of its downstream business. These expansions will enable the Group to be in a strategic position to capture market opportunities and develop its market share.

Strong business profile diversified by markets and products

The Group has a wide range of product offerings that cater to diversified end markets across geographies. The Group has significantly expanded its product portfolio through a mix of acquisitions, downstream capacity expansions and joint ventures with other leading steel companies. The Group offers an extensive portfolio of flat and long products, including hot rolled coils, sheets and plates, cold rolled coils and sheets, galvanized and galvalume products, pre-painted galvanized and galvalume, tin plates, wire rods and special steel bars, rounds and blooms, rails, steel balls, plates and pipes, cold rolled electrical steel of various sizes. The Group believes that the breadth of the Group's product range gives it the flexibility to adapt its product mix to market demands and enables it to sustain its business and operations through adverse economic conditions.

The Group is focused on value-added steel products. The strategic collaboration with JFE allows the Group to produce high-end value-added steel products for the automotive, electrical appliance and construction industries. Moreover, the Group manufactures a wide range of value-added flat steel products, such as medium to high carbon steel, high tensile and high strength low-alloy steel grades for the automotive sector, API grade steel for the oil and gas sector, cold rolled close annealed coils, Customized galvanized and galvalume products for solar sector galvanized products and color coated products in the flat product segment and rebars, wire rods and structural steel in the long product segment. The Group currently has one of the largest galvanizing and galvalume and color coating production capacities in India and it is also one of the largest Indian exporters of coated flat steel products, with an export footprint in more than 100 countries across five continents.

The Group focuses on deepening the portfolio of its value added product offerings. For instance, prior to 2014, the Group ventured into the high value-added product of vinyl coated metal, which at the time was only being imported into India. Similarly, in 2016, the Group set up an electrical steel facility at Vijayanagar Works with a capacity of 200,000 tons per annum to further enhance its product offerings in the sector of manufacturing of motors, pumps and small transformers. Further, the Group also set up a 0.25 mtpa tinplate line in 2019 to meet demand from the packaging industry. The products are marketed under the brand "JSW Platina".

Strategic acquisitions and joint ventures

The Group has entered into strategic joint ventures as well as acquired equity interests in various entities which have enabled it to add more value-added products, enhance its global footprint, secure raw materials, achieve backward integration and increase its technological know-how. The Guarantor has also pursued unique opportunities in stressed assets in niche markets.

- The Group entered into a 50:50 joint venture with UK-based Severfield UK PLC, UK which operates a 55,000 mtpa structural steel plant at Vijayanagar Works. The Group has further widened its product diversity into cutting edge flooring technology with composite metal decking through a joint venture with Structural Metal Decks Limited, UK. The Group also entered into a joint venture (JSW MI Steel Service Center Private Limited) with Marubeni-Itochu Steel to set up steel service centers in north and west India for just-in-time solutions to the automotive, white goods and construction sectors. In April 2014, the Group acquired a 50.0 per cent. equity interest in Vallabh Tinplate Private Limited now known as JSW Vallabh Tinplate Private Limited ("**JSW VITPL**"), which currently has a capacity of 100,000 tpa, marking the Group's entry into the growing tinplate business in India. VIL holds 23.55 per cent. equity interest in JSW VITPL, making it a subsidiary of the Guarantor. The Group also sold 39 per cent. of its 49 per cent. equity stake held in Geo Steel LLC in January 2020 for U.S.$23.08 million to its joint venture partner in Georgia.

- In October 2014 and May 2017, the Group acquired 99.85 per cent. and 0.15 per cent. equity interests, respectively, in Welspun Maxsteel Limited (currently known as JSW Steel (Salav) Limited). The acquisition of Welspun Maxsteel reduced the Group's cost of production by providing DRI to Dolvi Works while the Group's subsidiary, Amba River Coke Limited, will supply surplus pellets. In August 2016, the Guarantor executed a share purchase agreement with Praxair India Private Limited to acquire their entire shareholding of 74.00 per cent. in JSW Praxair Oxygen Private Limited (now renamed as JSW Industrial Gases Private Limited ("**JIGPL**")). Consequently, JIGPL, became a wholly owned subsidiary of the Guarantor. JIGPL is engaged in the business of production and sale of industrial gases such as oxygen, nitrogen and argon and has two air separation plants, each with a capacity of 2,500 tons per day, at Toranagallu, Bellary District, Karnataka. The Group currently sources certain industrial gases from JIGPL among others at prices based on long-term contracts.

- In May 2018, the Guarantor entered into a sale and purchase agreement with Cevitaly S.r.l for the acquisition (through JSW Steel Italy S.r.l., its subsidiary in Italy) of 100.0 per cent. of the shares of Acciaierie e Ferriere di Piombino S.p.A ("**Aferpi S.p.A**"), 100.0 per cent. shares of Piombino Logistics S.p.A and 69.27 per cent. of the shares of GSI Lucchini S.p.A ("**GSI**"). Aferpi S.p.A was renamed as JSW Steel Italy Piombino S.p.A ("**JSIP**") and Piombino Logistics S.p.A was renamed as Piombino Logistics S.p.A — A JSW Enterprise ("**PL**") in June 2019. JSIP makes special long steel product in Piombino, Italy. PL manages the logistic infrastructure of the Piombino port area while GSI is a producer of forged steel balls. The acquisition allows the Group to establish its presence in Italy and access the European specialty steel long products market. The acquisition was completed on July 24, 2018.

- In 2018, the Group acquired 100 per cent. of the shares of Acero Junction Holdings Inc. ("**Acero**"). The total enterprise value of the transaction was U.S.$182.41 million, with equity value of U.S.$80.85 million and liabilities of U.S.$101.56 million. Acero is the 100 per cent. holding company of Acero Junction Inc (since renamed as JSW Steel USA Ohio Inc), an electric arc furnace based steel manufacturing mill in Ohio. The Group expects that the acquisition will allow it to gain increased access to the North American steel market.

- In July 2018, the NCLT approved the resolution plan submitted by a consortium comprising of the Group and AION Investments Private II Limited for the acquisition of Monnet Ispat and Energy Limited ("**MIEL**"). MIEL owns a 1.5 MT integrated steel plant, along with a 0.8 MT sponge iron plant, 2 MT pellet plant, a 0.96 MT sinter plant and a 230 MW captive power plant in Chattisgarh. The acquisition was completed on August 31, 2018 and the Guarantor currently holds 23.1 per cent. of the shares of MIEL.

- The Guarantor submitted its resolution plan for the acquisition of Vardhman Industries Limited ("**VIL**") under the Insolvency and Bankruptcy Code, 2016 ("**IBC**") and the Guarantor's resolution plan was approved by the committee of creditors of VIL on August 10, 2018. Thereafter, the National Company Law Tribunal ("**NCLT**") by its orders dated December 19, 2018 and April 19, 2019, and the National Company Law Appellate Tribunal ("**NCLAT**"), by its orders dated December 4, 2019 and December 11 2019, approved the resolution plan submitted by the Guarantor (the "**VIL Approved Resolution Plan**"). The Guarantor has successfully implemented the VIL Approved Resolution Plan as at December 31, 2019 and currently holds 100 per cent. of the equity shares and the compulsorily convertible debentures issued by VIL. VIL manufactures color coated products. VIL has its manufacturing unit at Rajpura District, Patiala in Punjab. VIL has a color coating line with a capacity to produce 100,000 tons per annum and a small service center to cater to white goods customers in North India.

- The Guarantor submitted the resolution plan in respect of Bhushan Power and Steel Limited ("**BPSL**" and the resolution plan, the "**BPSL Resolution Plan**"), a company currently undergoing insolvency resolution process ("**CIRP**") under the provisions of the Bankruptcy Code. The BPSL Committee of Creditors unanimously approved the BPSL Resolution Plan and the BPSL Resolution Professional issued the Letter of Intent to the Guarantor on February 11, 2019, which was duly accepted by the Guarantor. The BPSL Resolution Professional subsequently filed its application with the Delhi Bench of NCLT for approval of the BPSL Resolution Plan under section 31 of the Bankruptcy Code. Subsequently, one of the former directors of BPSL had challenged the CIRP in relation to BPSL before the High Court of Punjab and Haryana ("**P&H High Court**"). The P&H High Court had by its order dated April 18, 2019, directed the NCLT to decide the issue regarding objections raised by the former director of BPSL before passing any other order in the matter. However, the Supreme Court has stayed the order of the P&H High Court by its order dated July 3, 2019. The NCLT has, by its order dated September 5, 2019 (the "**September Order**"), approved the Resolution plan for BPSL, however with certain modifications besides not granting certain reliefs sought by the Guarantor. The Guarantor had filed an appeal before the NCLAT against the September Order ("**JSW Appeal**"). While the JSW Appeal was pending, the Directorate of Enforcement ("**ED**") issued a provisional attachment order dated October 10, 2019 ("**PAO**") whereby it attached assets at BPSL's Odisha plant. The PAO was thereafter challenged by the Committee of Creditors before the Supreme Court ("**SC**") by way of a special leave petition which stayed the operation of the PAO ("**CoC's SLP**"). The NCLAT ruled in favor of the Guarantor via its judgement dated February 17, 2020 ("**NCLAT Judgement**"), where it categorically upheld the protection afforded under section 32A of the IBC and dismissed the objections of various operational creditors and the former promoters of the BPSL Resolution Plan. Against the NCLAT Judgement, the former promoters of BPSL and an operational creditor have filed appeals which are now pending for consideration before SC ("**SC Appeals**"). On March 6, 2020, the SC admitted the SC Appeals, and clubbed the same with CoC's SLP. The matter has since been pending before SC. The Guarantor has also been in talks with the Committee of Creditors on the way forward to implement the BPSL Resolution Plan. In these circumstances, the BPSL acquisition and the timing of such acquisition remains uncertain and subject to final outcome in this regard. The Group expects any acquisition of BPSL to be material.

- JSW Coated, a wholly owned subsidiary of the Guarantor, had submitted a resolution plan for Asian Colour Coated Ispat Limited ("**ACCIL**" and the resolution plan, the "**ACCIL Resolution Plan**"), a company undergoing insolvency resolution process under the provisions of the IBC. The committee of creditors of ACCIL has approved the ACCIL Resolution Plan an issued a letter of intent ("**ACCIL LOI**") dated July 6, 2019 to JSW Coated. The closure of the transaction is subject to obtaining the necessary approval from the NCLT bench at New Delhi. The Resolution Professional of ACCIL has filed the ACCIL Resolution Plan before the NCLT for its approval and the same is pending before the NLCT. ACCIL manufactures downstream steel products and has two manufacturing units located at Bawal, Haryana and Khopoli, Maharashtra.

Strategically located manufacturing facilities

The Group's strategically located facilities in South and West India provide the Group access to key automotive manufacturers in these regions as well as easy access to ports on both eastern and western coasts of India. All of the Group's facilities are well connected to rail and road networks. As a result of the facilities' strategic locations, the Group enjoys a substantial market share in South and West India. Vijayanagar Works, India's first single location 12 mtpa steel plant, is located close to the rich iron ore belt of the Bellary-Hospet region in Karnataka and is well connected to the Group's dedicated port facilities at South West Port Limited in Goa and other port locations. Dolvi Works, with its strategic presence in Western India near Mumbai, has a captive jetty along with rail, road and seaport connections. Salem Works, India's leading producer of long alloy steel products in, is located near the automotive manufacturing hub in Southern India. The Group's strategically located facilities enable a reliable and cost efficient supply of raw materials and efficient delivery of finished steel products to the market. In addition, the Group believes it has cost advantage in delivering finished steel products to customers in South and West India due to its proximity to that region.

Strong focus on technology driving raw material efficiency and increased productivity

The Group believes it is a pioneer in introducing leading technologies in India. In order to maintain quality while lowering the cost of production, the Group has adopted a combination of industry leading technologies, including non-recovery coke ovens, blast furnace, DRI, twin shell Conarc, Corex and galvalume technology, in addition to other well-established steelmaking methods.

The Corex process is used in combination with blast furnace technology at Vijayanagar Works. The Group believes Dolvi Works is the first facility in India to adopt a combination of Conarc technology for steelmaking and Compact Strip Production for producing hot rolled coils. In addition, the Group's beneficiation plant at Vijayanagar is able to convert low grade iron ore to higher grade variants, thus allowing the Group to utilize lower grade iron ore and achieve significant cost savings. The adoption of various advanced technologies gives the Group the flexibility to blend coking coal of different quality for the manufacture of coke, produce pellets and sinter in the iron ore agglomeration (pelletization and sinter plants) process, make use of coal fines, utilize waste heat for power generation and produce galvalume products, each of which generates cost efficiencies for the Group. These advanced technologies also provide the Group with flexibility in the choice of raw materials and enable the Group to take advantage of market variances in the availability and price of raw materials.

In order to effectively enhance its operational capabilities, expertise and technology, the Group entered into a strategic collaboration with JFE Steel Corporation ("**JFE**") of Japan to acquire energy reduction and environmental-friendly technologies, which will help the Group produce high-end value-added steel products for the automotive and construction industries as well as optimize its cost. The collaboration seeks to leverage the strength of JFE in its well-established manufacturing technology for advanced high strength steel for automotive. JFE had also taken a 14.99 per cent. equity interest in the Guarantor by an equity infusion of Rs.54,100 million in 2010. The collaboration between the Group and JFE includes a general technology assistance agreement, which encompasses all facets of steelmaking and processing from raw material handling to rolling mills including energy control and savings; a technical assistance agreement encompassing the Group's new cold rolling mill; and a foreign collaboration agreement focusing on the manufacture of high-end auto-grade steel that was being imported into India. Under this collaboration, the Guarantor has also implemented a 0.2 mtpa state-of-the art annealing and coating line for production of fully-processed non-grain oriented electrical steel grades.

In 2017, the Guarantor was one of the two winners of the "Golden Peacock Innovative Product Award — 2016" awarded to companies that year in the steel sector and also won the "Steelie Award 2016", an award in the innovation category, by the World Steel Association, recognizing the Guarantor's development of advanced high strength automotive steel with speed and innovation.

Integrated and efficient operations

The Group is an integrated manufacturer of a diverse range of products, utilizing various industry leading technologies. The Group believes that it has one of the lowest conversion costs in the industry, primarily due to its efficient operations, high manpower productivity, the strategic location of its facilities and its state-of-the-art manufacturing facilities. The Group's integrated operations span from raw material processing units, such as beneficiation plants, pelletization and sinter plants, to downstream value addition capabilities, such as production of cold rolled, galvanized and color-coated products. The facilities are well connected to rail, road and port for logistics support, which provides natural competitive advantages in terms of reliable and cost efficient supply of raw materials and delivery of finished steel products to the market. Most of the Group's domestic production facilities are serviced by captive power plants: Vijayanagar Works by captive power generation of 854 MW; Dolvi Works by a 67 MW captive power generation and long-term power purchase arrangement with JSW Energy Limited; and Salem Works by a 90 MW captive power generation. Moreover, of the aggregate capacity of 1011 MW generated by the Group's captive power plants, 411 MW is generated through waste gases and heat generated from operations, an environmentally friendly and cost efficient source. The Group also has tie-ups for utilities and industrial gases with its wholly owned subsidiary JSW Industrial Gases Private Limited (previously known as JSW Praxair Oxygen Company Private Limited), among others.

The Group continues to focus on backward integration by investing in its resource base to secure critical raw materials. The Group has acquired coking coal mines in West Virginia, U.S. and has also acquired coal mining concessions in Mozambique. The Group believes that securing critical raw materials, either for sale in the global market or for direct use in its production, will help protect the Group from variations in raw material prices. The Group, through a competitive bidding process, successfully bid for six iron ore mines in Karnataka at auctions conducted in October 2016 and October 2018. The mines began operations during the fiscal year 2020. The aggregate iron ore from the six iron ore mines was 4.1 mtpa in the fiscal year 2020. The Guarantor was also declared as a "preferred bidder" for seven additional iron ore mines in the auctions held by the Governments of Karnataka and Odisha in the fiscal year 2020, with estimated resources of approximately 1.20 billion tons. Three of these additional mines are located in the State of Karnataka while the other four are located in the State of Odisha. The Guarantor has signed the Mine Development and Production Agreement and the Lease Agreements for these mines. In respect of the four mines located in the State of Odisha, the Guarantor's operations commenced from July 1, 2020. The groundwork for commencement of operations in the three mines located in Karnataka is in progress. The Group also secured the 'Moitra' coking coal block located in Jharkhand via an auction process in April 2015, which has a total extractable coal reserve of approximately 30 mt. This is expected to further enhance the raw material security of the Group and lead to integrated and efficient operations.

The Group's high level of integration has reduced product development costs and production time, which in turn has enabled the Group to offer a shorter and more reliable delivery cycle to its customers.

In 2017, the Guarantor was accredited with level 5 (Highest in the Category) Total Cost Management ("**TCM**") Maturity Model Assessment by the TCM division of the Confederation of Indian Industry.

In November 2018 and November 2019, the Guarantor's Vijayanagar and Salem Works, respectively, were awarded the Deming Prize, which is considered globally as the highest award for quality management. It recognizes contributions to the field of total quality management and businesses that have successfully implemented total quality management.

Strong project execution capabilities

The Group believes it has a track record of successful project implementation by its in-house team as opposed to awarding turnkey contracts, resulting in cost savings, faster implementation and better quality control. The Group has a highly experienced project management team supported by a cross functional team with demonstrated experience of several expansion projects completed within the planned timelines and cost. The Group leverages its long-term relationships with key domestic and international suppliers, which enables it to achieve timely delivery at a competitive cost, thus ensuring smooth project implementation. The Group's strong project execution capabilities have been recognized by several significant awards, including the Prime Minister's Trophy for Excellence in Performance in fiscal year 2013 for Vijayanagar Works, the "Best Integrated Steel Plant in India and the Steel Minister's Trophy" for fiscal year 2014. In 2015, the Group won the an "Industry Leadership Award" at Platts Global Metals Awards for its achievements in the steel sector. In 2017, the Group's Dolvi Works won the Prime Minister's Trophy for Maximum Incremental Improvement.

Skilled workforce led by an experienced management team

The Group's senior management team comprises members with diverse skills in manufacturing, sales and marketing, finance and supply chain management in the steel industry. Their extensive experience and understanding of the steel business have been instrumental in building a sustainable global operation. In order to create an environment conducive to retaining talent, a clear goal setting agenda is in place to create a leadership pipeline. To encourage employees to think beyond their individual targets, the Group has institutionalized innovation projects, creating an innovation portal to allow employees to generate and apply ideas that enable the Group to operate effectively. The Group continuously invests in building and enhancing its competencies and encourages employees to participate in sponsored learning programs. The Group believes that the mix of experience and diversity of its management team gives it the ability to successfully execute its business strategy.

Strategy

The Group aims to enhance its position as a leading global steel producer through the following strategies.

Selective growth through brownfield expansion and greenfield projects as well as inorganic growth

The Group intends to leverage its proximity to iron ore reserves and its existing logistics infrastructure to expand its production capacity at a low investment cost per ton. The Group's strategy is to maintain and grow its share of steel production in India, while locating the production of its finished products close to the markets in which they will be sold, in particular the Group's value-added products. The Group intends to maintain its domestic and international market share through selective inorganic and organic growth. In the domestic market, the Group will continue to undertake brownfield expansions, which can be accomplished at a low specific investment cost per ton, as well as consider inorganic growth opportunities that are value accretive.

In 2016, the Group completed its brownfield expansions at Vijayanagar Works and Dolvi Works, increasing capacity from 10.0 mtpa to 12.0 mtpa and 3.3 mtpa to 5.0 mtpa, respectively, providing the Group with an overall capacity of 18.0 mtpa (including the 1.0 mtpa facility at Salem). The capacity at Vijayanagar Works is being expanded from 12.0 to 13.0 mtpa and the capacity of Dolvi Works is being expanded from 5.0 mtpa to 10.0 mtpa, thereby bringing the overall capacity to 24.0 mtpa.

In addition, the Group has been exploring opportunities internationally. In the United States, tariffs have been imposed on steel imports in order to incentivize domestic steel production to make local markets attractive from demand and pricing perspective. JSW Steel USA Inc. ("**JSW USA**"), a subsidiary of the Guarantor, is implementing a project to modernize its plate manufacturing facility. The project initially included a modernization of the existing plate mill in two phases and the setting-up of an electric arc furnace and a slab caster in the third phase for backward integration. The first phase is nearing completion with the cold commissioning completed and the hot commissioning is in progress. The second phase of the modernization of the plate mill and the backward integration have been presently put on hold.

The Ohio facility, which was acquired in June 2018, commenced operations by restarting the existing electric arc furnace ("**EAF**") after a revamp was completed in December 2018. A planned capital expenditure of U.S.$25 million is currently being incurred to upgrade the EAF to increase capacity utilization. The Ohio facility presently comprises of a 1.5 mntpa EAF, 35 mva Ladle metallurgy furnace (LMF), 2.80 mntpa slab caster and a 3 mntpa hot strip mill ("**HSM**").

In May 2018, the Guarantor through its subsidiary JSW Steel Italy SRL entered into a sale and purchase agreement with Cevitaly S.r.l for the acquisition of 100.0 per cent. of the shares of Aferpi S.p.A (subsequently renamed JSW Steel Italy Piombino S.p.A) ("**JSIP**"), Piombino Logistics S.p.A (subsequently renamed as Piombino Logistics S.p.A — A JSW Enterprise) ("**PL**") and 69.27 per cent. of the share capital of GSI Lucchini S.p.A. The acquisition was completed on July 24, 2018. JSIP has a 1.3 mtpa capacity and manufactures rails, bars and wire rods. PL manages the infrastructure at the port of Piombino and the rail lines inside the JSIP plant. GSI Lucchini has a facility for manufacture of forged steel balls used in grinding mills. JSW Steel proposes to utilize the competitive advantages of the port and rail infrastructure, Lucchini brand name to gain strength its presence in the European markets. In the future, it is proposed to backward integrate the facility by setting up an Electric arc furnace, subject to feasibility studies and economic viability.

Further diversification of the Group's product profile and customer base

Rising consumer aspirations and the inevitable growth in infrastructure spending are significant macro trends in India. The Group believes that these trends will lead to an increase in demand for steel. The Group has moved quickly to create a portfolio of relevant value-added products in anticipation of this change. The Group further intends to increase its proportion of high margin value-added products in its product mix so as to better withstand steel price volatility, to offer a broad-based suite of products to meet the growing requirements of customers and facilitate import substitution. The share of value-added and special product ("**VASP**") sale was approximately 48 per cent. of consolidated sales volume during fiscal year 2020, which contributed to the increase in the Group's margins. The total sale of VASP product stood at approximately 7.1 mt.

The Group intends to increase its focus on the production of medium and high carbon steel, high tensile and high strength low alloy steel for the automotive sector, and API grade steel for the oil and gas sector. Aligned with this strategy, the Group completed the establishment of a new 2.3 mtpa cold rolling mill and a 0.2 mtpa non-grain oriented electrical steel facility at Vijayanagar Works in 2015. The Group believes these expansions allow it to address domestic requirements for high-grade electrical steel, which is primarily imported at present. The Group has further strengthened its position in the long product segment to address the growth in the domestic infrastructure and construction sectors with an additional 1.4 mtpa of Bar Rod mill at Dolvi Works in addition to the extra 1.2 mtpa added at Vijayanagar Works in fiscal year 2016. The Group has also diversified into the tinplate business in India with its acquisition of a 50.0 per cent. equity interest in Vallabh Tinplate Private Limited, now known as JSW Vallabh Tinplate Private Limited ("**JSW VTPL**"), in April 2014, which has increased to 73.55 per cent. from December 31, 2019 following the Guarantor's acquisition of Vardhaman Industries Limited ("**VIL**") pursuant to the approval of the resolution plan by the National Company Law Appellate Tribunal ("**NCLAT**") in December 2019. VIL holds a 23.55 per cent. equity interest in JSW VTPL. Further, the Group is setting up two tin plate mills of total capacity of 0.50 mtpa (of which, 0.25 mtpa has been commissioned) and related facilities at its Tarapur Works to cater to the increasing demand for tinplate. As of the date of this Offering Memorandum, the Guarantor has an annual cumulative installed capacity for tinplate of 0.35 mtpa which includes 0.1 mtpa of JSW VTPL. In July 2019, the Guarantor launched the 'JSW Platina' product line, which is premium tinplate targeted at the packaging industry.

The Group intends to further diversify its customer base, both within India and abroad. In India, the Group will continue to focus on developing the rural market, which the Group believes is less susceptible to economic cycles. To support this rural focus, the Group intends to further expand its rural distribution network by opening additional JSW Shoppe Connect outlets in rural parts of India. The Group also intends to expand its international sales outreach through inorganic growth opportunities. As at June 30, 2020, the Group had over 11,000 exclusive and non-exclusive retail outlets across India.

Focus on operational efficiency

The Group is a leader in using sustainable and eco-friendly technologies to drive growth, as well as reducing cost and increasing energy efficiency. The Group will continue to invest in new technologies to enhance its operational productivity and efficiency and shall continuously review and assess new technologies, such as improvements to the Corex process, replacing natural gas with coke oven gas for its DRI plant at Dolvi Works and the use of galvalume technology. Strategic initiatives include a new water reservoir at Vijayanagar, a pipe conveyor (phase 1 with 10 mtpa capacity) for transporting iron ore from yards to the Vijayanagar plant and a coke oven battery of 1.5 mtpa at the Dolvi plant were commissioned in FY2019. Advanced technologies will continue to be adopted across the Group's operations, ranging from power generation from waste gases and heat generated from its operations, non-recovery based coke making, using the beneficiation process to convert low grade iron ore and blending different varieties of coking coal for coke making, each of which improve operational efficiencies and reduce costs. The Group also attempts to minimize fresh water consumption by maximizing reutilization of treated waste water. The Group will continue its focus on reducing raw materials consumed per unit of steel produced by replacing virgin raw materials and recycling of waste.

Strengthening backward and forward integration

Backward integration and raw material security are key components of the Group's future strategy. The Group believes that securing critical raw materials, either for sale on the global market or for direct use at its facilities, will help protect the Group from variations in raw material prices. In line with this strategy, the Group had acquired coal mines in the U.S. and Mozambique.

The Group will continue to evaluate additional raw material assets that fit within its strategic criteria and intends to look for further opportunities in India and abroad to secure key raw material supplies and to reduce its cost of production by targeting strategic tie-ups and investments in new technologies to achieve further backward integration. The Group successfully bid for six iron ore mines in Karnataka at auctions conducted in October 2016 and October 2018. These mines have begun operations during the fiscal year 2020. The aggregate iron ore from the six iron ore mines was 4.1 mtpa in the fiscal year 2020. The Guarantor was also declared as a "preferred bidder" for seven additional iron ore mines in the auction held by the Governments of Karnataka and Odisha in the fiscal year 2020. These mines have estimated iron resources of approximately 1.20 billion tons. Three of these additional mines are located in the State of Karnataka while the other four are located in the State of Odisha. The Guarantor has signed the Mine Development and Production Agreement and the Lease Agreements for these mines. In respect of the four mines located in the State of Odisha, the Guarantor's operations commenced from July 1, 2020. The groundwork for commencement of operations in the three mines located in Karnataka is in progress. The captive iron ore mines of the Group contributed approximately 4 per cent. and approximately 15 per cent. of the total iron ore requirement in fiscal years 2019 and 2020 respectively. The Group further expects to procure up to approximately 50 per cent. to 60 per cent. of the total iron ore requirement from captive sources in fiscal year 2021. The Group believes this will further enhance the raw material security of the Group and lead to integrated and efficient operations. The Group intends to strengthen its forward integration by expanding its retail outlets to sell higher value-added products, both within India and abroad.

The forward integration initiatives include setting up of 0.5 mtpa tinplate mill at Tarapur of which 0.25 mtpa has been commissioned, 2.44 mtpa CRM/PLTCM mills at Vijayanagar and Vasind/Tarapur. The Group believes that higher margin value added products business improves profitability, helps deliver relatively stable spreads through the cycle and ensures better retention of customers with scope for import substitution. The acquisitions of Aferpi S.p.A (subsequently renamed JSW Steel Italy Piombino S.p.A), Piombino Logistics S.p.A (subsequently renamed as Piombino Logistics S.p.A — A JSW Enterprise) and GSI Lucchini S.p.A formed part of the Group's strategy in this direction. These entities are engaged in the manufacture of rail lines, hot rolled bars and wire rods. The Group believes that the acquisitions will give it an opportunity to strengthen its presence in Italy and other European markets.

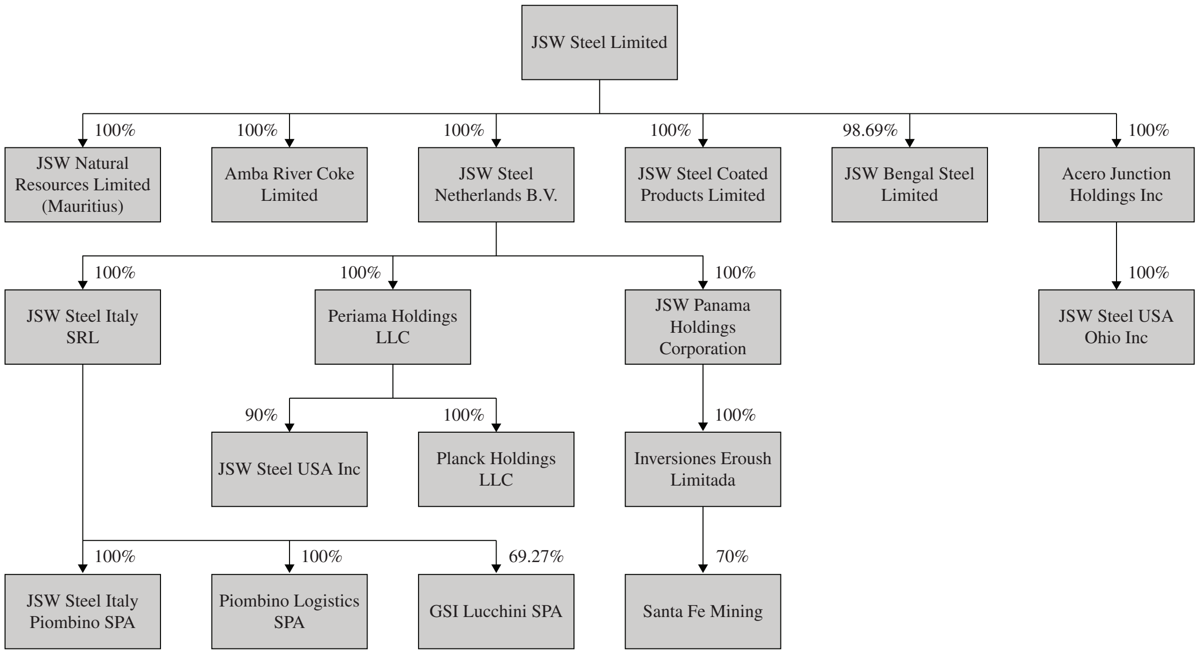
Robust financial discipline and focus on return profile

The Group operates in a capital intensive industry with a history of volatile prices. The Group therefore continuously seeks to improve its financial profile as it believes a strong financial position will be critical to support its future growth. The Group maintains a strong focus on cost management and prudent investment in new projects. The Group has developed robust financial principles and business criteria to assess potential acquisitions and expansions. The Group intends to manage its capacity expansion, improve its debt maturity profile, and diversify its funding sources so as to capture market opportunities without taking on excessive risk.

For fiscal year 2020, the Group recorded total revenue from operations of Rs.733,264 million and profit for the year of Rs.39,193 million. For the three months ended June 30, 2020, the Group recorded revenue from operations of Rs.117,815 million (U.S.$1,560 million) and a loss for the period of Rs.5,822 million (U.S.$77 million). The Group had property, plant and equipment (including capital work in progress and right of use assets) of Rs.885,148 million (U.S.$11,719 million) and a net debt to equity ratio of 1.37 as at June 30, 2020.

Corporate Structure

The chart below shows a summary of the Group's corporate structure as at June 30, 2020. This is a summary chart only and does not show all of the Group's subsidiaries.



Notes:

(1) The Issuer, Periama Holdings, LLC is held 99.9 per cent. by JSW Steel Netherlands B.V. and 0.1 per cent. by the Guarantor.

(2) Inversiones Eurosh Limitada is held 94.9 per cent. by JSW Panama Holdings Corporation, 0.1 per cent. by JSW Steel Netherlands B.V. and 5.0 per cent. by the Guarantor.

(3) JSIP and GSI Lucchini SPA are each held 0.1 per cent. by the Guarantor.

Recent Developments

Impact of the COVID-19 pandemic

The COVID-19 pandemic has had and continues to have adverse repercussions across regional and global economies and financial markets which necessarily adversely affects India, the jurisdictions in which the Group operates and in turn, the Group's business. The governments of many countries, including certain of the jurisdictions in which the Group operates and conducts business in, have reacted by instituting lockdowns, business shutdowns, quarantines and restrictions on travel. Businesses have also implemented countermeasures and safety measures to reduce the risk of transmission. Such actions have not only disrupted businesses but have had a material and adverse effect on industries and local, regional and global economies. The IMF has revised downward its global economic growth forecast for 2020 and have indicated that the economic downturn induced by the COVID-19 pandemic could be worse than the Global Financial Crisis in 2008 to 2009. The IMF has also drawn particular attention to the fallout in emerging and developing countries, which are expected to be the hardest hit.

The Indian economy was severely impacted by the temporary closure of the economic activities across the country after the announcement of the first phase of nationwide lockdown which took effect on March 25, 2020. The lockdown has been subsequently extended to June 30, 2020, with the country being divided into containment or non-containment zones, the former being zones where the outbreak of the virus is still prevalent. While steel is regarded as a continuous flow process industry and classified as an "essential service" under the Essential Services and Management Act ("**ESMA**") and the guidelines issued by Ministry of Home Affairs permitted steel plants to continue operations during the lockdown, the restrictions led to general constrained movement of people and materials and the shutting down of operations in supplier plants and customer business. This affected the Guarantor's plant operations and under such circumstances, the Guarantor decided to temporarily scale down/suspend its operations at various locations to support government efforts in curbing the pandemic.

The Government has subsequently permitted certain additional activities from April 20, 2020 in non-containment zones, subject to requisite approvals as may be required. The Guarantor has obtained permission from local administration and accordingly commenced operations at all locations since the last week of April while putting in place comprehensive protocols on social distancing in all its plants and offices in compliance with the Ministry of Home Affairs guidelines. However, with the outbreak still ongoing in India and certain restrictions still in place, project activity at various sites are still impacted due to a slew of restrictions, non-availability of required manpower and materials due to restrictions on movement. For example, while the Guarantor has received requisite permission to restart project activities at Dolvi works on April 20, 2020, a number of workers employed by the Guarantor's contractors began to return to their homes. While a return of the workforce to normal levels is expected by the end of October 2020, there can be no assurance that this will happen within the expected time. The Guarantor is also experiencing non-availability of foreign experts from their technology and equipment suppliers due to international travel restrictions. The Guarantor is also facing challenges with outbreaks of the virus among its workforce, with its workers contracting the COVID-19 virus at its steel plant in the Bellary district of Karnataka. However, the Guarantor responded promptly and responsibly to control the spread of the COVID-19 pandemic among the workforce and local communities by implementing comprehensive prevention and mitigation measures, leveraging existing medical infrastructure and community outreach programmers. Further, the Guarantor identified the workforce (including those who resided outside township premises) which are critical for the operation of the plant and made arrangements to accommodate all of them within the township's premises to completely restricting the movement of personnel into and out of factory premises. The Guarantor has been scrupulously following the guidelines, protocols and instructions issued by the local administration from time to time. With the phased easing of the lockdown, domestic economic activity has shown gradual improvement.

The Group's total revenue from operations decreased by 13.5 per cent. to Rs.733,264 million for the year ended March 31, 2020 from Rs.847,571 million for the year ended March 31, 2019 and the Group's net profit after tax decreased by 47.9 per cent. to Rs.39,193 million for the year ended March 31, 2020 from Rs.75,244 million for the year ended March 31, 2019. The Guarantor has also revised its total planned capex spend for the fiscal year 2021 to about Rs.90,000 million from the earlier guidance of Rs.163,400 million.

The Guarantor is however working on mitigation plans to overcome these challenges and to combat the impact of economic slowdown due to the COVID-19 pandemic by: (i) making all efforts to ramp up capacity utilization to resume near-normal run rates by the end of the first quarter of the fiscal year 2021; (ii) focus on exports to increase sales volumes, including liquidation of inventory, to offset the loss of sales volumes in the domestic market and improve cash flows as domestic demand is expected to remain subdued in the near term with a vast majority of the Guarantor's customers across the automotive, construction engineering and capital goods sector still unable to resume full operations; (iii) implementing target cost saving measures to recalibrate the cost base across all areas of operations, and leveraging on technology and digitalization to continually drive value; and (iv) conserving and broadening additional liquidity lines.

The Guarantor has also identified the following key focus areas for its operations going forward following the COVID-19 pandemic — leveraging digitalization to ensure business continuity and continue to focus on digital initiatives and use digital tools to access markets and various digital platforms to ensure it achieves consistent operational excellence, reducing its cost base, maintaining continuity of its supply chains, emphasizing sustainability and maintaining robust balance sheet and liquidity management.

Resolution plan for Vardhman Industries Limited

The Guarantor submitted its resolution plan for the acquisition of VIL under the IBC and the Guarantor's resolution plan was approved by the committee of creditors of VIL on August 10, 2018. Thereafter, the NCLT, by its ordered dated December 19, 2018 and April 19, 2019 and the NCLAT, by its orders dated December 4, 2019 and December 11, 2019, approved the VIL Resolution Plan submitted by the Guarantor. The Guarantor has successfully implemented the VIL Approved Resolution Plan as at December 31, 2019, and currently holds 100 per cent. of the equity shares and the compulsorily convertible debentures issued by VIL. VIL manufactures color coated products. VIL has its manufacturing unit at Rajpura District, Patiala in Punjab. VIL has a color coating line with a capacity to produce 100,000 tons per annum and a small service center to cater to white goods customers in North India.

Acquisition of Bhushan Power and Steel Limited

The Guarantor submitted the BPSL Resolution Plan in respect of BPSL, a company currently undergoing insolvency resolution process under the provisions of the Bankruptcy Code. The BPSL Committee of Creditors unanimously approved the BPSL Resolution Plan and the BPSL Resolution Professional issued the Letter of Intent to the Guarantor on February 11, 2019, which was duly accepted by the Guarantor. The BPSL Resolution Professional subsequently filed its application with the Delhi Bench of NCLT for approval of the BPSL Resolution Plan under section 31 of the Bankruptcy Code. Subsequently, one of the former directors of BPSL had challenged the CIRP in relation to BPSL before the High Court of Punjab and Haryana ("**P&H High Court**"). The P&H High Court had by its order dated April 18, 2019, directed the NCLT to decide the issue regarding objections raised by the former director of BPSL before passing any other order in the matter. However, the Supreme Court has stayed the order of the P&H High Court by its order dated July 3, 2019. The NCLT has, by its order dated September 5, 2019 (the "**September Order**"), approved the resolution plan for BPSL, however with certain modifications besides not granting certain reliefs sought by the Guarantor. The Guarantor had filed an appeal before the NCLAT against the September Order ("**JSW Appeal**"). While the JSW Appeal was pending, the Directorate of Enforcement ("**ED**") issued a provisional attachment order dated October 10, 2019 ("**PAO**") whereby it attached assets at BPSL's Odisha plant. The PAO was thereafter challenged by the Committee of Creditors before the Supreme Court ("**SC**") by way of a special leave petition which stayed the operation of the PAO ("**CoC's SLP**"). The NCLAT ruled in favor of the Guarantor via its judgement dated February 17, 2020 ("**NCLAT Judgement**"), where it categorically upheld the protection afforded under section 32A of the IBC and dismissed the objections of various operational creditors and the former promoters of the BPSL Resolution Plan. Against the NCLAT Judgement, the former promoters of BPSL and an operational creditor have filed appeals which are now pending for consideration before SC ("**SC Appeals**"). On March 6, 2020, the SC admitted the SC Appeals, and clubbed the same with CoC's SLP. The matter has since been pending before SC. The Guarantor has also been in talks with the Committee of Creditors on the way forward to implement the BPSL Resolution Plan. In these circumstances, the BPSL acquisition and the timing of such acquisition remains uncertain and subject to final outcome in this regard. The Group expects any acquisition of BPSL to be material.

The BPSL Resolution Plan includes an upfront payment towards BPSL's debt resolution, additional capital injection to support BPSL's operational improvements and a performance guarantee in connection with the execution of the resolution plan. While the specific details of the Guarantor's resolution plan are subject to confidentiality restrictions, the Guarantor's financial commitments in connection with the BPSL Resolution Plan are material. In addition, the Guarantor has secured additional financing in connection with financial commitments under the BPSL Resolution Plan.

Based in New Delhi, India, BPSL is a fully integrated steel making company. BPSL manufactures and markets flat and long products and owns plants at Chandigarh, Kolkata and Odisha in India. These plants manufacture products covering entire steel value chain, from manufacturing pig iron, sponge iron, billets, hot rolled coils, cold rolled coils, galvanized sheets, precision tubes, black pipe, cable tapes, carbon and special alloy steel wire rods and rounds conforming to IS and international standards. BPSL serves agriculture and irrigation, fire-fighting/HVAC, construction, gas/oil pipe lines, cement/sugar/paper, automobiles, white goods, bicycles, steel/power projects, and general engineering industries.

The Group is currently in advanced negotiations with various investors to invest in a special purpose vehicle that is intended to hold BPSL's business. The proposed arrangement is expected to result in a joint control over BPSL's business and accordingly the Group will need to consolidate its proportionate share in profits or losses and net assets of BPSL's business as a single line item following equity method as per the IND-AS 111 'Joint Arrangements' and will not require consolidation of assets and liabilities of BPSL on a line by line basis. While the Group continues to maintain joint control over BPSL, its exposure to the debt of BPSL would be significantly reduced. However, there can be no assurance that the Group will be able to find a required partner or to successfully complete a proposed reorganization of the capital structure subsequent to the completion of the acquisition.

Please see "*Risk Factors — Risks Relating to the Group — The Group has undertaken, and may undertake in the future, strategic acquisitions, which may be difficult to integrate, and may end up being unsuccessful. There can be no assurance that such acquisitions will be successful or will result in a positive outcome or be profitable for the Group*." and "*Risk Factors — Risks Relating to the Group — The Group's acquisition of Bhushan Power and Steel Limited ("BPSL") is expected to subject the Group to various risks*." for further information on risks associated with the Group's acquisition of BPSL.

Acquisition of Asian Colour Coated Ispat Limited

JSW Coated had submitted a resolution plan for Asian Colour Coated Ispat Limited ("**ACCIL**" and the resolution plan, the "**ACCIL Resolution Plan**"), a company undergoing insolvency resolution process under the provisions of the IBC. The committee of creditors of ACCIL has approved the ACCIL Resolution Plan an issued a letter of intent ("**ACCIL LOI**") dated July 6, 2019 to JSW Coated. The closure of the transaction is subject to obtaining the necessary approval from the NCLT bench at New Delhi. The Resolution Professional of ACCIL has filed the ACCIL Resolution Plan before the NCLT for its approval and the same is pending before the NCLT. ACCIL manufactures downstream steel products and has two manufacturing units located at Bawal, Haryana and Khopoli, Maharashtra.

Issuance of non-convertible debentures

The shareholders had, at the annual general meeting held on July 25, 2019, and the Board of Directors had, at its meeting held on July 26, 2019, approved the issuance of secured/unsecured redeemable non-convertible debentures ("**NCDs**") aggregating to up to Rs.100 billion (in one or more tranches) on a private placement basis and/or by way of a public issue, on such terms as may be decided by the Board of Directors. The shareholder's resolution had a validity of one year from the date of the annual general meeting. The Board of Directors had authorized the finance committee to finalize the terms of such issue. Pursuant to the aforesaid approvals, the finance committee of the Board of Directors, at its meeting held on June 5, 2020, approved the issue of 10,000 8.50 per cent. rated, listed, unsecured redeemable NCDs on a private placement basis at par to the investor identified by the finance committee at its meeting held on June 4, 2020.

Subsequently, the Board of Directors, at its meeting held on July 24, 2020, approved the raising of long-term funds subject to applicable regulatory approvals and market conditions, through the issuance of secured or unsecured, redeemable, non-convertible debentures not exceeding Rs.100,000 million, by way of private placement and/or public issuance, in one or more tranches, in the domestic market, to be used, inter alia, to replace short maturity loans, meet long-term working capital requirements, capital expenditure or reimbursement of capital expenditure already incurred, and/or for general corporate purposes.

Issuance of equity/equity linked instruments

The board of directors at their meeting held on May 22, 2020 and the shareholders at the annual general meeting held on July 23, 2020, have approved the issuance (in one or more tranches) of the following to qualified institutional buyers (as defined under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018):

(i) non-convertible debentures with attached warrants exchangeable/convertible into equity of the Guarantor, for an amount of up to Rs.70,000 million, inclusive of such premium as may be approved; and/or

(ii) equity shares and/or fully convertible debentures/partly convertible debentures/optionally convertible debentures or any other convertible securities (other than warrants) for an amount of up to Rs.70,000 million, inclusive of such premium as may be approved.

Issuance of FCCB/GDR/ADR

The Board of directors at their meeting held on May 22, 2020 and the shareholders at the Annual General Meeting held on July 23, 2020, approved the raising of long-term resources through the issuance of foreign currency convertible bonds, global depository receipts, American depository receipts, warrants and/or other instruments convertible into equity shares optionally or otherwise for an aggregate sum of up to U.S.$1 billion or its equivalent in any other currency(ies), inclusive of premium, in the course of an international offering, in one or more foreign market(s), to all eligible investors.

Issuance of bonds in international markets

Further, the Board at its meeting held on May 22, 2020 has also authorized the issue of non-convertible unsecured fixed rate senior notes in the international bond market for an aggregate of U.S.$1 billion denominated in foreign currency or Indian rupees in one or more tranches. The notes may be issued directly by the Guarantor or through its overseas subsidiaries backed by a corporate guarantee of the Guarantor. If the notes are issued by the Guarantor, the proceeds from such issue can be used for the Group's capital expenditure or for any other use permitted under the ECB Guidelines. If the notes are issued by one of the Guarantor's overseas subsidiaries, the proceeds from such issue are to be utilized for repayment of the Guarantor's loans, for the Group's capital expenditure or for the Group's general corporate purposes.

Dividends

The Board of the Guarantor had recommended a dividend of Rs.2.00 per equity share for the year ended March 31, 2020. This was approved by the members at the Guarantor's annual general meeting held on July 23, 2020 and has since been paid.

Revised credit rating and outlooks

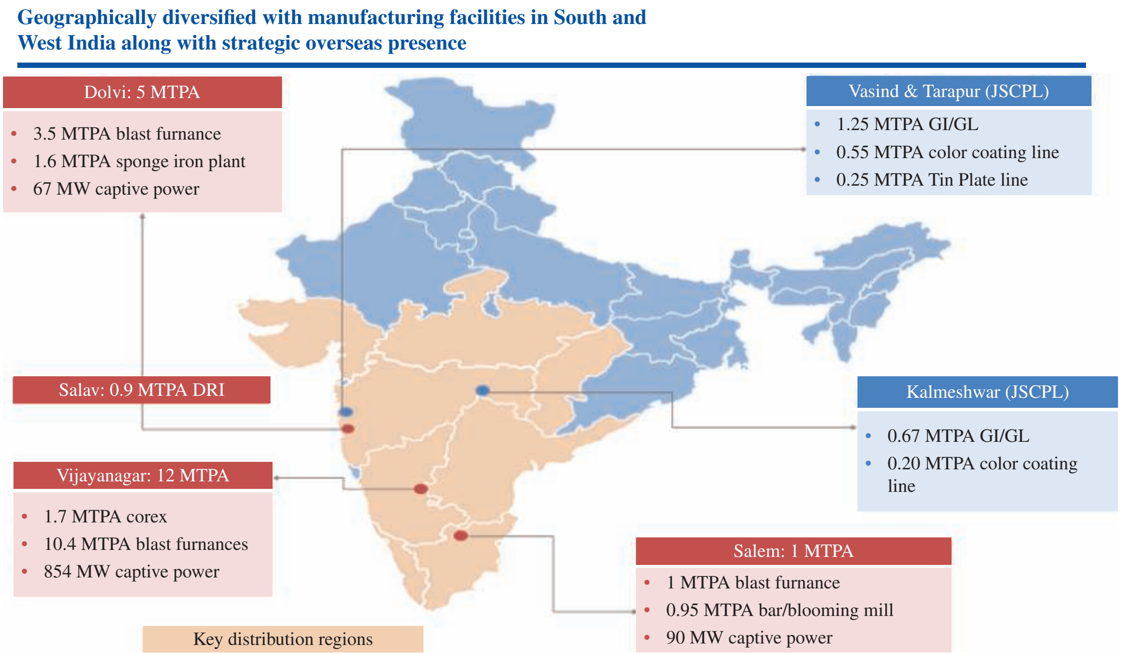
On March 5, 2020, Moody's re-affirmed the Guarantor's corporate family rating and senior unsecured rating at "Ba2", respectively, but revised the outlook from positive to stable. On July 9, 2020 Moody's re-affirmed these ratings at "Ba2" but further revised the outlook from stable to negative. On May 22, 2020, Fitch revised the Guarantor's long-term issuer default ratings and senior unsecured ratings to "BB-" from "BB" with a negative outlook, respectively, due to the expected decline in steel demand in India for the fiscal year ending March 31, 2020.

Production volumes

For the three months ended June 30, 2020 and the months of July 2020 and August 2020, the crude steel production of the Guarantor (standalone) was 2.96 mt, 1.246 mt and 1.317 mt, respectively. For the respective period, the capacity utilization has improved from 66 per cent., to 83 per cent. and further to 88 per cent.

Facilities

The following map shows the locations of the Group's key operating facilities in India:



Vijayanagar Works

Vijayanagar Works is an integrated steel plant with 12 mtpa capacity. It is the Group's flagship plant and uses the Corex process, the first in India to do so as well as the conventional blast furnace route to achieve efficiency in conversion cost. Vijayanagar Works houses India's largest auto-grade steel facility with a capacity of 2.3 mtpa. It is also the only steel plant in India with pair cross technology and a twin-stand reversible cold rolling mill.

Raw material processing	• Beneficiation — 3,500 tph
	• Pellet plant — 9.2 mtpa
	• Sinter plant — 12.95 mtpa
	• Coke oven plant — 3.4 mtpa
Iron and steel making	• Corex — 1.7 mtpa
	• Blast furnace — 10.4 mtpa
	• Slab caster — 9.0 mtpa
	• Billet caster — 3.0 mtpa
Rolling and value addition.	• Hot strip mill — 8.2 mtpa
	• Cold rolling mill — 3.13 mtpa
	• Wire rod — 0.6 mtpa
	• Rebar mill — 2.2 mtpa

Vijayanagar Works has captive power generation capacity of 854 MW capacity. It is well connected to the Goa and Chennai ports to facilitate the import of raw materials and export of finished products. It also has a lime calcination plant hosting eight kilns, each with 300 tpd capacity, and three kilns, each with 600 tpd capacity. The Guarantor has recently set up a pipe conveyor system with a 20 mtpa capacity (phase 1 with 10 mtpa capacity is operational). This is an environment friendly system and will reduce transportation costs of iron ore. In addition, Vijayanagar Works has tie-ups for utilities with Bellary Oxygen Company Private Limited and wholly owned subsidiary JSW Industrial Gases Private Limited (previously known as JSW Praxair Oxygen Company Private Limited) and Praxair India Pvt. Ltd.

Expansion and Development Projects

The following are the Group's key planned projects:

- the 8 mtpa pellet plant and the wire rod mill ("**WRM2**") at Vijayanagar are expected to be commissioned in fiscal year 2021;
- revamp and upgrade of BF-3 at Vijayanagar from 3 mtpa to 4.5 mtpa, along with associated auxiliary units;
- capacity expansion of the CRM-1 complex at Vijayanagar from 0.85 mtpa to 1.8 mtpa — this is expected to be commissioned progressively in the second half of the fiscal year 2021;
- set up 0.3 mtpa colour coated line at CRM-1 by the second half of the fiscal year 2021;

- set up of a pipe conveyor system with a capacity of 20 mtpa (phase 1 with 10 mtpa capacity is operational). This solution will be environment friendly and reduce transportation costs of iron ore;
- set up 1.5 mtpa coke oven with expected commissioning in the second half of the fiscal year 2022;
- enhance capacity of steel melt shop; and
- augment existing hot strip mill and wire rod mill to support enhanced BF-3.

Salem Works

Strategically located near Chennai, Salem Works has a steel production capacity of 1 mtpa. The unit is India's leading producer of alloy steel in the long products category, with major products including special grade steel used in gears, crank shafts and bearings for the automotive sector. Its products have received approvals from major Indian automotive original equipment manufacturers.

Raw material processing	• Sinter plant — 1.26 mtpa
	• Coke oven plant — 0.51 mtpa
Iron and steel making	• Blast furnace — 1.0 mtpa
	• Billet/Blooms caster — 1.0 mtpa
Rolling and value addition.	• Bar rod/Blooming mill — 0.95 mtpa

Salem Works has a 90 MW captive power plant. It is well connected to the Chennai port. In addition, it has a captive oxygen gas plant.

Dolvi Works

Located on the western coast of India, Dolvi Works has a steel production capacity of 5.0 mtpa. The unit caters to customers in the automotive, industrial and consumer durables sectors. Dolvi Works is the first plant in India to adopt a combination of Conarc technology for steelmaking and compact strip production for producing hot rolled coils, providing the unit with flexibility to use a combination of solid charge and liquid hot metal.

Raw material processing	• Sinter plant — 5.3 mtpa
Iron and steel making	• Blast furnace — 3.5 mtpa
	• Sponge iron plant — 1.6 mtpa
	• Twin Shell Conarc — 5.0 mtpa
Rolling and value addition.	• Hot strip mill — 3.5 mtpa
	• Billet Caster — 1.5 mtpa
	• Bar rod mill — 1.4 mtpa

Dolvi Works has a 67 MW captive power plant and also has a long-term power purchase agreement with JSW Energy Limited, a Group company. It has a captive jetty as well as railway siding which connects the unit directly with India's railway network. Dolvi Works also has a lime calcination plants aggregating 1200 tpd capacity. In addition, Dolvi Works has a long-term agreement with JSW Techno Projects Management Limited ("**JTPML**"), a Group company, for supply of industrial gases.

Expansion and Development Projects

The steelmaking capacity at Dolvi Works is being increased from existing 5.0 mtpa to 10.0 mtpa. The major facilities being set up for the 10.0 mtpa stage are:

- 4.5 mtpa Blast furnace with 5.0 mtpa Steel Melt Shop;
- 5.0 mtpa Hot Strip Mill; and
- 1.5 mtpa coke making capacity — Phase 1 with 1.5 mtpa is operational. Further expansion to 3.0 mtpa has also been initiated along with a dry quenching unit.

In addition, two captive power plants with combined generation capacity of 235MW is being established at Dolvi Works.

Due to the impacts of the COVID-19 pandemic, the expansion of Dolvi Works' steelmaking capacity is likely to be delayed into the second half of the fiscal year 2021.

Vasind Works, Tarapur Works and Kalmeshwar Works

JSW Steel Coated Products Limited, a wholly owned subsidiary of the Group, includes the manufacturing facilities of Vasind Works, Tarapur Works and Kalmeshwar Works, all in the state of Maharashtra. It is focused on manufacturing JSW branded value-added steel products and has the largest coated products production facilities in India. Its galvanized products are market leaders both domestically and abroad. Vasind Works was the first facility in India to commission a color coating line to cater to the fast growing appliance industry. Tarapur Works specializes in manufacturing ultra-thin coated products. Meanwhile, Kalmeshwar Works has a state-of-the-art hot rolled galvanizing line to cater to the pre-engineered building industry.

Processing	• Cold rolling mill — 1.76 mtpa
	• Galvanizing/galvalume — 1.92 mtpa
	• Color coating line — 0.75 mtpa
	• Tin plate line — 0.25 mtpa

With respect to raw materials, JSW Steel Coated Products Limited obtains its hot rolling coils from the Group. Zinc, aluminum and silicon are either procured locally or imported from abroad. Paint is procured from leading paint producers in India. Further, the Group is expanding its tin plate capacity by 0.25 mtpa at its Tarapur Works to cater to the increasing demand for tinplate.

Expansion and Development Projects

Modernization and capacity enhancement of downstream facilities. The modernization cum capacity enhancement projects recently announced includes:

- setting up of a new 0.5 mtpa continuous annealing line at Vasind;
- installation of a new 0.25 mtpa colour coated line at Rajpura (Punjab);
- modernizing and enhancing capacity at Vasind & Tarapur by setting up PLTCM, resulting in an increase in the GI/GL capacity by 1.08 mtpa and colour coating capacity by 0.28 mtpa by the second half of the fiscal year 2021;

- installation of the second tin plate line with additional capacity of 0.25 mtpa at Tarapur; and
- enhancing capacity of pre-painted Galvalume Line (PPGL) at Kalmeshwar by 0.22 mtpa by the second half of the fiscal year 2021.

Certain projects comprising the continuous annealing line at Vasind, additional tin plate line of 0.25 MTPA at Tarapur and colour coated line at Rajpura, which are part of the Company's plan to enhance its product-mix, have been put on hold for recalibration of the total capital outlay.

Baytown, Texas, U.S.A.

JSW Steel (USA) Inc.'s plate and pipe mill facility is located in Baytown, Texas, 30 miles east of Houston, on a 650 acre complex. The facility was acquired by the Group in November 2007.

Processing	• Plate mill — 1.2 mntpa
	• Pipe mill — 0.55 mntpa

JSW Steel (USA) Inc. is implementing a project for the modernizing of its plate manufacturing facility. The project initially included a modernization of the existing plate mill in two phases, and the setting-up of an electric arc furnace and a slab caster in the third phase for backward integration. The first phase is nearing completion with the cold commissioning completed and the hot commissioning is in progress. The second phase of the modernization of the plate mill and the backward integration have been presently put on hold.

Ohio, U.S.A.

In June 2018, the Guarantor acquired a steel making facility in Ohio, U.S.A. This facility includes a 1.5 mntpa fully integrated steel facility comprising 1.5 mntpa EAF, 35 mva LMF, 2.80 mntpa slab caster and a 3.0 mntpa HSM. The facility is expected to provide access to the North American steel market. JSW Steel USA Ohio Inc. commenced operations by restarting the existing electric arc furnace ("**EAF**") after a revamp was completed in December 2018. A planned capital expenditure of U.S.$25 million is currently being incurred to upgrade the EAF to increase capacity utilization.

Facilities under development

The Group had announced a few greenfield projects in the states of West Bengal, Jharkhand and Odisha. The Group is not certain when they will become fully operational. See "*Risk Factors — Risks Relating to the Group — The Group may not be able to successfully implement, sustain or manage its organic growth strategy*".

JSW Bengal Steel Limited ("JSW Bengal Steel")

As a part of the Group's overall growth strategy, the Group had planned to set up a 10 mtpa capacity steel plant in phases through its subsidiary JSW Bengal Steel. However, due to uncertainties in the availability of key raw materials such as iron ore and coal after the cancelation of the allotted coal blocks, the implementation of the said project is currently put on hold.

JSW Jharkhand Steel Limited

JSW Jharkhand Steel Limited was incorporated in relation to the setting up of a 10 million tons steel plant in Jharkhand. The Group is procuring the various approvals and clearances for the project.

JSW Utkal Steel Limited

JSW Utkal Steel Limited was formed for setting up an integrated steel plant of 12 mtpa steel capacity and a 900 mw captive power plant in Odisha. The Group is in the process of obtaining necessary approvals and licenses for the project.

Products

Steel products can be broadly classified into two basic types according to their shape: flat products and long products. The following table lists the various products of the Group, as well as their principal uses/markets:

Class of Products	Principal End Usage/Market Segments
MS Slabs	Hot Rolled Coils
Hot Rolled Coils/Sheets/Plates.	Cold Rolling & Galvanizing Drawing & Press Forming Electrical Stampings & Forming Welded Tubes & Pipes Line Pipes Structural & General Engineering High Tensile Structural Applications Chequered Sheets & Plates for Structural Use HSLA Grade for Automobile LPG Cylinders Boiler Tubes & Pressure Vessels Medium Carbon Steel Corrosion Resistant Steel
Cold Rolled Coils/Sheets.	Automobile White goods Cold rolled formed sections Drums & Barrels Furniture
Cold Rolled Electrical Steel.	DG Set Alternators FHP Motors Fans Pump Motors Generators Auto Electricals and Small Transformers Hermetically Sealed Compressors Industrial Motors
Galvanized Product	**Structural Grades** Roofing & Cladding Ducting **Commercial, Forming and Drawing Grades** Boxes Coolers Furniture Heat Plates Solar Heating Panels Electrical and Light Fittings Agricultural Equipment Sandwich panels Automotive
Galvalume Products	**Structural Grades** Roofing & Cladding Ducting **Commercial, Forming and Drawing Grades** Boxes Coolers Furniture Heat Plates Solar Heating Panels Electrical and Light Fittings Agricultural Equipment Sandwich panels Automotive

Class of Products	Principal End Usage/Market Segments
Color Coated Product	Roofing & Cladding Consumer Goods Furniture Electrical and Light Fittings Agricultural Equipment Sandwich panels
Tin Plate	Containers of beverages, foodstuffs, oil, grease, paints etc.
Steel Billets and Bloom	Automobile
Long Rolled Products	General engineering Infrastructure & Construction Housing & Real Estate Cold drawing Cold forming Spring applications Welding Wire Ropes Tools Heat Treatment Machining Bearings

At present, the Group's Indian operations have an installed crude steel production capacity of approximately 18 mtpa, which comprises 12.5 mtpa (approximately 70 per cent. of the capacity) of flat products and 5.5 mtpa (approximately 30 per cent. of the capacity) of long products.

Sales and Marketing

The Group's diversified product range is supported by a widespread sales and distribution network throughout India. The Group distributes its products in the domestic market by selling directly to customers, wholesale traders and stock points. In the export markets, the Group uses a combination of direct sales to customers and sales to international trading houses. Some of the Group's key marketing initiatives in India include widening its product mix, substituting steel imports in India, focusing on retail and expanding its domestic reach in rural and semi-urban areas.

The Group has extended its marketing reach on a pan-India basis by adding to its existing dealer-base, expanding the number of JSW Shoppe outlets and entering new locations. While the JSW Shoppe outlets are primarily focused on urban and semi-urban areas, the Group has also launched JSW Explore outlets that cater to metro and urban areas. The Group has also conceptualized JSW Shoppe Connect outlets to cater to semi-urban and rural areas. Through JSW Shoppe, JSW Explore and JSW Shoppe Connect, the Group expects to effectively cater to all segments of the retail steel market in India. These JSW-branded outlets provide direct customer interaction and showcase the Group's products. The Group intends to continue expanding its domestic presence through the JSW Shoppe distribution channel. Each category of its retail outlets has been designed with specific delivery and service objectives as explained below, to increase customer focus and market presence:

JSW Explore

- *Target areas*: Metro and urban areas
- *Key features*: Just-in-time service solutions for customers with in-house profiling lines and value-added services; franchisee model
- *Service focus*: Multiple product service center for steel solutions

JSW Shoppe

- *Target areas*: Urban and semi-urban areas
- *Key features*: Retail steel distribution
- *Service focus*: Steel distribution, with emphasis on enhanced customer experience

JSW Shoppe Connect

- *Target areas*: Semi-urban and rural areas
- *Key features*: Small retail format; linked to JSW Explore and JSW Shoppe
- *Service focus*: Focus on sales to end customers and medium and small enterprises, with a focus on rural areas

The Group has adopted the following service focused initiatives to maintain and improve its customer relationships and sales revenue:

- consistent product quality and timely deliveries enabling a long-term business relationship with customers, both in the domestic and international markets;
- positioning itself as a leading domestic supplier of flat and long steel products and a leading strategic exporter of coated products;
- leveraging its plants' geographical advantages to increase market share strategically in the Southern and Western regions of India; and
- appointing dedicated application engineers at key locations to help service client requirements and redress queries with speed.

Promotional Activities

To popularize steel consumption in India, the Group organizes training programs across the country. The Group's promotional activities also include interaction with retailers and meetings with distributors across the country recognizing high performers. The Group has focused on enhancing its domestic retail presence and undertook a number of marketing and branding initiatives.

Sales and marketing offices

The Group currently has sales and marketing offices in major cities in India, including Ahmedabad, Bangalore, Chennai, Hyderabad, Mumbai, New Delhi, Indore, Faridabad, Ludhiana, Jaipur, Kolkata, Pune, Guwahati, Patna, Coimbatore, Noida, Kanpur, Kochi, Nagpur and Rudrapur. The Group's sales and marketing offices are responsible for:

- exploring regional market potential in India and providing feedback to the head office in Mumbai for future business planning;
- translating potential customer demand into sales for the Group;
- co-ordinating production schedules to ensure timely sales order execution;
- ensuring timely receipt of payments from customers; and
- customer visits to provide after sales service.

Material Procurement

Material movement, both inbound and outbound, is critical for ensuring the timely receipt and delivery of raw materials and finished products. The majority of materials are transported by rail. Raw material inputs, such as iron ore, coal, limestone and dolomite, are primarily moved in rakes. The Group has a robust logistics management infrastructure in place to manage large volumes.

Raw material sourcing

Over the past few years, the Group has instituted a strategy of diversifying its raw material sources. As a result, the Group believes it can strike the right balance between sourcing key raw materials and optimizing input blend and cost.

With the pricing mechanism in world coking coal markets shifting from annual to quarterly to monthly to index, the Group has had to alter its buying pattern ratio of periodic and spot material to remain competitive. The Group now analyses market dynamics to maximize cost benefits without compromising on technical specifications. Similar developments have been witnessed in sourcing thermal coal and other products. For example, new sources of thermal coal reduced single source dependency and unit cost of power generation.

Coal blend stabilization is achieved by rationalizing carbon bearing material and improving input quality in coke ovens. This leads to a reduction in the cost of production and decreases the overall consumption of coking coal. With the introduction of new sources of imported raw material, strategic sourcing has achieved goals such as uninterrupted production, controlled inventory levels, diversified risks, reduced costs and enhanced bargaining strength.

Iron ore procurement remains a key area of focus. Given the Group's upcoming capacity expansions, its requirement for iron ore is expected to grow. To this end, it developed sources in Odisha, establishing reliable infrastructure and iron ore sources for Dolvi Works and Salem Works. To address uncertainties in iron ore supply, the Group has relied on in-house beneficiation technology to transform low grade iron ore into higher grade usable inputs. In addition, the Group has also adopted a strategy of ensuring raw material supply security from various regions. The Group successfully bid for six iron ore mines in Karnataka at auctions conducted in October 2016 and October 2018, reducing the Group's dependence on third parties and providing a continuous supply of key raw materials required at appropriate quality and blend. The mines have begun operations during the fiscal year 2020. The aggregate iron ore from the six iron ore mines was 4.1 mtpa in the fiscal year 2020. The Guarantor was also declared as a "preferred bidder" for seven additional iron ore mines in the auctions held by the Governments of Karnataka and Odisha in the fiscal year 2020, with estimated resources of approximately 1.20 billion tons. Three of these additional mines are located in the State of Karnataka while the other four are located in the State of Odisha. The Guarantor has signed the Mine Development and Production Agreement and the Lease Agreements for these mines. In respect of the four mines located in the State of Odisha, the Guarantor's operations commenced from July 1, 2020. The groundwork for commencement of operations in the three mines located in Karnataka is in progress. The captive iron ore mines of the Group contributed approximately 4 per cent. and approximately 15 per cent. of the total iron ore requirement in fiscal years 2019 and 2020 respectively. The Group further expects to procure up to approximately 50 per cent. to 60 per cent. of the total iron ore requirement from captive sources in fiscal year 2021.

The Group incurs significant logistic costs to source the bulk raw materials. The Group has taken various initiatives across plants to optimize logistic costs. In 2016, the Group won the "National Award for Supply Chain and Logistics Excellence" under the steel industry category by the Confederation of Indian Industry.

Energy Management

Energy management plays an important role towards the successful functioning of plant operations for the Group. The Group's energy management procedures involve utilizing heat generated in its operations and processing gases to minimize fossil fuel consumption. Considering the volatility in fuel costs, the Group has introduced a comprehensive energy management program, encompassing strategies for steam, fuel, special gases and heat.

The Bureau of Energy Efficiency in India awarded the second prize in the National Energy Conservation Award 2016 to the Group's Vijayanagar Works in the Integrated Steel Sector and Kalmeshwar in the Steel Re-Rolling Mills Sector. Confederation of Indian Industry in National Award for Excellence in Energy

Management 2017 awarded the Group's Vijayanagar Works in the Integrated Steel Sector and Tarapur Works as an Excellent Energy Efficient Unit.

Quality Control

The Group's quality assurance procedures focus on process controls as well as periodic inspections. The Group's quality assurance procedures have been designed to ensure that teams of qualified personnel monitor the various stages of the production process. These procedures include monitoring the quality of raw materials and quality control checking at each stage of the production process to ensure that finished steel products meet customer requirements.

The Group's manufacturing locations are also equipped with modern laboratory equipment to allow for regular analysis of samples from the production plants to check product composition and ensure product specifications. As a result of the Group's quality assurance monitoring, the Group is able to maintain a low level of non-conforming products and has been able to make continuous improvements in product quality. Each of Vijayanagar Works, Vasind and Tarapur Works and Salem Works has been granted ISO certification. In November 2018, Vijayanagar Works of the Guarantor was awarded the Deming Prize, which is considered globally as the highest award for quality of management. It recognizes contributions to the field of total quality management and businesses that have successfully implemented total quality management.

Project Construction

The Group engages third-party contractors to provide various services, such as construction, building and plant and property fitting-out work and other ancillary services. Contractors are selected by way of a negotiated tender process, in which due consideration is given to previous track record, demonstrated expertise, pricing and completion schedules.

The construction contracts have various warranties from the construction companies regarding quality and timely completion of the construction. The contracts require the construction companies to comply with Indian laws and regulations on the quality of construction products as well as the standards and specifications stipulated in each contract. The contractors are also subject to the Group's quality control procedures, including examination of materials and supplies, on-site inspection and production of progress reports.

Contractors' fees are paid in installments according to construction progress. In the event of delay in construction or unsatisfactory quality of workmanship, the Group has the right under the contracts to withhold payments to contractors or require contractors to pay a penalty or provide for other remedies to recover losses.

The Group has not had any major disputes with any of its construction contractors in the past.

Research Development and Innovation

Research and development activities at the Group are focused mainly on process improvements, development of new processes and products, energy optimization, waste utilization and conservation of natural resources. Initiatives towards plant process improvements include beneficiation of iron ores and banded hematite quartz as well as agglomeration. The Group also developed new processes, such as mill scale briquetting and micro-pelletization, for recycling process wastes, including coal fines, mill scale and other iron bearing material. To enhance waste utilization, solutions for using granulated slag in road and building construction were also developed. During 2015, the Group's research and development team initiated the promotion of industry-academic partnership through collaborative projects with leading academic and research institutes in India such as CSIR-NML Jamshedpur, IIT Bombay, IIT Madras, IIT Kharagpur, IISc Bangalore, NIT Surathkal, NCCBM Ballabhgarh, CSIR-IMMT Bhubaneswar and BITS

Pilani. In addition, the Group initiated an international collaborative research program with BASF, Germany to develop special purpose reagents for iron ore beneficiation.

Intellectual Property

The "JSW" brand is owned by JSW Investments Private Limited ("**JSWIPL**"). The Group had entered into licensing agreements with JSWIPL for the use of the "JSW" brand in consideration for a brand royalty fee.

The table below shows the Group's patents and copyrights by location as at June 30, 2020:

Location	No. of Patents	No. of Copyrights
Vijayanagar	140	59
Salem	12	—
Dolvi	38	—
Total	190	59

Sustainability

The Group is committed to its environmental, social and governance ("**ESG**") goals to create sustainable long-term value for all its stakeholders. With sustainability at the core of the Group's corporate strategy, the Group strives to be a force for good, driven by responsible business conduct that enhances the lives of communities and nurtures the environment.

It is the Group's sustainability vision that it is able, both now and in the future, to demonstrably contribute in a socially, ethically and environmentally-responsible way to the development of a society where the needs of all are met, and to do so in a manner that does not compromise the ability of those that come after to meet the needs of their own, future generations.

The Group's vision is supported with a sustainability framework based on 17 focus areas across the ESG facets. These have been identified after studying the magnitude of impact and the level of contribution the Group makes to each one of them. All the Group's sustainability interventions broadly fall under these focus areas and each one of them is underlined with an official policy from the Guarantor. The policies have been formulated following detailed examination of globally and nationally relevant guidelines and frameworks that can apply to the Group's operations. This ensures that the Group stay updated with the needs of a dynamic world and are aligned to making it a better place for the wider community.

The Group's approach towards achieving environmental excellence is based on maximizing the positive impacts while minimizing the negative effects that its operations have on the environment. The Group is committed in its efforts to reduce its carbon footprint and formulated the Climate Action Group to carry out climate change related interventions. The Guarantor is a member of Climate Action by the WSA. The Group is in the process of implementing plans to increase usage of renewable energy in its operations. The Group's research and development team is working on initiatives to reduce the metallurgical coal usage in its blast furnaces and also on new steel products for an improved world. Innovative technologies have been implemented to recover iron from the waste slime generated, thereby reducing consumption of iron ore. Minimization of waste generation and responsible disposal of generated waste are the basic requirements for all sites. The Group's approach to the circular economy has set new industry benchmarks with slags being converted as raw material for cement manufacturing, sand making, and road building. With such initiatives and novel applications of waste material, the Group constantly challenge itself to achieve better circularity in its operations. The JSW Group initiated the single-use plastic ban across all its manufacturing locations in 2019 with a vision to reduce its plastic footprint. The Group carries out periodic monitoring of stacks and, through various innovative technologies, ensures that the dust, SOX & NOX emissions remain well within permissible limits. The Guarantor's endeavor is to minimize freshwater consumption by increasing efficiency of the operations while maximizing the use of treated wastewater. The Guarantor has successfully achieved Zero Liquid Discharge at all its major manufacturing locations. To enhance iron ore transportation from the mines to the Vijaynagar plant, the Guarantor has installed a downhill pipe conveyor, which has significantly reduced the dust, avoided carbon emissions and reduce local nuisances that may affect community life around the sites.

Preservation of biodiversity is also an important objective of the Group. The Guarantor has adopted the biodiversity policy to achieve 'no net' biodiversity loss due to its operations. The Guarantor has various initiatives where it engages with the local population and government bodies to preserve biodiversity in its operations, especially in the eco-sensitive areas. The Guarantor was among the first to sign up and commit to the Indian Business and Biodiversity Initiative (IBBI), a pioneering effort by the Confederation of Indian Industry (CII) in partnership with India's Ministry of Environment, Forest & Climate Change. The Guarantor also actively works with organizations like IUCN and BNHS to drive initiatives for biodiversity preservation.

The following are some highlights of the Guarantor's achievements in its sustainability efforts:

- Freshwater consumption in fiscal year 2020: 4.11 kl/t of crude steel;
- Raw material consumption in fiscal year 2020: 2.76 t/t of crude steel;
- Total water recycled and reused in fiscal year 2020: 16.313 million kl;
- Recycled input material for fiscal year 2020: 5.01 million tons;
- Direct greenhouse gas (CO2) emissions from fiscal year:
    - 2017-18: 41.53 million tons;
    - 2018-19: 41.93 million tons;
    - 2019-2020: 40.05 million tons;
- Indirect greenhouse gas (CO2) emissions from fiscal year:
    - 2017-18: 0.63 million tons;
    - 2018-19: 3.91 million tons;
    - 2019-2020: 0.48 million tons;
- Specific energy consumption (million GJ/t of crude steel) from fiscal year:
    - 2017-18: 27.57;
    - 2018-19: 26.14; and
    - 2019-2020: 27.47.

The Guarantor has also been recognized for its excellence in sustainability and environment management at various prestigious platforms such as the following:

- S&P Platts Global Metal Award in the CSR category (2020);
- Sustainability Champion for 2019 by the WSA (for second year in a row);
- CDP recognized the Guarantor at 'B' — management level and ranked number 1 in transparency (2019);

- Deming Prize for Total Quality Management at Vijayanagar (2018) and Salem (2019);
- DJSI RobecoSAM Sustainability Industry Mover Award (2018);
- Dolvi has been awarded the 18th Annual Greentech Environment Award in Gold Category in Metal & Mining Sector (2018);
- Golden Peacock Innovative Product Award (2016);
- "National Award for Supply Chain and Logistics Excellence" under the steel industry category by the Confederation of Indian Industry (2016); and
- "Industry leadership Award" in the steel sector at Platts Global Metals Awards (2015).

The Guarantor is the only Indian company ranked among the top 10 steel-producers in the world by the WSD for the last ten consecutive years. All the production units are certified to ISO 9001, ISO 14001 and BS OHSAS 18001. Vijayanagar Works is also certified to SA 8000. The Guarantor is also a life member of the UN Global Compact (Global Compact Society of India).

Mining Operations

The Group has mining assets in the United States, Mozambique and India.

United States

In May 2010, JSW Steel Holdings (USA) Inc. acquired a 100.0 per cent. equity interest in Periama Holdings, LLC ("**Periama**"), a West Virginia registered limited liability company, along with permits for coal mining. Periama through its subsidiary Caretta Minerals LLC also owns, permits for impoundment and a 500 tph coal handling and preparation plant and load out facility. On March 16, 2017, Periama was merged with JSW Steel Holdings (USA) Inc. to form the Issuer and the new business combination, which is also called Periama Holdings LLC, now operates as a Delaware entity.

Chile

The Group and Compañía Minera Santa Fe had formed a joint venture company, Santa Fe Mining ("**SFM**"), in Chile to develop iron ore deposits in the Atacama region of Chile. The Group holds a 70.0 per cent. equity interest in SFM.

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

These mines are currently under care and maintenance shut down and in view of the prevailing market conditions, the entire amount of investment made by the Group has been fully provided for in the books of accounts.

Mozambique

In Mozambique, JSW Mozambique, has completed exploration activities in the Mutarara district of the Tete province and has applied for a mining license. JSW ADMS Carvo, an indirect subsidiary of the Guarantor, has a coal mining exploration license in the Zumbo district of the Tete province. JSW ADMS Carvo is in the process of obtaining environmental approvals from the relevant authorities.

India

In the auction conducted by the Government in April 2015, the Group won the Moitra coking coal block, located in Jharkhand state. Moitra coking coal block has coking grade coal and is in advanced stage of development. It is an opencast mine.

The Group successfully bid for six iron ore mines in Karnataka at auctions conducted in October 2016 and October 2018. The mines have begun operations during the fiscal year 2020. The aggregate iron ore from the six iron ore mines was 4.1 mtpa in the fiscal year 2020. The Guarantor was also declared as a "preferred bidder" for seven additional iron ore mines in the auctions held by the Governments of Karnataka and Odisha in the fiscal year 2020, with estimated resources of approximately 1.20 billion tons. Three of these additional mines are located in the State of Karnataka while the other four are located in the State of Odisha. The Guarantor has signed the Mine Development and Production Agreement and the Lease Agreements for these mines. In respect of the four mines located in the State of Odisha, the Guarantor's operations commenced from July 1, 2020. The groundwork for commencement of operations in the three mines located in Karnataka is in progress.

Restructuring

The Guarantor has made investments in iron ore mines, coal mines and plate and pipe mill assets in the U.S., Chile and other overseas jurisdictions since 2007 through its subsidiary, JSW Steel Netherlands B.V. ("**Netherlands Co**"). The Guarantor has further infused funds for the operational requirements, interest servicing and repayment obligations of its subsidiaries from time to time in the form of equity or preference capital or debt, either directly or through Netherlands Co.

As part of the Guarantor's overall efforts to restructure and consolidate its global operations and holding structure, including the operations in the U.S., and Chile, in line with the current market dynamics, the Guarantor implemented a reorganization plan which broadly entailed a capital reduction at the Netherlands Co level and liquidation of JSW Steel Holdings (USA) Inc. and transfer of the residual assets and liabilities to another wholly owned subsidiary company, Periama Holding, LLC in the U.S. since FY 2017.

The above restructuring and consolidation exercise did not entail any sale of the Guarantor's overseas investments and the Guarantor continues to have the same economic interests in the Netherlands Co. and in its operations in U.S. and Latin America.

Competition

The market for steel is very competitive with high levels of international trade. Despite the consolidation that has taken place in the steel industry in recent years, levels of global industry concentration still remain well below those of other metals and mining sectors. According to World Steel, the fifteen largest steel producing countries represented approximately 89.5 per cent. of global steel production in 2019. As a global producer, the Group faces significant competition from other steel producers worldwide. The Group's competitors in the global steel market include ArcelorMittal, China Baowu Group, Nippon Steel Corporation, JFE Steel Corporation, POSCO, Shagang Group and ThyssenKrupp AG. In India, the Group faces competition from integrated and partially integrated steel producers such as Tata Steel, SAIL, Vishakhapatnam Steel Plant (Rashtriya Ispat Nigam Limited), Essar Steel Ltd. and Jindal Steel and Power Limited, as well as rerollers. As a result of the global overcapacity in the global steel industry and India being the only major steel consuming market increasing its demand (according to the Joint Plant Committee of India), the Group faced increased competition in the domestic market as a result of increase in steel exports from countries such as China, Japan, South Korea and Russia at highly competitive rates, resulting in price cuts and reductions. This has resulted in lower realizations and operating margins.

Human Resources

The Group views its employees as its greatest asset and believes it has created a work environment that ensures their well-being. The Group endeavors to be an "employer of choice" by fostering an environment of individual goal setting, continuous improvement, health and safety awareness and corporate sustainability. In an ever-changing business environment where people are the key differentiators, it is essential to have credible, transparent and uniform people management practices. In order to adapt to the changing industry reality, the Group's people management practices are continually reviewed and renewed for relevance and employee friendliness.

The Group implements a multi-pronged approach on organizational development to attract, retain and develop talent. The Group believes in infusing talent across the organization and, as a sustainable measure, the Group believes in inducting people at a very young age. In its pursuit to attract and build home-grown talent, the Group inducts talent from various engineering and management institutes on a regular basis. The Group utilizes a summer internship program to facilitate the induction of undergraduates from some of India's most premier institutes. This program is specifically designed to create future leaders for the organization. New recruits are developed through various in-house training programs to support the growth trajectory of the Group. The Group also operates various training programs at its plant locations with internal faculties to impart technical and behavioral training for employees as well as associates, improve productivity and foster a safe working environment. The Group invests continuously in building and enhancing its technical capabilities. As a part of this effort, the Group facilitates employees to acquire skills through participation in sponsored programs both in India and abroad. Simultaneously, the Group also provides multiple learning and development opportunities to its employees to acquire new skills and knowledge and enhance their capabilities.

Occupational Health and Safety

The Guarantor is committed to providing a healthy and safe working environment for the employees, contractors, customers and visitors on premises and where impacted by its operations. The Guarantor aims to be compliant with all applicable health and safety legal requirements, and that best practice health and safety management standards are implemented and maintained across the Group. All employees are expected to take ownership of their safety and are encouraged and empowered to report any concerns. The leadership team has the overall responsibility for ensuring that the correct policies, procedures and safeguards are put into practice. This includes making sure that each worker in the Group has access to appropriate information, instruction, training and supervision.

The Guarantor is committed to the effective delivery and continual improvement of its Occupational Health and Safety ("**OH&S**") management system and shall ensure that:

- each of its sites develop a culture where all its people and stakeholders take responsibility for the health and safety of themselves and others;
- appropriate resources shall be provided to meet its health and safety commitments;
- the Guarantor's leadership, department heads, line management and employees are responsible for ensuring they proactively identify, manage and eliminate hazards and reduce risks in the workplace;
- all OH&S risks shall be assessed, managed, recorded, monitored and reported;
- all appropriate information, instruction, training and supervision shall be provided to employees and contractors;
- all employees and contractors shall raise safety issues and concerns through their line-managers/supervisors/department heads;

- OH&S performance goals shall be set and met periodically to promote continuous improvement; and
- the Guarantor shall provide an effective OH&S management system that drives continual review and improvement, in-line with ISO 45001.

The Guarantor has delivered a range of programs to help its people understand and manage effectively the OH&S risks they face and to continually improve the sites in which they operate in. These include:

- improving its systems and processes for measuring, monitoring and managing OH&S performance, including hazard identification and risk mitigation. This involves introducing key performance indicators and OH&S priorities and targets set at Group, business and site levels;
- developing and implementing an improved health and safety training and awareness program for all employees. This includes introducing five new e-learnings on high risk standards: modules on Working at Height, Lock-out Tag-out (LOTO), Confined Space, Permit to Work, Personal Protective Equipment (PPEs). Over 13,500 training units have been completed in the first quarter of its launch;
- implementing the Safety Observation Program to ensure all levels of management and employees to not only anticipate hazards, but also to address them and stop employees if they deem a work environment or task to be unsafe;
- working closely with the contractors to build a safety culture at the frontline and aims to improve safety performance;
- ensuring all employees, business associates and contractors are required to comply with the recently launched "10 CRITICAL SAFETY RULES" covering the most critical safety practices to achieve a notable reduction in injuries and illness; and
- undertaking extensive research on the digitalization of OH&S including scenario-based foresight studies on new and emerging OH&S challenges, leveraging technology and its potential impact on OH&S improvements.

Corporate and Social Responsibility

The Guarantor is committed to empowering communities and creating sustainable livelihoods. This is achieved through the thought leadership and implementation by the JSW Foundation, the organization responsible for the corporate and social responsibility ("**CSR**") mandate for the JSW Group. The Guarantor has consistently invested in initiatives that help improve living conditions, promote social development, address social inequalities and environmental issues, preserve national heritage, promote sports and support rural development projects.

The Guarantor has consistently increased its CSR expenditure over the last three fiscal years. CSR expenditure was Rs.530 million, Rs.630 million and Rs.1,397.3 million for the fiscal year 2018, the fiscal year 2019 and fiscal year 2020, respectively.

The increase in CSR expenditure for fiscal years 2018 and 2019 over previous fiscal years was 23 per cent. and 19 per cent. respectively. The CSR expenditure in the fiscal year 2020 is higher by over 100 per cent. as compared to fiscal year 2019. While the implementation of these CSR programs remain closely linked to the local context, the alignment with the United Nations Sustainable Development Goals and dovetailing of best practices is also considered. The overall approach is to provide a holistic life cycle-based interventions catering to all sections of society, age groups and those requiring extra attention. The strategy is to find the key connect amongst the various CSR thematic thrust areas to attain better complementarity such as water interventions linked to agribusiness and livelihoods initiatives.

A significant part of the Guarantor's CSR philosophy is also community and employee driven. The Guarantor's employees are actively invested in providing more technical, financial and emotional support for the programs in the vicinity of the plants. This ranges from support to the neonatal care unit at Bellary Government Hospital, waste collection drive in the localities, sanitation drives, mangrove plantation, awareness building programs for local communities and other such activities.

The Guarantor's CSR interventions have reached out to communities across more than 255 villages in four states across India with special focus on:

- strengthening public health and nutrition with special focus on mothers, children and adolescent girls;

- comprehensive water management leading not only to sustainable environment but also sustained agri-livelihoods, in turn affecting nutrition and poverty;

- empowerment of women through the JSW Shakti initiatives (e.g. rural BPO for women, promoting self-help groups). JSW Shakti is now registered as a Section 8 company to provide scaled up support to rural entrepreneurs, especially women across the country;

- improving quality education in rural schools through infrastructure, training methodology and capacity building initiatives;

- sanitation and waste management, in particular, single use plastic; and

- environment upgradation programs such as mangrove restoration.

The Guarantor has also embarked on a number of long-term and multi-year programs. The initiatives are focused in the areas of water, environment, agriculture, nutrition and education. With a view to bring together a number of stakeholders including the state governments of Maharashtra and Karnataka, the JSW Foundation has already initiated focused field studies, reviews and consultations with the communities. These programs are still in the initial stages of implementation and expenditure will be ramped up accordingly in the coming months. In adherence to the CSR Policy, all the interventions are formulated based on need assessment using different quantitative and qualitative methods. Moreover, social intervention programs are adopted based on comprehensive evaluation.

The CSR programs are monitored by both internal and external experts. As per the CSR Policy, progress of the programs is reviewed periodically by the Board-level CSR Committee, as well as the management at the sites. The Guarantor, through its Board and the CSR Committee, follows a comprehensive approach to deliver socially inclusive and holistic interventions that help create equitable opportunities for the underprivileged and contribute to nation building.

In view of the sturdy foundation laid for the long-term projects in the 2020 fiscal year and the envisioned scaling up of on-going CSR projects, the Guarantor will continue to create value for its communities.

Legal Proceedings

Except as described below, the Guarantor is not involved in any legal or regulatory proceedings or disputes, and no investigations or proceedings are threatened, which may have, or have had, a material adverse effect on the business, financial condition or results of operations of the Guarantor. The Guarantor believes that the number of proceedings and disputes in which the Guarantor is involved in is not unusual for a company of its size in the context of doing business in India, the current Indian regulatory and legal environment and in the international market. Civil and tax related proceedings involving the Guarantor, which involve a claim of more than 5.0 per cent. of the EBITDA of the Guarantor on a consolidated basis in the year ended March 31, 2020 or proceedings which the Guarantor considers otherwise material have been individually described below.

Mining Matters

Contribution to the 'District Mineral Foundation' ("**DMF**") has been introduced by the Mines and Mineral (Development and Regulation) (Amendment) Act 2015. An Application filed by National Mineral Development Corporation Ltd (NMDC) as (IA No. 251) in Samajparivartan matter pending before the Hon'ble Supreme Court of India, as to fix the responsibility for the payment of the DMF on buyer of the iron ore and not on the mining lessees. The Central Empowered Committee (CEC) had clarified that only mining lessees are responsible to contribute to the DMF and not the buyers. However, the Court is yet to decide the issue. The liability in respect of the dues, if confirmed by the Court, would be levied from September 2015 with respect to the iron ore purchased by the Guarantor in auction. The matter is currently pending.

Forest Development Tax (FDT) and Forest Development Fees (FDF)

The Karnataka State Government has, pursuant to introduction of Section 98A of the Karnataka Forest Act, 1963, levied a forest development tax ("**FDT**") at the rate of 12 per cent. per ton of iron ore, treating iron ore as a forest produce. Writ petitions challenging the validity and levy of FDT had been filed before the High Court of Karnataka by various stakeholders. Tax payments were made under protest in the earlier years. The Karnataka High Court ("**High Court**") vide its judgment dated December 3, 2015 while upholding the legislative competence of State to Levy FDT at 8 per cent. held that only the Karnataka State Government, body or corporations controlled by the Karnataka State Government could collect FDT from buyers. The High Court also held that FDT is in the nature of a tax and not a fee as argued by the State Government. The High Court held that Private Lease Holders, Mining Lessees and central government undertakings do not fall within the definition of "Body" and hence are not statutorily bound to collect FDT from the purchasers. In other words, iron ores sold by Private Lease holders including the National Mineral Development Corporation ("**NMDC**"), a central government corporation, was not liable to pay FDT to the Karnataka State Government. This enabled the Guarantor to get a refund from the Karnataka State Government as substantial purchases of iron ores were made from NMDC.

Against the judgment of High Court, State of Karnataka, few mining lease holders and the Guarantor on a limited issue of legislative competence of the Karnataka State Government had filed petitions before the Supreme Court. The Supreme Court was pleased to admit the petitions and granted limited stay on refund. Since the Supreme Court had not stayed the judgment of the High Court, the Karnataka State Government was bound to follow the judgment of High Court which restrained it from collecting FDT from private Mining Lease Operators including NMDC, a central government undertaking.

The State of Karnataka notified the Karnataka Forest (Amendment) Act 2016, dated July 27, 2016, with retrospective effect i.e. September 16, 2008. The essence of the amendment was to substitute the FDT with Forest Development Fund ("**FDF**") which will be in the nature of a Fee and not Tax as held by the High Court, define minerals (iron ores) as forest produce, fixing the FDT rate at 12 per cent. with effect from September 16, 2008 and authorizing past collection of FDT under the old unamended Act.

The High Court passed an order quashing the amended Act as invalid. The Guarantor is entitled to a refund of the tax paid in the past. The Karnataka State Government has filed a special leave petition before the Supreme Court against the order of the High Court. The said petition has been admitted and the refund of the tax collected has been stayed by the Supreme Court. The matter is currently pending.

Sales Tax Deferral/Refund

The Central Excise & GST Department has raised cumulative demands for an amount of Rs.4,203.7 million on account of refund of value added tax ("**VAT**") received by the Guarantor and differential amount due to the premature repayment of sales tax/VAT deferred liability as an additional consideration includable in the assessable value for the purpose of levy of excise duty. In the matter of VAT refund received at Vijayanagar, the Commissioner has confirmed duty of Rs.377.3 million and the Guarantor has filed appeal in CESTAT (as defined below), which is currently pending. In the matter of

VAT deferred liability at Dolvi, the Commissioner has ruled in favor of the Guarantor dropping the demand of Rs.2,142.3 million and the Central Excise & GST Department had filed appeal before the Custom Excise and Service Tax Appellate Tribunal ("**CESTAT**"). CESTAT dismissed the Department's appeal and the Department has now filed Civil Appeal in Supreme Court. Certain show cause notices received by the Guarantor for a subsequent period amounting to Rs.418.1 million confirmed by Commissioner are pending in appeal in CESTAT and three show cause notices amounting to Rs.888.7 million are pending adjudication before excise authorities. The matters are pending for a final hearing.

Import of Coking Coal

The Custom Department has raised cumulative demands for an amount of Rs.5,288.3 million on import of coking coal based on their claim for classification of goods under the category of non-coking coal attracting duty of 5 per cent. It has been the intent of Government to exempt the import of 'coking coal' from basic customs duty which has been provided through various exemption notifications from time to time. SCN for Rs.3,021.3 million was partly confirmed and partly dropped. In appeals filed by the Guarantor and the Department in CESTAT, the entire demand has been set aside. The Customs Department has now filed an appeal before the Supreme Court. The other matters are pending at various appellate authorities, including, before the High Court of Hyderabad.

Disputes regarding Corex gas, Mixed gas and DRI gas generated as by-products during the course of manufacture

During the course of direct reduction of iron ore pellets and manufacture of iron in the Corex plant, waste gases termed as Corex gas, Mixed gas and DRI gas are generated as by-products. These gases are a mixture of, among others, carbon monoxide and carbon dioxide and being by-products are dutiable at Nil rate of Central Excise duty and cleared accordingly. These gases are classifiable under Heading 2705. The Central Excise & GST department has raised cumulative demands amounting to Rs.2,841.19 million on the clearance of such gases. These demands are based on two issues, both of which are raised on the same value of clearances:

(i) The gas emanated was Carbon Monoxide, classifiable under Heading 2811 29 40 and hence liable to duty. The duty thus demanded is to the extent of Rs.1,986.50 million.

(ii) Since the gas is a manufactured product and exempt from Central Excise duty, Central Value Added Tax ("**CENVAT**") credit would not be allowed on the inputs used in the manufacture of such products and hence proportionate reversal of input credit was required under Rule 6 of Cenvat Credit Rules. Duty demanded on this account is Rs.854.69 million.

Appeals in the initial demands, amounting to Rs.403.18 million, with respect to Corex gas are pending in Supreme Court and subsequent demands are pending with appellate authorities at various stages. In the case of Mixed gas and DRI gas, Writ Petitions filed by the Guarantor are pending before the Dharwad Bench of Karnataka High Court. Matters are pending for final hearing and disposal.

Land Acquisition

The Guarantor, in 2011, had approached the Karnataka State Government to seek additional land for providing housing facilities for its employees, incidental to the Guarantor's expansion at Vijayanagar Works. A notification dated January 30, 2008, under Section 28(1) of the Karnataka Industrial Areas Development Act, 1966, was issued by the Karnataka State Government for the acquisition of 849.48 acres of land at Vijayanagar Works. This acquisition was challenged by landowners in the area by way of a writ petition before the Single Judge of the Karnataka High Court. The petitioners alleged that the Guarantor had sufficient land for its business operations and grant of the land acquisition would cause grave loss to the landowners as the acquisition would have a direct impact on their livelihood. The Single Judge of the Karnataka High Court, on hearing all parties, upheld the acquisition and dismissed the writ petition. The Judgment of the Single Judge was confirmed by the Division Bench of the High Court of Karnataka.

Thereafter, the petitioners approached the Supreme Court for relief under a special leave petition. The Appeal filed by the Petitioners has been admitted. It is to be noted that, out of the total area, the disputed area which is under challenge before the Supreme Court is only 198 acres. The Court directed the Guarantor to file statements of facts and place the matter for final hearing. The Guarantor had filed the statement of facts and completed the formalities. The matter is currently pending.

Central Bureau of Investigation

The Central Bureau of Investigation ("**CBI**"), Anti-Corruption Branch — Bengaluru has registered a case against, amongst others, the Guarantor, based on the source information and the joint surprise check conducted by the CBI team along with the Southern Railway officials which is before the Court of Additional Chief Metropolitan Magistrate at Bengaluru. It is alleged that M/s. Senlogic Automation Private Limited has entered into a criminal conspiracy with M/s. JSW Steel Limited, M/s. JSW Energy Limited ("**Applicants**") and others in the matter of fraudulently transporting excess cargo in each wagon than the permissible carrying capacity, based on the manipulation made in the software of the Electronic In-Motion Weigh Bridge, in order to evade the payment of punitive charges levied by the Railways for the excess quantity transported, thereby, causing wrongful loss of approximately Rs.798 million to the Railways and corresponding wrongful gain for themselves. The charge sheet has been filed. The Guarantor then filed on application for discharge, which was allowed by the Additional Chief Metropolitan Magistrate through its order dated September 11, 2018. Subsequently, such order was challenged by the CBI by filing a revision petition in July 2019. As of the date of this Offering Memorandum, the hearing of the revision petition is pending for admission with the appellate court.

FEMA case against the Guarantor and two of its executives

The Guarantor received a show cause notice followed by an adjudication order on October 6, 2009 from the Directorate of Enforcement imposing a penalty of Rs.41.0 million on the Guarantor and Rs.6.0 million on two executives of the Guarantor alleging misuse of foreign exchange amounting to 262.6 million Austrian Schillings in relation to imports of certain basic design and engineering, preliminary engineering and additional equipment for its Corex process based iron manufacturing plant at Bellary in 1994 to 1995.

The Special Director Enforcement vide its order dated October 6, 2009 imposed penalties on JSW and two of its officers. The order of Special Director was confirmed on January 26, 2010 by the Appellate Tribunal for foreign exchange. The review petition filed against the order was dismissed on the ground of maintainability on January 9, 2015. Against the order of the Appellate Tribunal, the Guarantor and both officers filed an appeal before the High Court of Bombay. The High Court of Bombay had on September 28, 2015 admitted the appeal and stayed the Order of Tribunal against furnishing of bank guarantees. The bank guarantee has now been furnished to the Directorate of Enforcement and the matter is currently pending.

Environmental Cases

Dwarkanath Patil and Darshan Juikar, residents of the area around the Guarantor's Dolvi plant, have filed an appeal before the National Green Tribunal, at Pune, ("**NGT**") challenging the issuance of Environment Clearance, particularly relating to the issue of the 'coastal regulation zone' ("**CRZ**"), given by the Ministry of Environment and Forests, for expansion of the Dolvi plant from 5 to 10 mtpa located in Maharashtra. The steel plant of the Guarantor at Dolvi was set up in 1991 in a government declared industrial zone after obtaining all of the regulatory approvals. The Guarantor filed a writ petition in the High Court of Bombay ("**High Court**") challenging the proceedings before the NGT. A public interest litigation ("**PIL**") was filed before the High Court for similar allegations and the writ petition was clubbed with the PIL for hearing. Subsequently, the High Court dismissed the PIL and directed the Maharashtra Coastal Zone Management Authority to complete the task of mapping the coastal belt in Maharashtra according to the CRZ Notification, 2011. The matter is currently pending.

Package Scheme of Incentives, 1993 — Electricity Duty

The Guarantor has filed a writ petition against the Managing Director and Chief Engineer (Commercial) of the Maharashtra State Electricity Distribution Company Limited ("**MSEDCL**"), and the State of Maharashtra before the Bombay High Court. The Guarantor had been granted a certificate of exemption in respect of one of its projects from payment of electricity duty under the Package Scheme of Incentives, 1993, as amended. The eligibility of the Guarantor to avail such exemption was initially valid till August 5, 2012 and was extended till August 5, 2019 by way of an order ("**Order**") of the Additional Secretary (Energy) of the Industries, Energy and Labour Department, Government of Maharashtra ("**IELD**"). However, subsequently the Desk Officer of the IELD addressed a letter to the Chief Electricity Inspector stating that the Order was suspended.

Thereafter, the Electricity Inspector, Thane directed the Guarantor to pay arrears of electricity duty to the tune of Rs.281.68 million for the period between August 2012 to June 2015, which was challenged by the Guarantor before the Bombay High Court. The Bombay High Court restrained the respondents from taking any coercive action against the Guarantor. The Managing Director of MSEDCL, thereafter, issued a bill and called upon the Guarantor to deposit an amount of Rs.328.88 million as electricity charges for September and October 2016, of which Rs.221.91 million was towards payment of electricity duty. The Guarantor deposited Rs.4.78 million under protest as payment of electricity duty. Thereafter, the Managing Director of MSEDCL issued a bill dated July 5, 2018 to the Guarantor, calling upon the Guarantor to pay a total electricity bill amount of Rs.3,125.40 million for June 2018, inclusive of delayed payment charges adjustment amount for non-payment of open access electricity duty from January 2017 to October 2017, electricity duty on open access unit consumption for June 2018 and electricity duty levied by MSEDCL towards MSEDCL unit consumption. The Guarantor has filed the present writ petition seeking, among other things, a declaration that the Guarantor is entitled for exemption on electricity duty till August 5, 2019 on account of the certificate of exemption issued to it under the Package Scheme of Incentives, 1993. The matter is currently pending judgment before the Bombay High Court.

Criminal cases involving the Guarantor, its directors and its employees

In the ordinary course of business, there have been a few criminal proceedings filed against the Guarantor, its directors or its employees, which are pending before various authorities, tribunals and courts and are at various stages of adjudication.

CAPITALIZATION

The following table sets forth the Group's short-term and long-term debt and shareholders' equity as at September 30, 2020 on a consolidated basis derived from Group Condensed Consolidated Interim Financial Statements as at and for the six months ended September 30, 2020 and as adjusted to give effect to the issuance of the Original Notes offered and the additional Notes offered, as if such issuances had occurred as at such date. The "as adjusted" data set forth below gives effect to the issuance of the Notes but does not give effect to repayments of short-term loans and long-term bank loans between September 30, 2020 and the date of this Offering Memorandum.

You should read the following table together with "Recent Developments", "Summary Financial and Operating Data", "Management's Discussion and Analysis of Financial Condition and Results of Operations", "Terms and Conditions of the Notes and the Guarantees" and the Group Consolidated Financial Statements set forth in this Offering Memorandum.

	As at September 30, 2020			
	Actual	**Actual**	**As Adjusted**	**As Adjusted**
	(Rs. in millions)	**(U.S.$ in millions)[1]**	**(Rs. in millions)**	**(U.S.$ in millions)[1]**
Borrowings:				
Current borrowings[2]	119,620	1,621	119,620	1,621
Non-current borrowings[3]	431,494	5,847	431,494	5,847
The Original Notes	—	—	36,899	500
The additional Notes	—	—	18,449	250
Total Borrowings[4] (A)	**551,114**	**7,468**	**606,462**	**8,218**
Equity:				
Equity share capital	3,014	41	3,014	41
Other Equity	373,084	5,055	373,084	5,055
Non-Controlling Interests	(5,772)	(78)	(5,772)	(78)
Total Equity (B)	**370,326**	**5,018**	**370,326**	**5,018**
Total Borrowings and Equity (A+B)	**921,440**	**12,486**	**976,788**	**13,236**

Notes:

(1) For the reader's convenience, U.S. Dollar translation of Indian Rupee amounts as at September 30, 2020 have been provided at a rate of U.S.$1.00 = Rs.73.7978, which was the exchange rate as reported by the FBIL on September 30, 2020.

(2) Current borrowings include current maturities of long-term borrowings.

(3) Non-current borrowings include long-term borrowings.

(4) Upon application of the proceeds of the issuance of the Notes and the Original Notes, the Group's Total Borrowings will be Rs.606,462 million (U.S.$8,218 million), assuming the Indian Rupee amount has been translated into U.S. Dollars at a rate of U.S.$1.00 = Rs.73.7978, which was the exchange rate as reported by the FBIL on September 30, 2020.

Except as disclosed, there have been no material changes in the Group's capitalization since September 30, 2020.

SELECTED FINANCIAL DATA AND OTHER INFORMATION

The summary consolidated and standalone financial data for the Group and the Guarantor as at the end and for each of the years ended March 31, 2018, 2019 and 2020 and the three months ended June 30, 2019 and 2020 set forth below have been derived or calculated from the Group Consolidated Financial Statements and the Guarantor Standalone Financial Statements included elsewhere in this Offering Memorandum, unless stated otherwise, except for 'Revenue from operations' and 'Other expenses' for the year ended March 31, 2018 which have been restated and 'Share of Profit/(Loss) from joint ventures (net)' and its consequential impact on 'Profit before exceptional items and tax' and 'Profit before tax' which has been regrouped and derived from the comparatives presented in the annual audited financial statements as at and for the year ended March 31, 2019 of the Guarantor and the Group as applicable. This financial information should be read in conjunction with "*Recent Developments*", "*Presentation of Financial Information*" and "*Index to Financial Statements*" in this Offering Memorandum. Our results of operations for the three months ended June 30, 2020 are not necessarily indicative of our results for the year ending March 31, 2021, and historical results presented in this Offering Memorandum in general do not necessarily indicate results expected for any future period.

Financial Information of the Group

Summary of Consolidated Statement of Profit and Loss of the Group

		Year ended March 31,		
		2018	**2019**	**2020**
			(Rs. in millions)	
I.	**REVENUE FROM OPERATIONS**	732,110	847,571	726,109
	Fees for assignment of procurement contract	—	—	2,500
	Government grant income — VAT/GST incentive relating to earlier years	—	—	4,655
	TOTAL REVENUE FROM OPERATIONS	**732,110**	**847,571**	**733,264**
II.	**OTHER INCOME**	1,669	2,038	5,460
III.	**TOTAL INCOME (I + II)**	**733,779**	**849,609**	**738,724**
IV.	**EXPENSES:**			
	Cost of materials consumed	387,785	434,762	388,648
	Purchases of stock-in-trade	20	3,199	1,346
	Changes in inventories of finished goods, work-in-progress and stock-in-trade	2,438	(5,899)	(2,695)
	Employee benefits expense	18,426	24,892	28,393
	Finance costs	37,014	39,167	42,645
	Depreciation and amortisation expense	33,873	40,406	42,459
	Excise duty expense	12,780	—	—
	Other expenses	162,718	201,101	198,844
	TOTAL EXPENSES	**655,054**	**737,628**	**699,640**
V.	**PROFIT BEFORE SHARE OF PROFIT/(LOSS) FROM JOINT VENTURES (NET), EXCEPTIONAL ITEMS AND TAX (III-IV)**	**78,725**	**111,981**	**39,084**
VI.	**SHARE OF PROFIT/(LOSS) FROM JOINT VENTURES (NET)**	425	(297)	(900)
VII.	**PROFIT BEFORE EXCEPTIONAL ITEMS AND TAX (V + VI)**	**79,150**	**111,684**	**38,184**
VIII.	**EXCEPTIONAL ITEMS**	2,635	—	8,053
IX.	**PROFIT BEFORE TAX (VII-VIII)**	76,515	111,684	30,131
X.	**TAX EXPENSE/(CREDIT):**			
	Current tax	18,262	24,731	9,432
	Deferred tax	(2,877)	11,709	(18,494)
	TOTAL TAX EXPENSE/(CREDIT)	**15,385**	**36,440**	**(9,062)**

			Year ended March 31,	
		2018	2019	2020
			(Rs. in millions)	
XI.	**PROFIT FOR THE YEAR (IX-X)**	**61,130**	**75,244**	**39,193**
XII.	**OTHER COMPREHENSIVE INCOME/(LOSS)**			
A	(i) Items that will not be reclassified to profit or loss			
	(a) Re-measurement losses of the defined benefit plans	(47)	(192)	(230)
	(b) Equity instruments through other comprehensive income	915	(18)	(3,041)
	(ii) Income tax relating to items that will not be reclassified to profit or loss	19	66	72
	Total (A)	**887**	**(144)**	**(3,199)**
B	(i) Items that will be reclassified to profit or loss			
	(a) The effective portion of gain/(loss) on hedging instruments	(4,010)	854	(8,248)
	(b) Changes in Foreign Currency Monetary Item translation difference account (FCMITDA)	(328)	(486)	867
	(c) Foreign currency translation reserve (FCTR)	87	(604)	(3,158)
	(ii) Income tax relating to items that will be reclassified to profit or loss	1,502	(124)	2,525
	Total (B)	**(2,749)**	**(360)**	**(8,014)**
	Total other comprehensive income/(loss) (A+B)	**(1,862)**	**(504)**	**(11,213)**
XIII.	**TOTAL COMPREHENSIVE INCOME/(LOSS) (XI+XII)**	**59,268**	**74,741**	**27,980**
	Total Profit/(loss) for the year attributable to:			
	— Owners of the Company	62,137	76,394	40,299
	— Non-controlling interests	(1,007)	(1,150)	(1,106)
		61,130	**75,244**	**39,193**
	Other comprehensive income/(loss) for the year attributable to:			
	— Owners of the Company	(1,844)	(244)	(10,764)
	— Non-controlling interests	(18)	(260)	(449)
		(1,862)	**(504)**	**(11,213)**
	Total comprehensive income/(loss) for the year attributable to:			
	— Owners of the Company	60,293	76,151	29,535
	— Non-controlling interests	(1,025)	(1,410)	(1,555)
		59,268	**74,741**	**27,980**
XIV.	**EARNINGS PER EQUITY SHARE OF RE 1 EACH**			
	Basic (in Rs.)	25.85	31.77	16.78
	Diluted (in Rs.)	25.71	31.60	16.67

Summary of Condensed Consolidated Interim Statement of Profit and Loss of the Group

		Three months ended June 30,		
		2019	2020	2020
		(Rs. in millions)		(U.S.$ in millions)[1]
I.	**REVENUE FROM OPERATIONS**	198,119	117,815	1,560
II.	**OTHER INCOME**	1,410	1,324	18
III.	**TOTAL INCOME (I + II)**	**199,529**	**119,139**	**1,577**
IV.	**EXPENSES:**			
	Cost of materials consumed	113,901	64,714	857
	Purchases of stock-in-trade	252	13	0
	Changes in inventories of finished goods, work-in-progress and stock-in-trade	(10,526)	(1,482)	(20)
	Employee benefits expense	7,594	6,246	83
	Finance costs	10,416	10,164	135
	Depreciation and amortisation expense	10,261	10,474	139
	Other expenses	49,746	34,915	462
	TOTAL EXPENSES	**181,644**	**125,043**	**1,656**
V.	**PROFIT/(LOSS) BEFORE SHARE OF PROFIT/(LOSS) FROM JOINT VENTURES (NET) AND TAX (III-IV)**	**17,885**	**(5,904)**	**(78)**
VI.	**SHARE OF PROFIT/(LOSS) FROM JOINT VENTURES (NET)**	(190)	(527)	(7)
VII.	**PROFIT/(LOSS) BEFORE TAX (V + VI)**	**17,695**	**(6,431)**	**(85)**
VIII.	**TAX EXPENSES/(CREDIT):**			
	Current tax	4,826	(327)	(4)
	Deferred tax	2,792	(282)	(4)
		7,618	**(609)**	**(8**
IX.	**PROFIT/(LOSS) FOR THE PERIOD (VII-VIII)**	**10,077**	**(5,822)**	**(77)**
X.	**OTHER COMPREHENSIVE INCOME/(LOSS)**			
A	(i) Items that will not be reclassified to profit or loss			
	(a) Re-measurement losses of the defined benefit plans	(40)	59	1
	(b) Equity instruments through other comprehensive income	(574)	452	6
	(ii) Income tax relating to items that will not be reclassified to profit or loss	13	(19)	0
	Total (A)	**(601)**	**492**	**7**

			Three months ended June 30,		
			2019	2020	2020
			(Rs. in millions)		(U.S.$ in millions)[1]
B	(i)	Items that will be reclassified to profit or loss			
		(a) The effective portion of gain/(loss) on hedging instruments	(666)	1,021	14
		(b) Changes in Foreign currency monetary item translation difference account (FCMITDA)	575	—	—
		(c) Foreign currency translation reserve (FCTR)	(7)	(909)	(12)
	(ii)	Income tax relating to items that will be reclassified to profit or loss	32	(320)	(4)
	Total (B)		**(66)**	**(208)**	**(3)**
	Total other comprehensive income/(loss) (A+B)		**(667)**	**284**	**4**
XI.	**TOTAL COMPREHENSIVE INCOME/(LOSS) (IX+X)**		**9,410**	**(5,538)**	**(73)**
	Total Profit/(loss) for the period attributable to:				
	— Owners of the Company		10,274	(5,613)	(74)
	— Non-controlling interests		(197)	(209)	(3
			10,077	**(5,822)**	**(77)**
	Other comprehensive income/(loss) for the period attributable to:				
	— Owners of the Company		(688)	290	4
	— Non-controlling interests		21	(6)	0
			(667)	**284**	**4**
	Total comprehensive income/(loss) for the period attributable to:				
	— Owners of the Company		9,586	(5,323)	(70)
	— Non-controlling interests		(176)	(215)	(3)
			9,410	**(5,538)**	**(73)**
	Earnings per equity share of Re 1 each (not annualized)				
	Basic (in Rs.)		4.28	(2.34)	(0.03)
	Diluted (in Rs.)		4.25	(2.34)	(0.03)

Note:

(1) For the reader's convenience, U.S. dollar translations of Indian rupee amounts for the three months ended June 30, 2020 have been provided at a rate of U.S.$1.00 = Rs.75.5270, which was the exchange rate as reported by the FBIL on June 30, 2020.

Summary of Consolidated Balance Sheet of the Group

			As at March 31,		As at June 30,	
		2018	2019	2020	2020	2020
			(Rs. in millions)		(Rs. in millions)	(U.S.$ in millions)[1]
I.	**ASSETS**					
(1)	**NON-CURRENT ASSETS**					
(l)	Property, plant and equipment	570,544	616,037	577,579	570,994	7,560
(m)	Capital work-in-progress	56,285	115,404	268,567	280,091	3,708
(n)	Right of use assets	—	—	34,712	34,063	451
(o)	Goodwill	7,071	8,403	4,151	4,158	55
(p)	Other Intangible assets	868	2,000	3,500	11,642	154
(q)	Intangible assets under development	3,206	3,494	3,340	3,390	45
(r)	Investments in joint ventures	3,605	6,285	2,828	2,303	30
(s)	Financial assets					
	(i) Investments	7,961	11,844	9,743	10.326	137
	(ii) Loans	3,782	4,334	7,717	7,707	102
	(iii) Other financial assets	2,930	2,994	6,956	7,127	94
(t)	Current tax assets (net)	2,706	2,396	3,850	4,019	53
(u)	Deferred tax assets (net)	481	1,166	—	—	—
(v)	Other non-current assets	28,808	39,254	29,564	29,740	394
	Total non-current assets	**688,247**	**813,611**	**952,507**	**965,560**	**12,784**
(2)	**CURRENT ASSETS**					
(f)	Inventories	125,944	145,480	138,635	134,048	1,775
(g)	Financial assets					
	(i) Investments	3,120	817	18	82	1
	(ii) Trade receivables	47,040	71,596	45,054	36,290	480
	(iii) Cash and cash equivalents	5,816	55,807	39,656	19,548	259
	(iv) Bank balances other than (iii) above	4,809	6,057	80,365	67,910	899
	(v) Loans	2,298	5,614	7,423	6,636	88
	(vi) Derivative Assets	1,515	3,210	2,936	1,545	20
	(vii) Other financial assets	5,299	22,168	28,584	28,894	383
(h)	Current tax assets (net)	56	64	60	56	1
(i)	Other current assets	35,992	24,607	22,863	35,093	465
(j)	Assets classified as held for sale	30	125	94	93	1
	Total current assets	**231,919**	**335,545**	**365,688**	**330,195**	**4,372**
	TOTAL ASSETS	**920,166**	**1,149,156**	**1,318,195**	**1,295,755**	**17,156**

	As at March 31,			As at June 30,	
	2018	2019	2020	2020	2020
		(Rs. in millions)		(Rs. in millions)	(U.S.$ in millions)(1)
II. EQUITY AND LIABILITIES					
(1) EQUITY					
(c) Equity share capital	3,017	3,012	3,013	3,013	40
(d) Other equity	276,957	344,936	362,977	357,708	4,736
Equity attributable to owners of the Company	**279,974**	**347,948**	**365,990**	**360,721**	**4,776**
Non-controlling Interests	(4,641)	(4,500)	(5,753	(5,958)	(79)
Total equity	**275,333**	**343,448**	**360,237**	**354,763**	**4,697**
LIABILITIES					
(2) Non-current liabilities					
(e) Financial liabilities					
(v) Borrowings	317,229	296,559	446,726	457,216	6,054
(vi) Lease liabilities	—	—	17,437	16,282	216
(vii) Derivative liabilities	—	—	1,299	1,362	18
(viii) Other financial liabilities	9,194	5,318	4,637	5,139	68
(f) Provisions	1,377	2,583	3,484	3,781	50
(g) Deferred tax liabilities (net)	26,043	38,936	16,774	16,829	223
(h) Other non-current liabilities	1,361	42,210	30,723	28,196	373
Total non-current liabilities	**355,204**	**385,606**	**521,080**	**528,805**	**7,002**
(3) Current liabilities					
(e) Financial liabilities					
(vi) Borrowings	21,771	63,325	83,248	55,400	734
(vii) Trade payables	159,437	161,591	179,176	184,090	2,437
(viii) Derivative liabilities	964	3,785	2,506	1,697	22
(ix) Lease liabilities	—	—	3,062	3,408	45
(x) Other financial liabilities	86,127	168,344	141,432	139,434	1,846
(f) Provisions	1,841	1,337	1,609	1,740	23
(g) Other current liabilities	15,645	19,764	24,552	25,527	338
(h) Current tax liabilities (net)	3,844	1,956	1,293	891	12
Total current liabilities	**289,629**	**420,102**	**436,878**	**412,187**	**5,457**
Total liabilities	**644,833**	**805,708**	**957,958**	**940,992**	**12,459**
TOTAL — EQUITY AND LIABILITIES	**920,166**	**1,149,156**	**1,318,195**	**1,295,755**	**17,156**

Note:

(1) For the reader's convenience, U.S. dollar translations of Indian rupee amounts as at June 30, 2020 have been provided at a rate of U.S.$1.00 = Rs.75.5270, which was the exchange rate as reported by the FBIL on June 30, 2020.

Summary of Consolidated Statement of Cash Flow of the Group

	Year ended March 31,		
	2018	**2019**	**2020**
		(Rs. in millions)	
A. CASH FLOW FROM OPERATING ACTIVITIES			
Profit before tax	76,515	111,684	30,131
Adjustments for:			
Depreciation and amortisation expense	33,873	40,406	42,459
Loss on sale of property, plant and equipment (net)	1,217	78	302
Gain on sale of financial investments designated as FVTPL	(193)	(185)	(52)
Export obligation deferred income amortisation	(680)	(1,654)	(1,438)
Fair value gain on deferral sales tax/VAT Loan	(525)	—	—
Interest income	(1,199)	(1,336)	(4,394)
Dividend income	(51)	—	(102)
Interest expense	34,999	35,820	39,243
Unrealised exchange loss	309	1,554	6,865
Gain on financial instruments designated as FVTPL	(22)	(62)	(41)
Unwinding of interest on financial assets carried at amortised cost	(10)	(250)	(451)
Fair value gain on joint venture's previously held stake on acquisition of control	—	—	(132)
Share-based payment expense	282	504	366
Share of loss/(profit) from joint ventures (net)	(425)	297	900
Fair value loss on financial instrument designated as FVTPL	1,115	11	24
Allowances for doubtful receivable and advances	1,356	1,516	1,134
Non-cash expenditure debit to the consolidated statement of profit and loss/Donation of Land	—	57	144
Exceptional items/Impairment of property plant and equipment, goodwill and investments	2,635	—	8,053
	72,681	**76,756**	**92,882**
Operating profit before working capital changes	**149,196**	**188,440**	**123,013**
Adjustments for:			
Decrease/(Increase) in inventories	(11,995)	(17,410)	7,439
Decrease/(Increase) in trade receivables	(6,403)	(22,031)	24,582
(Increase) in other assets	(17,926)	(10,841)	(18,369)
Increase in trade payable and other liabilities	25,140	34,059	1,826
Increase in provisions	174	409	913
	(11,010)	**(15,814)**	**16,390**
Cash flow from operations	**138,186**	**172,626**	**139,403**
Income taxes paid (net of refund received)	(14,404)	(26,300)	(11,554)
Net cash generated from operating activities (A)	**123,782**	**146,326**	**127,849**

	Year ended March 31,		
	2018	**2019**	**2020**
		(Rs. in millions)	
B. CASH FLOW FROM INVESTING ACTIVITIES			
Purchases for property, plant and equipment and intangibles assets (including under development and capital advances)	(47,360)	(102,056)	(128,104)
Proceeds from sale of property, plant and equipment	601	440	430
Net cash outflow for acquisition of a subsidiary/acquisition of NCI	(3,151)	(10,140)	(635)
Investment in joint ventures	(460)	(4,130)	(3)
Proceeds from sale of stake in joint venture	—	—	1,639
Purchase of current investments	(81,111)	(83,399)	(7,624)
Sale of current investments	81,202	85,910	8,470
Bank deposits not considered as cash and cash equivalents (net)	3,726	(2,679)	(75,167)
Interest received	1,213	1,575	5,034
Dividend received	51	—	102
Net cash used in investing activities (B)	**(45,289)**	**(114,479)**	**(195,859)**
C. CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from sale of treasury shares	493	—	1,065
Payments for purchase of treasury shares	(762)	(1,526)	(1,013)
Proceeds from non-current borrowings	62,091	89,987	208,140
Repayment of non-current borrowings	(72,984)	(62,734)	(111,069)
Proceeds from/(repayment) of current borrowings (net)	(27,034)	41,554	19,404
Repayment of lease liabilities/finance lease obligations	(1,994)	(2,269)	(1,773)
Interest paid	(35,114)	(38,154)	(45,198)
Dividend paid (including corporate dividend tax)	(6,546)	(9,325)	(11,948)
Premium paid on redemption of debentures	—	—	(5,720)
Net cash generated from/(used in) financing activities (C)	**(81,850)**	**17,533**	**51,888**
Net (decrease)/increase in cash and cash equivalents (A+B+C)	**(3,357)**	**49,380**	**(16,122)**
Cash and cash equivalents at the beginning of year	**9,175**	**5,816**	**55,807**
Add: Translation adjustment in cash and cash equivalents	(2)	33	(59)
Add: Cash and cash equivalents pursuant to business combinations	—	578	30
Cash and cash equivalents at the end of year	**5,816**	**55,807**	**39,656**

Summary of Condensed Consolidated Interim Statement of Cash Flow of the Group

	Three months ended June 30,		
	2019	2020	2020
	(Rs. in millions)		(U.S.$ in millions)[(1)]
Net cash generated from operating activities (A)	22,966	17,745	235
Net cash used in investing activities (B)	(54,897)	(7,370)	(98)
Net cash (used in)/generated from financing activities (C)	44,727	(30,437)	(403)
Net (decrease)/increase in cash and cash equivalents (A+B+C)	**12,796**	**(20,063)**	**(266)**
Cash and cash equivalents at the beginning of period	**55,807**	**39,656**	**525**
Add: Translation adjustment in cash and cash equivalents	36	(45)	(1)
Cash and cash equivalents at the end of period	**68,639**	**19,548**	**259**

Note:

(1) For the reader's convenience, U.S. dollar translations of Indian rupee amounts for the three months ended June 30, 2020 have been provided at a rate of U.S.$1.00 = Rs.75.5270, which was the exchange rate as reported by the FBIL on June 30, 2020.

Financial Information of the Guarantor

Restatement of the Guarantor's standalone financial statements as at and for the year ended March 31, 2019 and the Guarantor's condensed standalone interim financial statements as at and for the three months ended June 30, 2019

The scheme of amalgamation between the Guarantor and its following wholly-owned subsidiaries: (i) Dolvi Minerals and Metals Private Limited; (ii) Dolvi Coke Projects Limited; (iii) JSW Steel Processing Centre Limited; and (iv) JSW Steel (Salav) Limited was approved by the Mumbai Bench of the NCLT through its order dated June 6, 2019, and the Ahmedabad Bench of the NCLT through its order dated August 14, 2019. All these subsidiaries are in the business of manufacture of steel, raw materials required for making steel and other ancillary services and the Guarantor has accordingly accounted for the merger under the pooling of interest method respectively for all periods presented as prescribed in IND-AS 103 — Business Combinations of entities under common control. Accordingly, the Guarantor's standalone financial information as at and for the year ended March 31, 2019 set out below are not directly comparable to its restated standalone financial information as at for the year ended March 31, 2019 included in the comparatives presented in the Guarantor's standalone annual financial statements for the year ended March 31, 2020. For disclosure required under IND-AS 103, refer to Note 52 of the Guarantor's annual audited standalone financial statements as at and for the year ended March 31, 2020. Further, the Guarantor's condensed standalone interim financial information as at and for the three months ended June 30, 2019 set out below are not directly comparable to its restated condensed standalone interim financial information as at and for the three months ended June 30, 2019 included in the comparatives presented in the Guarantor's condensed standalone interim financial statements as at and for the three months ended June 30, 2020. For disclosure required under IND-AS 103, refer to Note 16 of the Guarantor's unaudited condensed interim standalone financial statements as at and for the three months ended June 30, 2020. These restatements did not have any effect on the consolidated financial statements of the Group.

Summary of Standalone Statement of Profit and Loss of the Guarantor for the year ended March 31, 2018 and March 31, 2019

				Year ended March 31,	
				2018	2019
				(Rs. in millions)	
I.	**REVENUE FROM OPERATIONS**			677,231	767,269
II.	**OTHER INCOME**			2,129	5,188
III.	**TOTAL INCOME (I + II)**			**679,360**	**772,457**
IV.	**EXPENSES:**				
	Cost of materials consumed			359,954	395,887
	Purchases of stock-in-trade			10,634	4,984
	Changes in inventories of finished goods and work-in-progress			4,119	(1,878)
	Employee benefits expense			12,597	14,001
	Finance costs			35,906	37,084
	Depreciation and amortisation expense			30,539	33,967
	Excise duty expense			12,588	—
	Other expenses			139,934	170,245
	TOTAL EXPENSES			**606,271**	**654,290**
V.	**PROFIT BEFORE EXCEPTIONAL ITEMS AND TAX (III-IV)**			**73,089**	**118,167**
VI.	**EXCEPTIONAL ITEMS**			2,336	—
VII.	**PROFIT BEFORE TAX (V-VI)**			**70,753**	**118,167**
VIII.	**TAX EXPENSE/(BENEFIT):**				
	Current tax			15,780	23,476
	Deferred tax			8,719	12,104
				24,499	**35,580**
IX.	**PROFIT FOR THE YEAR (VII-VIII)**			**46,254**	**82,587**
X.	**OTHER COMPREHENSIVE INCOME**				
A	(i)	Items that will not be reclassified to profit or loss			
		(a)	Re-measurements of the defined benefit plans	(26)	(147)
		(b)	Equity instruments through other comprehensive income	815	40
	(ii)	Income tax relating to items that will not be reclassified to profit or loss		9	51
	Total (A)			**798**	**(56)**
B	(i)	Items that will be reclassified to profit or loss			
		(a)	The effective portion of gains and loss on hedging instruments	(3,413)	306
		(b)	Changes in Foreign Currency Monetary Item translation difference account (FCMITDA)	(328)	(489)
			(ii) Income tax relating to items that will be reclassified to profit or loss	1,299	64
	Total (B)			**(2,442)**	**(119)**
	Total Other comprehensive income/(loss) (A+B)			**(1,644)**	**(175)**
XI.	**Total comprehensive income/(loss) (IX + X)**			**44,610**	**82,412**
XII.	**EARNINGS PER EQUITY SHARE OF RE 1 EACH**				
	Basic (in Rs.)			19.24	34.35
	Diluted (in Rs.)			19.14	34.17

Summary of Standalone Statement of Profit and Loss of the Guarantor for the year ended March 31, 2020

		Year ended March 31, 2020
		(Rs. in millions)
I.	**REVENUE FROM OPERATIONS**	635,469
	Fees for assignment of procurement contract	2,500
	Government grant income – VAT/GST incentive relating to earlier years	4,655
	TOTAL REVENUE FROM OPERATIONS	642,624
II.	**OTHER INCOME**	6,277
III.	**TOTAL INCOME (I + II)**	648,902
IV.	**EXPENSES:**	
	Cost of materials consumed	330,729
	Purchases of stock-in-trade	4,200
	Changes in inventories of finished goods and work-in-progress	(274)
	Employee benefits expense	14,955
	Finance costs	40,223
	Depreciation and amortisation expense	35,217
	Other expenses	167,839
	TOTAL EXPENSES	592,890
V.	**PROFIT BEFORE EXCEPTIONAL ITEMS AND TAX (III-IV)**	56,012
VI.	**EXCEPTIONAL ITEMS**	13,090
VII.	**PROFIT BEFORE TAX (V-VI)**	42,922
VIII.	**TAX EXPENSE/(CREDIT):**	
	Current tax	7,894
	Deferred tax	(17,884)
		(9,990
IX.	**PROFIT FOR THE YEAR (VII-VIII)**	52,912
X.	**OTHER COMPREHENSIVE INCOME**	
A	(i) Items that will not be reclassified to profit or loss	
	(a) Re-measurements of the defined benefit plans	(191)
	(b) Equity instruments through other comprehensive income	(2,552)
	(ii) Income tax relating to items that will not be reclassified to profit or loss	63
	Total (A)	(2,681)
	(i) Items that will be reclassified to profit or loss	
	(a) The effective portion of gains and loss on hedging instruments	(7,189)
	(b) Changes in Foreign Currency Monetary Item translation difference account (FCMITDA)	867
	(ii) Income tax relating to items that will be reclassified to profit or loss	2,209
	Total (B)	(4,113)
	Total Other comprehensive income/(loss) (A+B)	(6,794)
XI.	**Total comprehensive income/(loss) (IX + X)**	46,118
XII.	**EARNINGS PER EQUITY SHARE OF RE 1 EACH**	
	Basic (in Rs.)	22.03
	Diluted (in Rs.)	21.89

Summary of Condensed Standalone Interim Statement of Profit and Loss of the Guarantor for the three months ended June 30, 2019

					Three months ended June 30, 2019 (Rs. in millions)
I.	**REVENUE FROM OPERATIONS**				174,992
II.	**OTHER INCOME**				1,623
III.	**TOTAL INCOME (I +II)**				**176,615**
IV.	**EXPENSES:**				
	Cost of materials consumed				97,327
	Purchases of stock-in-trade				2,491
	Changes in inventories of finished goods and work-in-progress				(7,585)
	Employee benefits expense				3,870
	Finance costs				9,627
	Depreciation and amortisation expense				8,064
	Other expenses				41,629
	TOTAL EXPENSES				**155,423**
V.	**PROFIT BEFORE TAX (III-IV)**				**21,192**
VI.	**TAX EXPENSES:**				
	Current tax				4,452
	Deferred tax				2,513
					6,965
VII.	**PROFIT FOR THE PERIOD (V-VI)**				**14,227**
VIII.	**Other Comprehensive Income/(loss)**				
	A	(i)	Items that will not be reclassified to profit or loss		
			(a)	Re-measurements of the defined benefit plans	(420)
			(b)	Equity instruments through other comprehensive income	(481)
		(ii)	Income tax relating to items that will not be reclassified to profit or loss		15
			Total (A)		**(508)**
	B	(i)	Items that will be reclassified to profit or loss		
			(a)	The effective portion of gains and loss on hedging instruments	(489)
			(b)	Changes in Foreign Currency Monetary item translation difference account (FCMITDA)	575
		(ii)	Income tax relating to items that will be reclassified to profit or loss		(30)
			Total (B)		**56**
			Total other comprehensive income/(loss) (A+B)		**(452)**
IX.	**Total comprehensive income/(loss) (VII+VIII)**				**13,775**
X.	**EARNINGS PER EQUITY SHARE OF RE. 1 EACH (not annualized)**				
	Basic (in Rs.)				5.92
	Diluted (in Rs.)				5.89

Summary of Condensed Standalone Interim Statement of Profit and Loss of the Guarantor for the three months ended June 30, 2020

		Three months ended June 30,	
		2020	**2020**
		(Rs. in millions)	**(U.S.$ in millions)[1]**
I.	**REVENUE FROM OPERATIONS**	102,927	1,363
II.	**OTHER INCOME**	1,542	20
III.	**TOTAL INCOME (I +II)**	**104,469**	**1,383**
IV.	**EXPENSES:**		
	Cost of materials consumed	57,149	757
	Purchases of stock-in-trade	62	1
	Changes in inventories of finished goods and work-in-progress	(2,269)	(30)
	Employee benefits expense	3,543	47
	Finance costs	9,331	124
	Depreciation and amortisation expense	8,669	115
	Other expenses	30,159	399
	TOTAL EXPENSES	**106,644**	**1,412**
V.	**PROFIT/(LOSS) BEFORE TAX (III-IV)**	**(2,175)**	**(29)**
VI.	**TAX EXPENSES/(CREDIT):**		
	Current tax	(380)	(5)
	Deferred tax	(334)	(4)
		(714)	**(9)**
VII.	**PROFIT/(LOSS) FOR THE PERIOD (V-VI)**	**(1,461)**	**(19)**
VIII.	**Other Comprehensive Income/(loss)**		
	A (i) Items that will not be reclassified to profit or loss		
	(a) Re-measurements of the defined benefit plans	39	1
	(b) Equity instruments through other comprehensive income	380	5
	(ii) Income tax relating to items that will not be reclassified to profit or loss	(14)	(0)
	Total (A)	**405**	**5**
	B (i) Items that will be reclassified to profit or loss		
	(a) The effective portion of gains and loss on hedging instruments	647	9
	(ii) Income tax relating to items that will be reclassified to profit or loss	(226)	(3)
	Total (B)	**421**	**6**
	Total other comprehensive income/(loss) (A+B)	**826**	**11**
IX.	**Total comprehensive income/(loss) (VII+VIII)**	**(635)**	**(8)**
X.	**EARNINGS PER EQUITY SHARE OF RE. 1 EACH (not annualized)**		
	Basic (in Rs.)	(0.61)	(0.01)
	Diluted (in Rs.)	(0.61)	(0.01)

Note:

(1) For the reader's convenience, U.S. dollar translations of Indian rupee amounts for the three months ended June 30, 2020 have been provided at a rate of U.S.$1.00 = Rs.75.5270, which was the exchange rate as reported by the FBIL on June 30, 2020.

Summary of Standalone Balance Sheet of the Guarantor as at the years ended March 31, 2018 and March 31, 2019

	As at March 31,	
	2018	**2019**
I. ASSETS		
(1) Non-current assets		
(a) Property, plant and equipment	495,029	492,452
(b) Capital work-in-progress	30,709	95,773
(c) Intangible assets	653	1,723
(d) Intangible assets under development	3,206	3,444
(e) Investments in subsidiaries, associates and joint ventures	38,481	48,531
(f) Financial assets		
(i) Investments	10,299	14,240
(ii) Loans	51,649	76,741
(iii) Other financial assets	7,461	454
(g) Current tax assets (net)	2,500	1,954
(h) Other non-current assets	22,994	33,638
Total non-current assets	**662,981**	**768,950**
(2) Current assets		
(a) Inventories	100,825	105,985
(b) Financial assets		
(i) Trade receivables	46,920	67,456
(ii) Cash and cash equivalents	4,507	52,578
(iii) Bank balances other than (ii) above	1,502	4,216
(iv) Loans	1,578	1,358
(v) Derivative Assets	1,466	2,283
(vi) Other financial assets	5,030	26,214
(c) Other current assets	30,701	19,985
Total current assets	**192,529**	**280,075**
TOTAL ASSETS	**855,510**	**1,049,025**

	As at March 31,	
	2018	**2019**
II. EQUITY AND LIABILITIES		
(1) Equity		
(a) Equity share capital	3,017	3,012
(b) Other equity	276,049	348,612
Total equity	**279,066**	**351,624**
Liabilities		
(2) Non-current liabilities		
(a) Financial liabilities		
(i) Borrowings	295,512	267,483
(ii) Other financial liabilities	6,985	10,154
(b) Provisions	1,149	2,259
(c) Deferred tax liabilities (net)	20,706	32,695
(d) Other non-current liabilities	37	40,831
Total non-current liabilities	**324,389**	**353,422**
(3) Current liabilities		
(a) Financial liabilities		
(i) Borrowings	21,718	53,683
(ii) Trade payables	139,885	130,519
(iii) Derivative Liabilities	901	3,322
(iv) Other financial liabilities	71,113	137,857
(b) Provisions	1,106	519
(c) Other current liabilities	13,812	16,155
(d) Current tax liabilities (net)	3,520	1,924
Total current liabilities	**252,055**	**343,979**
Total liabilities	**576,444**	**697,401**
TOTAL EQUITY AND LIABILITIES	**855,510**	**1,049,025**

Summary of Standalone Balance Sheet of the Guarantor as at the year ended March 31, 2020 and as at June 30, 2020

	As at March 31,	As at June 30,	
	2020	2020	2020
	(Rs. in millions)	(Rs. in millions)	(U.S.$ in millions)(1)
I. ASSETS			
(1) Non-current assets			
(a) Property, plant and equipment	461,168	455,826	6,035
(b) Capital work-in-progress	238,104	248,518	3,290
(c) Right-of-use assets	41,020	39,652	525
(d) Intangible assets	3,233	11,349	150
(e) Intangible assets under development	3,310	3,339	44
(f) Investments in subsidiaries, associates and joint ventures	47,569	48,635	644
(g) Financial assets			
(i) Investments	12,418	12,942	171
(ii) Loans	87,048	89,714	1,188
(iii) Other financial assets	5,624	4,914	65
(h) Current tax assets (net)	3,400	3,485	46
(i) Other non-current assets	23,780	23,962	317
Total non-current assets	**926,674**	**942,336**	**12,477**
(2) Current assets			
(a) Inventories	96,231	94,391	1,250
(b) Financial assets			
(i) Trade receivables	31,661	25,718	341
(ii) Cash and cash equivalents	34,383	12,599	167
(iii) Bank balances other than (ii) above	79,626	67,009	887
(iv) Loans	3,211	2,662	35
(v) Derivative Assets	2,746	1,500	20
(vi) Other financial assets	27,939	28,340	375
(c) Other current assets	17,949	29,364	389
Total current assets	**293,746**	**261,583**	**3.463**
TOTAL ASSETS	**1,220,420**	**1,203,919**	**15,940**

	As at March 31,	As at June 30,	
	2020	**2020**	**2020**
	(Rs. in millions)	**(Rs. in millions)**	**(U.S.$ in millions)[1]**
II. EQUITY AND LIABILITIES			
(1) Equity			
(a) Equity share capital	3,013	3,013	40
(b) Other equity	380,608	380,035	5,032
Total equity	**383,620**	**383,048**	**5,072**
(2) Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	392,473	401,100	5,311
(ii) Lease liabilities	27,160	25,459	337
(iii) Derivative liabilities	1,299	1,362	18
(iii) Other financial liabilities	13,079	13,313	176
(b) Provisions	3,221	3,511	46
(c) Deferred tax liabilities (net)	13,151	13,054	173
(d) Other non-current liabilities	30,478	27,945	370
Total non-current liabilities	**480,860**	**485,744**	**6,431**
(3) Current liabilities			
(a) Financial liabilities			
(i) Borrowings	68,134	40,580	537
(ii) Trade payables	133,536	141,403	1,872
(iii) Derivative liabilities	1,892	1,433	19
(iv) Lease liabilities	7,733	6,650	88
(v) Other financial liabilities	119,796	118,274	1,566
(b) Provisions	638	745	10
(c) Other current liabilities	23,021	25,245	334
(d) Current tax liabilities (net)	1,191	797	11
Total current liabilities	**355,940**	**335,127**	**4.437**
Total liabilities	**836,800**	**820,871**	**10,869**
TOTAL EQUITY AND LIABILITIES	**1,220,420**	**1,203,919**	**15,940**

Note:

(1) For the reader's convenience, U.S. dollar translations of Indian rupee amounts as at June 30, 2020 have been provided at a rate of U.S.$1.00 = Rs.75.5270, which was the exchange rate as reported by the FBIL on June 30, 2020.

Summary of Standalone Statement of Cash Flow of the Guarantor for the years ended March 31, 2018 and March 31, 2019

	Year ended March 31,	
	2018	2019
	(Rs. in millions)	
A. CASH FLOW FROM OPERATING ACTIVITIES		
PROFIT BEFORE TAX	70,753	118,167
ADJUSTMENTS FOR:		
Depreciation and amortisation expenses	30,539	33,967
Loss on sale of property, plant & equipment (net)	1,242	60
Gain on sale of financial investments designated as FVTPL	(163)	(102)
Interest income	(1,766)	(2,389)
Gain arising of financial instruments designated as FVTPL	(87)	(80)
Unwinding of interest on financial assets carried at amortised cost	—	(309)
Dividend income	(46)	(2,243)
Interest expense	34,418	34,520
Shares based payment expense	282	504
Export obligation deferred income amortisation	(666)	(1,600)
Unrealised exchange loss	436	2,013
Allowance for doubtful debts, loans and advances	3,805	1,320
Loss arising from financial instruments designated as FVTPL	301	182
Non-cash expenditure	—	57
Government grant income (Fair value gain on deferred government loan)	(525)	—
	67,770	**65,900**
Operating profit before working capital changes	**138,523**	**184,067**
ADJUSTMENTS FOR:		
(Increase) in inventories	(8,122)	(5,169)
(Increase) in trade receivables	(6,610)	(20,559)
(Increase) in other assets	(13,390)	(9,235)
Increase in trade payable and other liabilities	23,245	36,085
Increase in provisions	164	377
	(4,713)	**1,499**
CASH FLOW FROM OPERATIONS	**133,810**	**185,566**
Income taxes paid (net of refund received)	(12,067)	(24,526
NET CASH GENERATED FROM OPERATING ACTIVITIES (A)	**121,743**	**161,040**

	Year ended March 31,	
	2018	2019
	(Rs. in millions)	
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant & equipment, intangible assets including under development	(37,762)	(79,021)
Proceeds from sale of property, plant & equipment	71	305
Investment in subsidiaries and joint ventures including advances and preference shares	(1,753)	(12,368)
Sale of other non-current investments in equity instruments through FVTOCI	—	502
Purchase of current investments	(78,038)	(83,398)
Sale of current investments	81,202	83,500
Bank deposits not considered as cash and cash equivalents (net)	1,693	(2,679)
Loans given to related parties	(28,577)	(33,173)
Loans repaid by related parties	—	8,770
Interest received	1,776	2,017
Dividend received	46	2,243
NET CASH USED IN INVESTING ACTIVITIES (B)	**(61,342)**	**(113,302)**
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from sale of treasury shares	493	—
Payment for purchase of treasury shares	(762)	(1,526)
Proceeds from non-current borrowings	55,709	60,169
Repayment of non-current borrowings	(47,740)	(42,438)
Proceeds from/Repayment of current borrowings (net)	(27,034)	31,960
Repayment of finance lease obligation	(2,964)	(3,647)
Interest paid	(34,170)	(35,321)
Dividend paid (including corporate dividend tax)	(6,546)	(8,864)
NET CASH GENERATED FROM/(USED IN) FINANCING ACTIVITIES (C)	**(63,014)**	**333**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	**(2,613)**	**48,071**
CASH AND CASH EQUIVALENTS — OPENING BALANCES	**7,120**	**4,507**
CASH AND CASH EQUIVALENTS — CLOSING BALANCES	**4,507**	**52,578**

Summary of Standalone Statement of Cash Flow of the Guarantor for the year ended March 31, 2020

	Year ended March 31, 2020
	(Rs. in millions)
A. CASH FLOW FROM OPERATING ACTIVITIES	
PROFIT BEFORE TAX	42,922
ADJUSTMENTS FOR:	
Depreciation and amortisation expenses	35,217
Loss on sale of property, plant & equipment (net)	288
Gain on sale of financial investments designated as FVTPL	(38)
Interest income	(5,284)
Gain arising of financial instruments designated as FVTPL	(162)
Unwinding of interest on financial assets carried at amortised cost	(451)
Dividend income	(306)
Interest expense	38,307
Shares based payment expense	366
Export obligation deferred income amortisation	(1,395)
Unrealised exchange loss	5,658
Allowance for doubtful debts, loans and advances	957
Loss arising of financial instruments designated as FVTPL	173
Non-cash expenditure	144
Exceptional items	13,090
	86,565
Operating profit before working capital changes	**129,487**
ADJUSTMENTS FOR:	
Decrease in inventories	11,917
Decrease in trade receivables	35,138
(Increase) in other assets	(13,925)
(Decrease) in trade payable	(3,731)
(Decrease) in other liabilities	(8,726)
Increase in provisions	799
	21,474

		Year ended March 31, 2020
		(Rs. in millions)
B.	**CASH FLOW FROM OPERATIONS**	**150,961**
	Income taxes paid (net of refund received)	(9,860)
	NET CASH GENERATED FROM OPERATING ACTIVITIES (A)	**141,101**
	CASH FLOW FROM INVESTING ACTIVITIES	
	Purchase of property, plant & equipment, intangible assets (including under development and capital advances)	(107,403)
	Proceeds from sale of property, plant & equipment	406
	Investment in subsidiaries and joint ventures including advances and preference shares	(9,390)
	Purchase of current investments	(7,616)
	Sale of current investments	7,653
	Bank deposits not considered as cash and cash equivalents (net)	(75,244)
	Loans to related parties	(16,225)
	Loans repaid by related parties	12,361
	Interest received	4,233
	Dividend received	306
	NET CASH USED IN INVESTING ACTIVITIES (B)	**(190,918)**
C.	**CASH FLOW FROM FINANCING ACTIVITIES**	
	Proceeds from sale of treasury shares	1,065
	Payment for purchase of treasury shares	(1,013)
	Proceeds from non-current borrowings	185,610
	Repayment of non-current borrowings	(103,197)
	Proceeds from/Repayment of current borrowings (net)	14,428
	Repayment of lease liabilities/finance lease obligation	(5,029)
	Interest paid	(43,706)
	Dividend paid (including corporate dividend tax)	(11,902)
	Premium paid on redemption of debentures	(5,720)
	NET CASH GENERATED FROM FINANCING ACTIVITIES (C)	**30,536**
	NET (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	**(19,281)**
	CASH AND CASH EQUIVALENTS — OPENING BALANCES	**53,664**
	CASH AND CASH EQUIVALENTS — CLOSING BALANCES	**34,383**

Summary of Condensed Standalone Interim Statement of Cash Flow of the Guarantor for the three months ended June 30, 2019

		Three months ended June 30, 2019
		(Rs. in millions)
A.	NET CASH GENERATED FROM OPERATING ACTIVITIES	25,216
B.	NET CASH USED IN INVESTING ACTIVITIES	(48,128)
C.	NET CASH GENERATED FROM/(USED IN) FINANCING ACTIVITIES	35,530
	NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	**12,618**
	CASH AND CASH EQUIVALENTS — OPENING BALANCES	**52,578**
	CASH AND CASH EQUIVALENTS — CLOSING BALANCES	**65,196**

Summary of Condensed Standalone Interim Statement of Cash Flow of the Guarantor for the three months ended June 30, 2020

		Three months ended June 30,	
		2020	2020
		(Rs. in millions)	(U.S.$ in millions)(1)
A.	NET CASH GENERATED FROM OPERATING ACTIVITIES	18,082	239
B.	NET CASH USED IN INVESTING ACTIVITIES	(7,422)	(98)
C.	NET CASH GENERATED FROM/(USED IN) FINANCING ACTIVITIES	(32,444)	(430)
	NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	**(21,784)**	**(288)**
	CASH AND CASH EQUIVALENTS — OPENING BALANCES	**34,383**	**455**
	CASH AND CASH EQUIVALENTS — CLOSING BALANCES	**12,599**	**167**

Note:

(1) For the reader's convenience, U.S. dollar translations of Indian rupee amounts for the three months ended June 30, 2020 have been provided at a rate of U.S.$1.00 = Rs.75.5270, which was the exchange rate as reported by the FBIL on June 30, 2020.

The Group's Key Operating and Financial Information

This disclosure is intended to assist in understanding the trends in the operating and financial information of the Group included in this Offering Memorandum.

	Year ended/as at March 31,		Three months ended/as at June 30,		
	2019	**2020**	**2019**	**2020**	**2020**
	(Rs. in millions except percentages)		**(Rs. in millions except percentages)**		**(U.S.$ in millions except percentages)[6]**
Total revenue from operations (Rs. in millions)[5]	847,571	733,264	198,119	117,815	1,560
EBITDA (Rs. in millions)[1][5]	189,516	118,728	37,152	13,410	178
Purchases for property, plant and equipment and intangible assets (including under development and capital advances) (Rs. in millions)	102,056	128,104	31,186	22,265	295
Profit/(loss) before tax (Rs. in millions)	111,684	30,131	17,695	(6,431)	(85)
Profit/(loss) for the year/period (Rs. in millions)	75,244	39,193	10,077	(5,822)	(77)
EBITDA/Total revenue from operations (per cent.)	22.4	16.2	18.8	11.4	11.4
Profit/(loss) before tax/Total revenue from operations (per cent.)	13.2	4.1	8.9	(5.5)	(5.5)

	Year ended/as at March 31,		Three months ended/ as at June 30,	
	2019	**2020**	**2020**	**2020**
	(Rs. in millions except percentages)		**(Rs. in millions except percentages)**	**(U.S.$ in millions except percentages)[6]**
Net debt to equity ratio (times)[2][7]	1.20	1.31	1.37	1.37
Return on average net worth[3][5] (per cent.)	24.3	11.1	(1.6)	(1.6)
Return on average capital employed[4][5] (per cent.)	19.2	8.4	0.3	0.3

Notes:

(1) EBITDA: Profit/(loss) for the year/period +(-) share of profit/loss from joint ventures (net) +(-) tax expense/credit + exceptional items + depreciation and amortisation expense + finance costs - other income.

(2) Net debt to equity ratio: net debt/net worth (Net debt: Non-current Borrowings + current borrowings + current maturities of long-term borrowings + current maturities of finance lease obligations, if any, - cash and cash equivalents - bank balances other than cash and cash equivalents - current investments) (Net worth: Equity attributable to Owners of the Guarantor + Non-controlling interests). Net debt excludes acceptances.

(3) Return on average net worth: Profit/(loss) for the year/period/average net worth (Net worth: Equity attributable to Owners of the Guarantor + Non-controlling interests). (Average net worth: (net worth as at the beginning of the year/period + net worth as at the closing of the year/period)/2).

(4) Return on average capital employed: EBIT/average capital employed (Capital employed: net worth + Non-current borrowings + Current borrowings + current maturities of long-term borrowings + current maturities of finance lease obligations, if any, + deferred tax liabilities (net) + deferred tax assets (net)) (EBIT: EBITDA - depreciation and amortisation expenses) (Average capital employed: (capital employed as at the beginning of the year/period + capital employed as at the closing of the year/period)/2).

(5) As used in this Offering Memorandum, a non-GAAP financial measure is one that purports to measure historical financial performance, financial position or cash flows, but excludes or includes amounts that would not be so adjusted in the most comparable IFRS/IND-AS measures. From time to time, reference is made in this Offering Memorandum to such "non-GAAP financial measures", primarily EBITDA, or (unless otherwise specified) profit/(loss) before other income and finance costs, tax expense/credit, depreciation, amortisation and exceptional items and share of profit/loss from joint-ventures (net), and net debt, or (unless otherwise specified) non-current borrowings plus current borrowings plus current maturities of long-term borrowings plus current maturities of finance lease obligations, if any, minus cash and cash equivalents, bank balances other than cash and cash equivalents, and current investments. The Group's management believes that EBIT, EBITDA, EBITDA/Total revenue from operations, profit/(loss) before tax/Total revenue from operations, Net debt, Net worth, Net debt to equity ratio, Average net worth, Return on average net worth, Return on average capital employed and other non-GAAP financial measures provide investors with additional information about the Group's performance, as well as ability to incur and service debt and make capital expenditures, and are measures commonly used by investors. The non-GAAP financial measures described herein are not a substitute for IFRS/IND-AS measures of earnings and may not be comparable to similarly titled measures reported by other companies due to differences in the way these measures are calculated.

(6) For the reader's convenience, U.S. dollar translations of Indian rupee amounts for the three months ended June 30, 2020 have been provided at a rate of U.S.$1.00 = Rs.75.5270, which was the exchange rate as reported by the FBIL on June 30, 2020.

(7) With the adoption of IND-AS 116 from April 1, 2019 by the Group, finance lease obligations are now presented as part of 'Lease Liabilities' in the balance sheet. As finance lease obligations are not disclosed as 'Borrowings' in the balance sheet, they are also not included as part of Net debt as at March 31, 2020, June 30, 2019 and June 30, 2020. Further interest bearing advance received from customer against long-term supply agreement are presented as 'Other Liabilities' in the balance sheet and hence also not included as part of net debt as at March 31, 2019, March 31, 2020, June 30, 2019 and June 30, 2020. Also, the lease expenses relating to operating lease contracts which was being disclosed as part of 'Other expenses' till March 31, 2019 are now disclosed as depreciation and amortization expense and finance costs in the profit and loss account on transition to IND-AS 116 from April 1, 2019.

Non-GAAP Financial Measures

The following table reconciles the Group's profit after tax for the years ended March 31, 2019 and 2020 and for the three months ended June 30, 2019 and 2020 to the Group's definition of EBITDA, Net debt to equity ratio, return on average net worth, return on average capital employed and other Non-GAAP financial measures for the periods indicated:

	Year ended/as at March 31,		**Three months ended/as at June 30,**		
	2019	**2020**	**2019**	**2020**	**2020**
	(Rs. in millions)		**(Rs. in millions)**		**(U.S.$ in millions except percentages)[1]**
Profit/(loss) for the year/period (A)	75,244	39,193	10,077	(5,822)	(77)
Adjustments					
Other income	2,038	5,460	1,410	1,324	18
Finance costs	(39,167)	(42,645	(10,416)	(10,164)	(135)
Exceptional Items	—	(8,053	—	—	—
Tax (expenses)/credit					
Current tax	(24,731)	(9,432	(4,826)	327	4
Deferred tax	(11,709)	18,494	(2,792)	282	4
Share of Profit/(loss) from joint ventures (net)	(297)	(900	(190)	(527)	(7)
Total adjustments (B)	**(73,866)**	**(37,076)**	**(16,814)**	**(8,758)**	**(116)**
EBIT (C) = (A) – (B)	**149,110**	**76,269**	**26,891**	**2,936**	**39**
Adjustments (D)					
Depreciation and amortisation expense	(40,406)	(42,459	(10,261)	(10,474)	(139)
EBITDA[2] (E) = (C) – (D)	**189,516**	**118,728**	**37,152**	**13,410**	**178**
Total revenue from operations (F)	847,571	733,264	198,119	117,815	1,560
Profit/(loss) before tax (G)	111,684	30,131	17,695	(6,431)	(85)
EBITDA/Total revenue from operations (per cent.) (H) = (E/F)	**22.4**	**16.2**	**18.8**	**11.4**	**11.4**
Profit/(loss) before tax/Total revenue from operations (per cent.) (G/F)	**13.2**	**4.1**	**8.9**	**(5.5)**	**(5.5)**

Notes:

(1) For the reader's convenience, U.S. dollar translations of Indian rupee amounts for the three months ended June 30, 2020 have been provided at a rate of U.S.$1.00 = Rs.75.5270, which was the exchange rate as reported by the FBIL on June 30, 2020.

(2) EBITDA: profit/(loss) for the year/period +(-) share of profit/loss from joint ventures (net) +(-) taxes/(credit) + exceptional items + depreciation and amortisation expense + finance costs - other income.

	Year ended/as at March 31,		Three months ended/ as at June 30,	
	2019	2020	2020	2020
	(Rs. in millions)		(Rs. in millions)	(U.S.$ in millions except percentages)[1]
Non-current borrowings	296,559	446,726	457,216	6,054
Current borrowings	63,325	83,248	55,400	734
Current maturities of long-term borrowings	111,474	63,759	62,483	827
Current maturities of finance lease obligations[6]	2,604	—	—	—
Total borrowings	**473,962**	**593,733**	**575,099**	**7,614**
Less: Cash and cash equivalents	(55,807)	(39,656)	(19,548)	(259)
Less: Bank balance other than cash and cash equivalents	(6,057)	(80,365)	(67,910)	(899)
Less: Current investment	(817)	(18)	(82)	(1)
Net Debt[2][5]	**411,281**	**473,694**	**487,559**	**6,455**
Equity attributable to Owners of the Company	347,948	365,990	360,721	4,776
Non-controlling interests	(4,500)	(5,753)	(5,958)	(79)
Net worth[2][5]	**343,448**	**360,237**	**354,763**	**4,697**
Net debt to equity ratio (times)[2][5]	**1.20**	**1.31**	**1.37**	**1.37**
Net worth as at beginning of the year/period	275,333[7]	343,448	360,237	4,770
Net worth as at closing of the year/period	343,448	360,237	354,763	4,697
Average Net worth[3][5]	**309,391**	**351,843**	**357,500**	**4,733**
Return on average net worth (Profit/(loss) for the year/period/average net worth (per cent.))[3][5]	**24.3**	**11.1**	**(1.6)**	**(1.6)**
Net worth	343,448	360,237	354,763	4,697
Non-current borrowings	296,559	446,726	457,216	6,054
Current borrowings	63,325	83,248	55,400	734
Current maturities of long-term borrowings[6]	111,474	63,759	62,483	827
Current maturities of finance lease obligations	2,604	—	—	—
Deferred tax liabilities (net)	38,936	16,774	16,829	223
Deferred tax assets (net)	(1,166)	—	—	—
Capital employed[4][5]	**855,180**	**970,744**	**946,691**	**12,534**
Capital employed as at beginning of the year/period	694,823[7]	855,180	970,744	12,853
Capital employed as at closing of the year/period	855,180	970,744	946,691	12,534
Average capital employed[4][5]	**775,002**	**912,962**	**958,718**	**12,694**
Return on average capital employed (EBIT/Average Capital employed) (per cent.)[4][5]	**19.2**	**8.4**	**0.3**	**0.3**

Notes:

(1) For the reader's convenience, U.S. dollar translations of Indian rupee amounts as at June 30, 2020 have been provided at a rate of U.S.$1.00 = Rs.75.5270, which was the exchange rate as reported by the FBIL on June 30, 2020.

(2) Net debt to equity ratio: net debt/net worth (Net debt: Non-current Borrowings + current borrowings + current maturities of long-term borrowings + current maturities of finance lease obligations, if any, - cash and cash equivalents - bank balances other than cash and cash equivalents - current investments) (Net worth: Equity attributable to Owners of the Guarantor + Non-controlling interests). Net debt excludes acceptances.

(3) Return on average net worth: Profit/(loss) for the year/period/average net worth (Net worth: Equity attributable to Owners of the Guarantor + Non-controlling interests) (Average net worth: (net worth as at the beginning of the year/period + net worth as at the closing of the year/period)/2).

(4) Return on average capital employed: EBIT/average capital employed (Capital employed: net worth + Non-current borrowings + Current borrowings + current maturities of long-term borrowings + current maturities of finance lease obligations, if any, + deferred tax liabilities (net) + deferred tax assets (net)) (EBIT: EBITDA – depreciation and amortisation expenses) (Average capital employed: (capital employed as at the beginning of the year/period + capital employed as at the closing of the year/period)/2).

(5) As used in this Offering Memorandum, a non-GAAP financial measure is one that purports to measure historical financial performance, financial position or cash flows, but excludes or includes amounts that would not be so adjusted in the most comparable IFRS/IND-AS measures. From time to time, reference is made in this Offering Memorandum to such "non-GAAP financial measures", primarily EBITDA, or (unless otherwise specified) profit/(loss) before other income and finance costs, tax expenses/credit, depreciation, amortisation and exceptional items and share of profit/loss from joint-ventures (net), and net debt, or (unless otherwise specified) non-current borrowings plus current borrowings plus current maturities of long-term borrowings plus current maturities of finance lease obligations, if any, minus cash and cash equivalents, bank balances others than cash and cash equivalents, and current investments. The Group's management believes that EBIT, EBITDA, EBITDA/Total revenue from operations, profit/(loss) before tax/Total revenue from operations, Net debt, Net worth, Net debt to equity ratio, Average net worth, Return on average net worth, Return on average capital employed and other non-GAAP financial measures provide investors with additional information about the Group's performance, as well as ability to incur and service debt and make capital expenditures, and are measures commonly used by investors. The non-GAAP financial measures described herein are not a substitute for IFRS/IND-AS measures of earnings and may not be comparable to similarly titled measures reported by other companies due to differences in the way these measures are calculated.

(6) With the adoption of IND-AS 116 from April 1, 2019 by the Group, finance lease obligations are now presented as part of 'Lease Liabilities' in the balance sheet. As finance lease obligations are not disclosed as 'Borrowings' in the balance sheet, they are also not included as part of Net debt as at March 31, 2020 and June 30, 2020. Further interest-bearing advance received from customer against long-term supply agreement are presented as 'Other Liabilities' in the balance sheet and hence also not included as part of net debt as at March 31, 2019, March 31, 2020 and June 30, 2020. Also, the lease expenses relating to operating lease contracts which was being disclosed as part of 'Other expenses' till March 31, 2019 are now disclosed as depreciation and amortization expense and finance costs in the profit and loss account on transition to IND-AS 116 from April 1, 2019.

(7) Net worth as at the beginning of the year and Capital employed as at the beginning of the year for the year ended March 31, 2019 is presented below (noting the footnotes contained throughout the below table refer to the notes above):

	As at March 31, 2018
	(Rs. in millions)
Equity attributable to Owners of the Company	279,974
Non-controlling interests	(4,641)
Net worth(2)(5)	**275,333**
Non-current borrowings	317,229
Current borrowings	21,771
Current maturities of long-term borrowings	52,715
Current maturities of finance lease obligations(6)	2,213
Deferred tax liabilities (net)	26,043
Deferred tax assets (net)	(481)
Capital employed(4)(5)	**694,823**

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion is intended to convey management's perspective on the financial condition and results of operations of the Group as at and for the years ended March 31, 2018, 2019 and 2020 and the three months ended June 30, 2019 and 2020. All financial information for the Group and the Guarantor as at and for the years ended March 31, 2018, 2019 and 2020 and for the three months ended June 30, 2019 and 2020 has been derived from the Group Consolidated Financial Statements and the Guarantor Standalone Financial Statements, unless stated otherwise, except for 'Revenue from Operations' and 'Other Expenses' for the year ended March 31, 2018 which have been restated and 'Share of Profit/(Loss) from joint ventures (net)' and its consequential impact on 'Profit before exceptional items and tax' and 'Profit before tax' which has been regrouped and derived from the comparatives presented in the annual financial statements for the year ended March 31, 2019 of the Guarantor and the Group as applicable. This financial information should be read in conjunction with "Recent Developments", "Presentation of Financial Information", "Selected Financial Data and Other Information" and "Index to Financial Statements" in this Offering Memorandum. The Group Consolidated Financial Statements are prepared in accordance with IND-AS. IND-AS differs in certain respects from IFRS and other accounting principles and audit and review standards accepted in the countries with which prospective investors may be familiar.

This section contains forward-looking statements that involve risks and uncertainties. The Group's actual results may differ materially from those discussed in such forward-looking statements as a result of various factors, including those described under the sections "Forward-Looking Statements and Associated Risks" and "Risk Factors" of this Offering Memorandum.

Overview of the Group

The Guarantor, JSW Steel Limited, the flagship company of the diversified U.S.$12 billion JSW Group and part of the O.P. Jindal Group, is an integrated manufacturer of a diverse range of steel products with an export footprint in more than 100 countries. The JSW Group has diversified interests in mining, carbon steel, power, industrial gases, port facilities, cement and paints. The Group offers an extensive portfolio of flat and long products, including hot rolled coils, sheets and plates, cold rolled coils and sheets, galvanized and galvalume products, tinplates, electrical steel, pre-painted galvanized and galvalume products, thermo-mechanically treated ("**TMT**") bars, wire rods, rails, grinding balls and special steel bars, rounds and blooms, plates and pipes of various sizes and cold rolled non-grain oriented products. The Group is also one of the largest producers and exporters of coated flat steel products in India. The Group believes that it has one of the lowest conversion costs in the industry, primarily due to its efficient operations, high manpower productivity and the strategic location of its state-of-the-art manufacturing facilities. The Group's operations in India currently have an installed crude steel capacity of approximately 18.0 mtpa, which comprises 12.5 mtpa (approximately 70 per cent. of the capacity) of flat products and 5.5 mtpa (approximately 30 per cent. of the capacity) of long products. The Group's total revenue from operations amounted to Rs.733,264 million for the year ended March 31, 2020 and to Rs.117,815 million (U.S.$1,560 million) for the three months ended June 30, 2020.

In June 2019, the Group was ranked seventh amongst top 35 world class steelmakers according to a report, 'Seeing Steel with New Eyes' by World Steel Dynamics, based on a variety of factors. In particular, the Group achieved the highest rating (10 out of 10) on the following criteria: conversion costs; yields, expanding capacity, location in high-growth markets and labour costs. This ranking puts the Group ahead of all other steelmakers based in India and ranked third amongst Asian steelmakers.

The Group has significantly expanded its steelmaking capacity at its Indian operations, which has increased from 1.6 mtpa in financial year 2002 to 2.5 mtpa in financial year 2006, 3.8 mtpa in financial year 2007, 7.8 mtpa in financial year 2010, 11.0 mtpa in financial year 2012 and to 18.0 mtpa in financial year 2016, through organic and inorganic growth. The Group's manufacturing facilities in India consist of Vijayanagar Works in Karnataka (12.0 mtpa), Dolvi Works in Maharashtra (5.0 mtpa) and Salem Works in Tamil Nadu (1.0 mtpa) in addition to downstream facilities for its coated products division at Vasind, Tarapur and Kalmeshwar Works in Maharashtra. The Group's major facilities in India are strategically located near raw material sources and are well connected via ports and railways, thus helping the Group to maintain a low-cost structure. The Group's overseas manufacturing facilities comprise a plate/pipe mill in Baytown, Texas, U.S., a steel making facility at Ohio, U.S., and a long product mill in Italy. The Baytown facility has a 1.2 mntpa plate mill and a 0.55 mntpa pipe mill. The facility is located near a port and in close proximity to key customers in the oil and gas industry. The Ohio facility is a hot rolling mill with a 3.0 mntpa capacity. It is partially backward integrated with a 1.5 mntpa EAF furnace that became operational in December 2018 after commencement of operations by the Group. The facility in Italy was acquired by the Group in July 2018 and produces long products — railway lines, bars, wire rods and grinding balls — with aggregate capacity of 1.3 mtpa. The Group plans to expand its domestic steel capacity to 45.0 mtpa in the next decade through a combination of organic and inorganic growth.

For fiscal year 2020 and for the three months ended June 30, 2020, revenue from operations within India represents 75.6 per cent. and 47.6 per cent., respectively, of the Group's total revenue from operations. The Group has a widespread sales and distribution network that sells its products directly to customers, wholesale traders and stock points. The Group's sales presence is particularly strong in South and West India, where a large portion of India's steel customers are located. The Group is mainly focused on retail sales through its exclusive and non-exclusive retail outlets. As at June 30, 2020, the Group had more than 11,000 exclusive and non-exclusive retail outlets located throughout India. For fiscal year 2020 and the three months ended June 30, 2020, revenue from operations outside India represents 24.4 per cent. and 52.4 per cent. of the Group's total revenue from operations respectively. The Group has an export footprint in more than 100 countries across five continents. The Group uses a combination of direct sales to customers and sales to international trading houses for its international sales. See "*Description of the Issuer*" for information on the business of the Issuer.

Key Factors Affecting the Results of Operations

Amongst others, the primary factors affecting the Group's results of operations are:

- the COVID-19 pandemic which resulted in a nation-wide lockdown order in India and similar measures being taken across the globe;
- sales volume and prices;
- production costs;
- product mix; and
- currency exchange rates. See "— *Results of Operations*" for a discussion of the extent to which these factors have affected the Group's results of operations in the periods stated.

The COVID-19 Pandemic

The COVID-19 pandemic has had and continues to have adverse repercussions across regional and global economies and financial markets which necessarily adversely affects India, the jurisdictions in which the Group operates and in turn, the Group's business. The government of many countries, including certain of the jurisdictions in which the Group operates, have reacted by instituting lockdowns, business shutdowns, quarantines and restrictions on travel. Businesses have also implemented countermeasures and safety measures to reduce the risk of transmission. Such actions have not only disrupted businesses but have had a material and adverse effect on industries and local, regional and global economies.

The Indian economy was severely impacted by the temporary closure of the economic activities across the country after the announcement of the first phase of nationwide lockdown which took effect on March 25, 2020. The lockdown has been subsequently extended to June 30, 2020, with the country being divided into containment or non-containment zones, the former being zones where the outbreak of the virus is still prevalent. This has caused a significant disruption in the Guarantor's supply chain and the Guarantor scaled down and/or suspended production across all its facilities following the first phase lockdown.

The Government has subsequently permitted certain additional activities from April 20, 2020 in non-containment zones, subject to requisite approvals as may be required. The Guarantor has secured the requisite approvals and accordingly commenced operations at all facilities since the last week of April. However, with the outbreak still ongoing in India and certain restrictions still in place, project activity at various sites are still impacted due to a slew of restrictions, non-availability of required manpower and materials due to restrictions on movement. For example, while the Guarantor has received requisite permission to restart project activities at Dolvi works on April 20, 2020, there are manpower limitations as a number of workers employed by the Guarantor's contractors began to return to their homes. While a return of the workforce to normal levels is expected by end October 2020, there can be no assurance that this will happen within the expected time. The Guarantor is also experiencing non-availability of foreign experts from their technology and equipment suppliers due to international travel restrictions. Furthermore, the Guarantor is facing challenges with outbreaks of the virus among its workforce, with its workers contracting the COVID-19 virus at its steel plant in the Bellary district of Karnataka. However, the Guarantor responded promptly and responsibly to control the spread of the COVID-19 pandemic among the workforce and local communities by implementing comprehensive prevention and mitigation measures, leveraging existing medical infrastructure and community outreach programmers. Further, the Guarantor identified the workforce (including those who resided outside township premises) which are critical for the operation of the plant and made arrangements to accommodate all of them within the township's premises to completely restricting the movement of personnel into and out of factory premises. The Guarantor has been scrupulously following the guidelines, protocols and instructions issued by the local administration from time to time. With the phased easing of the lockdown, domestic economic activity has shown gradual improvement.

The Group's total revenue from operations decreased by 13.5 per cent. to Rs.733,264 million for the year ended March 31, 2020 from Rs.847,571 million for the year ended March 31, 2019 and the Group's net profit after tax decreased by 47.9 per cent. to Rs.39,193 million for the year ended March 31, 2020 from Rs.75,244 million for the year ended March 31, 2019. The Guarantor has also revised its total planned capex spend for the fiscal year 2021 to about Rs.90,000 million from the earlier guidance of Rs.163,400 million.

Sales Volume and Prices

The primary factors affecting the Group's results of operations are its sales volume and the price of steel. The Group derives its revenue primarily from the sale of finished steel products. The market for steel is substantially driven by changes in supply and demand in the global steel market, which are significantly affected by the state of the global economy and competition and consolidation within the steel industry. The Group's sales revenue also depends on the price of steel in the international markets. The global price of steel, in turn, depends upon a combination of factors, including demand for steel and the products of our customers, the availability and cost of raw material inputs, worldwide production and capacity, fluctuations in the volume of steel imports, transportation costs, protective trade measures and various social and political factors.

The Group relies on key consumers of steel products in the construction, automotive, packaging, appliance, engineering and transportation industries. These industries are in turn affected by the state of the markets in which they operate. While the global economy showed signs of recovery in 2010, subsequent years have been volatile primarily due to the sovereign debt crisis and the COVID-19 pandemic.

According to the IMF, India's gross domestic product has grown by 4.2 per cent. in fiscal year 2020. According to World Steel, steel consumption in India grew 4.9 per cent. in 2019 and India's per capita steel consumption of finished steel in 2019 was relatively low at approximately 74.3 kg, as compared to China at 632.9 kg, Japan at 498.1 kg, the U.S. at 296.8 kg, South Korea at 1039.0 kg, and a world average at approximately 229.3 kg.

China has recently been the largest steel producing country in the world by a significant margin, with the balance between its domestic production and demand being an important factor in the determination of global steel prices. According to World Steel, China produced 996 mtpa of crude steel in 2019, which represented around 53.3 per cent. of global steel production in 2019. China's production in 2018 represents a 6.6 per cent. growth over its production in 2017 and in 2019 represented 8.3 per cent. increase over its production in 2018. Given China's significant market share in global steel production and consumption (53.3 per cent. and 51.3 per cent. respectively, in the calendar year 2019), Chinese steel production and exports have had, and can be expected to continue to have, a significant impact on steel prices in Europe, India and other markets outside of China, even more so if the growth of China's steel production accelerates and/or China's apparent steel usage falls. See "*Industry Overview — The Global Steel Industry — Global Steel Outlook*". See also "*Industry Overview*" for further information on the impact of the COVID-19 pandemic on the industry.

Production Costs

After revenue, production costs are the most significant factor affecting the Group's results of operations. The Group's principal production costs are raw material costs (primarily coal and iron ore), labour-related expenses (primarily salaries), and other production-related costs such as repairs to machinery, energy costs, and freight relating to sales.

For the years ended March 31, 2018, 2019 and 2020, and the three months ended June 30, 2020, the cost of materials consumed by the Group's operations was Rs.387,785 million, Rs.434,762 million, Rs.388,648 million and Rs.64,714 million, respectively. Total crude steel production from the Guarantor's Indian operations was 16.27 mt, 16.69 mt, 16.06 mt and 2.96 mt for the years ended March 31, 2018, 2019 and 2020, and the three months ended June 30, 2020, respectively. For the years ended March 31, 2018, 2019 and 2020, and the three months ended June 30, 2020, the cost of materials consumed by the Guarantor was Rs.359,954 million, Rs.395,887 million, Rs.330,729 million and Rs.57,149 million, respectively.

The following table sets forth the Group's cost of materials for the periods indicated:

	Year ended March 31,			**Three months ended June 30,**
	2018	**2019**	**2020**	**2020**
	(Rs. in millions)			
Cost of materials consumed	387,785	434,762	388,648	64,714
Purchases of stock-in-trade	20	3,199	1,346	13
Total cost of materials	**387,805**	**437,961**	**389,994**	**64,727**

Labor-related expenses and other production-related costs (i.e., consumption of stores and spares and repairs to machinery) and freight and handling charges relating to sales also constitute a large portion of the Group's total expenditure. Although these costs are not subject to the same level of volatility as raw material costs, which fluctuate significantly depending on market conditions, the relatively fixed nature of such costs can have a material adverse impact on profitability during times of low production, as such costs cannot be reduced in accordance with the Group's lower production volume.

Product Mix

The Group's product mix also affects its revenue and profitability. In general, selling a greater proportion of high value-added products should increase revenue and profitability. For example, within the flat product category, cold rolled, galvanized and tinplate products command higher prices and margins, while in the long products category, wires are considered to be high value-added products. The Group's coated products division and Vijayanagar Works, with a capacity of 5.32 mtpa, both produce value-added flat products, while Salem Works produces special steel long products. The Group's value added and special products comprised 58 per cent., 53 per cent., 48 per cent. and 38 per cent. of its total sales for the years ended March 31, 2018, 2019 and 2020, and the three months ended June 30, 2020, respectively. The Group continues to make significant investments in value-added production capabilities and intends to continue to focus on value-added products through new investments and product development.

Currency Exchange Rates

A significant portion of the Group's raw material costs, particularly coking coal, are imported and paid in U.S. Dollars. A majority of the Group's revenues are denominated in Rupees. Accordingly, a depreciation in the Rupee against the U.S. Dollar effectively increases the Group's costs by making raw material inputs more expensive in Rupee terms. In the year ended March 31, 2014, the Group instituted a hedging policy to help reduce the impact of foreign currency exchange fluctuations on its results of operations.

Significant Accounting Policies

In order to prepare the financial statements of the Group, estimates and judgments are used based on, among other things, industry trends, the Group's experience and the terms of existing contracts, all of which are subject to an inherent degree of uncertainty. For information on the Group's significant accounting policies, disclosure as per applicable accounting standards and for the financial period presented in this Offering Memorandum, please refer to the respective annual financial statements and condensed consolidated interim financial statements set forth in this Offering Memorandum.

While the Group believes its estimates and judgments to be reasonable under the circumstances, there can be no assurance that the Group's judgments will prove correct or that actual results reported in future periods will not differ from expectations reflected in the Group's accounting treatment of certain items. In addition, other companies may utilize different accounting policies, which may impact the comparability of the Group's results of operations to those of companies in similar businesses.

Description of Main Income Statement Items

"Revenue from operations" comprises revenue from operations less excise duty and inter-segment sales. Revenue from operations includes revenue from the sale of products, and other operating income. Inter-segment sales include revenue generated from the sale of product between segments of the Group.

"Cost of materials consumed" comprises expenses associated with raw materials used in production, primarily including iron ore, coal, coke, limestone and other major inputs.

"Purchase of stock-in-trade" comprises expenses associated with raw materials that were later resold.

"Changes in inventories of finished goods, work-in-progress and stock-in-trade" reflects the net change in these balance sheet items during the period.

"Employee benefits expense" comprises salaries and wages (including bonuses), ESOPS, contributions to provident and other funds and staff welfare expenses.

"Finance costs" comprises interest on loans, bonds, debentures and other forms of indebtedness, finance charges on leases and other borrowing costs less capitalized interest, dividends on redeemable preference shares, exchange differences on foreign currency borrowings to the extent regarded as an adjustment to finance cost.

"Depreciation and amortization" comprises depreciation of fixed assets and amortization of intangible assets.

"Other expenses" include expenses associated with stores and spares, power and fuel, repairs and maintenance, job work and processing charges, administrative overheads, hedging costs and carriage and freight, etc.

"Exceptional items" comprises impairment of assets and provision in relation to a legal dispute.

"Tax expense" comprises current tax and deferred tax.

Results of Operations

The following tables set forth the Group's income statement data for each of the years ended March 31, 2018, 2019 and 2020 and the three months ended June 30, 2019 and 2020 which have been derived or calculated from the Group Consolidated Financial Statements included elsewhere in this Offering Memorandum, unless stated otherwise, except for 'Revenue from operations' and 'Other expenses' for the year ended March 31, 2018 which have been restated and 'Share of Profit/(Loss) from joint ventures (net)' and its consequential impact on 'Profit before exceptional items and tax' and 'Profit before tax' which has been regrouped and derived from the comparatives presented in the annual audited financial statements as at and for the year ended March 31, 2019 of the Group as applicable. This financial information should be read in conjunction with "*Recent Developments*", "*Presentation of Financial Information*" and "*Index to Financial Statements*" in this Offering Memorandum. Our results of operations for the three months ended June 30, 2020 are not necessarily indicative of our results for the year ending March 31, 2021, and historical results presented in this Offering Memorandum in general do not necessarily indicate results expected for any future period.

		Three months ended June 30,			
		2019	**2020**	**% change**	**2020**
		(Rs. in millions, except percentages)			**(U.S.$ in millions)(1)**
I.	**Revenue from operations**	198,119	117,815	(40.5)	1,560
II.	**Other income**	1,410	1,324	(6.1)	18
III.	**Total income (I + II)**	**199,529**	**119,139**	**(40.3)**	**1,577**
IV.	**Expenses:**				
	Cost of materials consumed	113,901	64,714	(43.2)	857
	Purchases of stock-in-trade	252	13	(95.0)	0
	Changes in inventories of finished goods, work-in-progress and stock-in-trade	(10,526)	(1,482)	(85.9)	(20)
	Employee benefits expense	7,594	6,246	(17.8)	83
	Finance costs	10,416	10,164	(2.4)	135
	Depreciation and amortisation expense	10,261	10,474	2.1	139
	Other expenses	49,746	34,915	(29.8)	462
	Total expenses	**181,644**	**125,043**	**(31.2)**	**1,656**
V.	**Profit/(loss) before share of profit(loss) from joint ventures (net) and tax (III-IV)**	**17,885**	**(5,904)**	**(133.0)**	**(78)**

	Three months ended June 30,			
	2019	2020	% change	2020
	(Rs. in millions, except percentages)			(U.S.$ in millions)(1)
VI. Share of profit/(loss) from joint ventures (net)	(190)	(527)	177.4	(7)
VII. Profit/(loss) before tax (V + VI)	**17,695**	**(6,431)**	**(136.3)**	**(85)**
VIII. Tax expense:				
Current tax	4,826	(327)	(106.8)	(4)
Deferred tax	2,792	(282)	(110.1)	(4)
	7,618	**(609)**	**(108.0)**	**(8)**
IX. Profit/(loss) for the period (VII-VIII)	**10,077**	**(5,822)**	**(157.8)**	**(77)**

Note:

(1) For the reader's convenience, U.S. Dollar translations of Indian Rupee amounts for the three months ended June 30, 2020 have been provided at a rate of U.S.$1.00 = Rs.75.5270, which was the exchange rate as reported by the FBIL on June 30, 2020.

	Year ended March 31,		
	2019	2020	% change
	(Rs. in millions, except percentages)		
I. Revenue from operations:	847,571	726,109	(14.3)
Fees for assignment of procurement contract	—	2,500	—
Government grant income — VAT/GST incentive relating to earlier years	—	4,655	—
Total revenue from operations	**847,571**	**733,264**	**(13.5)**
II. Other income	2,038	5,460	167.9
III. Total income (I + II)	**849,609**	**738,724**	**(13.1)**
IV. Expenses:			
Cost of materials consumed	434,762	388,648	(10.6)
Purchases of stock-in-trade	3,199	1,346	(57.9)
Changes in inventories of finished goods, work-in-progress and stock-in-trade	(5,899)	(2,695)	(54.3)
Employee benefits expense	24,892	28,393	14.1
Finance costs	39,167	42,645	8.9
Depreciation and amortisation expense	40,406	42,459	5.1
Other expenses	201,101	198,844	(1.1)
Total expenses	**737,628**	**699,640**	**(5.2)**
V. Profit before share of profit/(loss) from joint ventures (net), exceptional items and tax (III-IV)	**111,981**	**39,084**	**(65.1)**
VI. Share of profit/(loss) from joint ventures (net)	(297)	(900)	203
VII. Profit before exceptional items and tax (V + VI)	**111,684**	**38,184**	**(65.8)**
VIII. Exceptional items	—	8,053	—
IX. Profit before tax (VII-VIII)	**111,684**	**30,131**	**(73.0)**
X. Tax expense/(credit):			
Current tax	24,731	9,432	(61.9)
Deferred tax	11,709	(18,494)	(257.9)
Total tax expense/(credit)	**36,440**	**(9,062)**	**(124.9)**
XI. Profit for the year (IX-X)	**75,244**	**39,193**	**(47.9)**

		Year ended March 31,		
		2018	2019	% change
		(Rs. in millions, except percentages)		
I.	**Revenue from operations**	732,110	847,571	15.8
II.	**Other income**	1,669	2,038	22.1
III.	**Total income (I + II)**	**733,779**	**849,609**	**15.8**
IV.	**Expenses:**			
	Cost of materials consumed	387,785	434,762	12.1
	Purchases of stock-in-trade	20	3,199	15,895.0
	Changes in inventories of finished goods, work-in-progress and stock-in-trade	2,438	(5,899)	(342.0)
	Employee benefits expense	18,426	24,892	35.1
	Finance costs	37,014	39,167	5.8
	Depreciation and amortisation expense	33,873	40,406	19.3
	Excise duty expense	12,780	—	(100.0)
	Other expenses	162,718	201,101	23.6
	Total expenses	**655,054**	**737,628**	**12.6**
V.	**Profit before share of profit/(loss) from joint ventures (net), exceptional items and tax (III-IV)**	**78,725**	**111,981**	**42.2**
VI.	**Share of profit from joint ventures (net)**	425	(297)	(169.9)
VII.	**Profit before exceptional items and tax (V + VI)**	**79,150**	**111,684**	**41.1**
VIII.	**Exceptional items**	2,635	—	(100.0)
IX.	**Profit before tax (VII-VIII)**	**76,515**	**111,684**	**46.0**
X.	**Tax expense/(credit):**			
	Current tax	18,262	24,731	35.4
	Deferred tax	(2,877)	11,709	(507.0)
		15,385	**36,440**	**136.9**
XI.	**Profit for the year (IX-X)**	**61,130**	**75,244**	**23.1**

Results of Operations for the Three Months ended June 30, 2020 compared with the Three Months ended June 30, 2019

Revenue from Operations

The Group's revenue from operations in the three months ended June 30, 2020 decreased by 40.5 per cent. to Rs.117,815 million (U.S.$1,560 million) from Rs.198,119 million in the three months ended June 30, 2019. The decrease in revenue was mainly due to a decrease in sales volume on account of the partial suspension of operations and weak demand in the Indian domestic market brought on by lockdown measures and restrictions on movement of goods and services imposed by the Government due to the COVID-19 pandemic outbreak and drastic reduction in sales realizations owing to weak demand and seaborne international steel prices.

Cost of Materials Consumed

Cost of materials consumed decreased by 43.2 per cent. to Rs.64,714 million (U.S.$857 million) in the three months ended June 30, 2020 from Rs.113,901 million in the three months ended June 30, 2019. The decrease in cost of materials consumed was on account of lower raw material prices (in particular, iron ore and coking coal) and the reduction in production volumes due to the COVID-19 pandemic outbreak.

Purchases of Stock-in-Trade

Purchases of stock-in-trade decreased by 95.0 per cent. to Rs.13 million (U.S.$0.17 million) in the three months ended June 30, 2020 from Rs.252 million in the three months ended June 30, 2019. The decrease in purchases of stock-in-trade was mainly due to a decrease in high sea sales of certain traded goods.

Employee Benefits Expense

Employee benefits expense decreased by 17.8 per cent. to Rs.6,246 million (U.S.$83 million) in the three months ended June 30, 2020 from Rs.7,594 million in the three months ended June 30, 2019. The decrease in employee benefits expense was primarily due to a decrease in manpower cost at overseas operations due to curtailment of operations and lower production incentives payout.

Finance Costs

Finance costs decreased by 2.4 per cent. to Rs.10,164 million (U.S.$135 million) in the three months ended June 30, 2020 from Rs.10,416 million in the three months ended June 30, 2019. The decrease in finance costs was marginal.

Depreciation and Amortization expenses

Depreciation and amortization expenses increased by 2.1 per cent. to Rs.10,474 million (U.S.$139 million) in the three months ended June 30, 2020 from Rs.10,261 million in the three months ended June 30, 2019. The increase in depreciation and amortization was mainly due to additional depreciation charged on asset capitalization for projects and sustaining capital expenditure.

Other Expenses

Other expenses decreased by 29.8 per cent. to Rs.34,915 million (U.S.$462 million) in the three months ended June 30, 2020 from Rs.49,746 million in the three months ended June 30, 2019. The decrease in other expenses was in line with the decrease in production and sales volume which resulted in reduction in stores and spares consumption, job work charges, freight expenses as well as lower power and fuel costs.

Tax Credit/Expense

Tax credits amounted to Rs.610 million (U.S.$8 million) in the three months ended June 30, 2020, representing an increase of 108.0 per cent. from the Group's tax expense of Rs.7,618 million in the three months ended June 30, 2019. The decrease in tax expense was mainly due to losses reported in the three months ended June 30, 2020.

Profit/Loss for the Period

As a result of the foregoing, the Group's loss for the period was Rs.5,822 million (U.S.$77 million) in the three months ended June 30, 2020, representing a decrease of 157.8 per cent. from the Group's profit for the period of Rs.10,077 million in the three months ended June 30, 2019.

Results of Operations for the Year Ended March 31, 2020 compared with the Year Ended March 31, 2019

Revenue from Operations

The Group's revenue from operations in the year ended March 31, 2020 decreased by 14.3 per cent. to Rs.726,109 million from Rs.847,571 million in the year ended March 31, 2019. The decrease in revenue was mainly due to weak demand in the Indian domestic market and decline in sales realisation. Indian domestic steel demand was impacted by general liquidity tightness, a softer investment cycle and weakness in the automotive and consumer durables industries. During the second half of the 2020 fiscal year, various supportive fiscal and monetary measures helped increase business and consumer sentiment to a large extent, resulting in demand improvements from the infrastructure and construction sectors in Indian domestic market.

Fees for assignment of procurement contract

Fees for assignment of procurement contract were Rs.2,500 million in the year ended March 31, 2020 compared to none being recorded in the year ended March 31, 2019. This increase was due to consideration received from a vendor as fee for assignment of a procurement contract pertaining to the supply of industrial gases.

Government grant income — VAT/GST incentive relating to earlier years

Government grant income was Rs.4,655 million in the year ended March 31, 2020 compared to none being recorded in the year ended March 31, 2019. This amount was accrued based on in-principle approval received from the Government of Maharashtra for incentives on its investment for expansion from 3.3 mtpa to 5 mtpa at Dolvi Works for the period beginning May 2016 onwards.

Cost of Materials Consumed

Cost of materials consumed decreased by 10.6 per cent. to Rs.388,648 million in the year ended March 31, 2020 from Rs.434,762 million in the year ended March 31, 2019. The decrease was primarily on account of lower raw material prices (in particular, iron ore and coking coal) and the reduction in production volumes. However, this was offset by unfavorable currency movements as the Indian rupee depreciated by 9 per cent. against the U.S. dollar, which increased the costs of imported raw material costs for the Guarantor.

Purchases of Stock-in-Trade

Purchases of stock-in-trade decreased by 57.9 per cent. to Rs.1,346 million in the year ended March 31, 2020 from Rs.3,199 million for the year ended March 31, 2019. There was a higher purchase of certain grades of steel to meet customer specific requirements in the year ended March 31, 2019 compared to the year ended March 31, 2020.

Employee Benefits Expense

Employee benefits expense increased by 14.1 per cent. to Rs.28,393 million in the year ended March 31, 2020 from Rs.24,892 million in the year ended March 31, 2019. The increase was primarily due to salary increments and higher headcount.

Finance Costs

Finance costs increased by 8.9 per cent. to Rs.42,645 million in the year ended March 31, 2020 from Rs.39,167 million in the year ended March 31, 2019. The increase was mainly due to increased working capital requirements in light of increases in inventories and term loans. Overall, a tightened liquidity scenario and increase in government grant receivables led to a rise in finance costs.

Depreciation and Amortization expenses

Depreciation and amortization expenses increased by 5.1 per cent. to Rs.42,459 million in the year ended March 31, 2020 from Rs.40,406 million in the year ended March 31, 2019. This increase was mainly due to depreciation charged on asset capitalization for projects and sustaining capital expenditure, as well as depreciation of assets recognized as Right of Use assets following the adoption of IND-AS 116 Leases with effect from April 1, 2019.

Other Expenses

Other expenses decreased by 1.1 per cent. to Rs.198,844 million in the year ended March 31, 2020 from Rs.201,101 million in the year ended March 31, 2019. The decrease was primarily as a result of a reduction in stores and spares consumption as well as lower power and fuel costs. Hedging costs and net loss on foreign currency transactions and translations were higher as the Indian rupee depreciated by 9 per cent. against the U.S. dollar.

Exceptional Items

In the year ended March 31, 2020, the Group recorded exceptional items of Rs.8,053 million in the year but did not record any exceptional items in the year ended March 31, 2019. The exceptional items recorded in the year ended March 31, 2020 primarily comprised of an impairment provision of Rs.7,253 million relating to overseas subsidiaries towards the value of property, plant and equipment (including CWIP), goodwill, intangibles and other assets based on the overall assessment of recoverable value considering uncertainty in restarting the iron ore mining operations at Chile on account of the COVID 19 pandemic, and Rs.800 million towards identified items of property, plant and equipment of the Guarantor.

Tax Credit/Expense

Tax expenses decreased by 124.9 per cent. to a tax credit of Rs.9,062 million in the year ended March 31, 2020 as compared to a tax expense of Rs.36,440 million in the year ended March 31, 2019. This decrease was primarily on account of a reversal of deferred tax liability due to a change in the corporate tax rate and lower current tax liability due to the decrease in profit during the year under review.

Profit for the Year

As a result of the foregoing, the Group recorded a total profit for the year of Rs.39,193 million in the year ended March 31, 2020 compared to a total profit for the year of Rs.75,244 million in the year ended March 31, 2019.

Results of Operations for the Year Ended March 31, 2019 compared with the Year Ended March 31, 2018

Revenue from Operations

The Group's revenue from operations in the year ended March 31, 2019 increased by 15.8 per cent. to Rs.847,571 million from Rs.732,110 million in the year ended March 31, 2018.

The increase in revenue was mainly driven by higher sales volumes, higher sales realization both in the domestic and export markets and higher incentive benefits recognized due to an upward revision in incentive rates and an increase in regional sales and sales realization.

Cost of Materials Consumed

Cost of materials consumed increased by 12.1 per cent. to Rs.434,762 million in the year ended March 31, 2019 from Rs.387,785 million in the year ended March 31, 2018. The increase was primarily due to higher production volumes, increase in prices of key inputs like iron ore and coal and the decline in the strength of the Indian Rupee which affected the cost of imported raw materials.

Purchases of Stock-in-Trade

Purchases of stock-in-trade increased by 15,895 per cent. to Rs.3,199 million in the year ended March 31, 2019 from Rs.20 million for the year ended March 31, 2018. This increase was primarily due to purchase of certain grades of steel for meeting customer specific requirements.

Employee Benefits Expense

Employee benefits expense increased by 35.1 per cent. to Rs.24,892 million in the year ended March 31, 2019 from Rs.18,426 million in the year ended March 31, 2018. The increase was primarily due to an annual increase in compensation for existing employees and an increase in employee headcount resulting from the acquisition of new subsidiaries.

Excise duty expenses

No excise duty expenses were recorded in the year ended March 31, 2019 compared to Rs.12,780 million in the year ended March 31, 2018. The decrease was primarily a result of discontinuation of excise duty with effect from July 1, 2017 upon the implementation of Goods and Service Tax ("**GST**").

Finance Costs

Finance costs increased by 5.8 per cent. to Rs.39,167 million in the year ended March 31, 2019 from Rs.37,014 million in the year ended March 31, 2018. The increase was mainly due to an increase in working capital requirements which, in turn, was driven by a rise in inventories owing to an increase in key inputs and an increase in receivables. The increase in finance costs was also influenced by tightened liquidity, higher steel prices and a blockage of government receivables.

Depreciation and Amortization expenses

Depreciation and amortization expenses increased by 19.3 per cent. to Rs.40,406 million in the year ended March 31, 2019 from Rs.33,873 million in the year ended March 31, 2018. This increase was mainly due to additional depreciation on asset capitalization for new projects and accelerated depreciation which was charged on certain discarded assets due to expansion and modification of new production facilities.

Other Expenses

Other expenses increased by 23.6 per cent. to Rs.201,101 million in the year ended March 31, 2019 from Rs.162,718 million in the year ended March 31, 2018. The increase was primarily as a result of higher power and fuel costs, an increase in stores and spares consumption, and an increase in hedging costs. The power and fuel costs increased on account of additional power purchases and higher steam coal prices. Stores and spares consumption increased largely due to an increase in prices of electrodes and refractories. The hedging costs were higher as the Guarantor covered its exposures largely through forward contracts.

Exceptional Items

In the year ended March 31, 2019, the Group did not record any exceptional items while the Group recorded exceptional items of Rs.2,635 million in the year ended March 31, 2018. The exceptional items recorded in the year ended March 31, 2018 primarily comprised an impairment provision for certain property, plant and equipment, goodwill and advances made to one of the Guarantor's subsidiaries.

Tax Expense

Tax expenses increased by 136.9 per cent. to Rs.36,440 million in the year ended March 31, 2019 as compared to a tax expense of Rs.15,385 million in the year ended March 31, 2018. This increase was primarily due to higher tax provisions due to an increase in profit before tax.

Profit/(Loss) for the Year

As a result of the foregoing, the Group recorded a total profit for the year of Rs.75,244 million in the year ended March 31, 2019 compared to a total profit for the year of Rs.61,130 million in the year ended March 31, 2018.

Liquidity and Capital Resources

Capital Requirements

The Group's principal capital requirements are for capital expenditure, payment of principal and interest on its borrowings and, in some years, acquisitions of subsidiaries and joint ventures. The principal source of funding of the Group has been, and is expected to continue to be, cash generated from its operations, supplemented by funding from bank borrowings and the capital markets. For the three years ended March 31, 2018, 2019 and 2020 and the three months ended June 30, 2020, the Group had met its funding requirements, including capital expenditure, satisfaction of debt obligations, investments, taxes, other working capital requirements, dividends and other cash outlays, principally with funds generated from operations with the balance borrowings.

The Guarantor is considering other financing and refinancing transactions intended to diversify its obligations, reduce interest cost and lengthen the maturity profile of its indebtedness. In order to implement this strategy, the Guarantor or its subsidiaries may enter into new credit facilities or issue other foreign or local currency securities, on negotiated terms which are customary for such arrangements.

Cash Management Policy

The Guarantor follows a prudent policy of monitoring the budgeted cash flow on a monthly basis. Timing of inflows and outflows are matched so as to ensure smooth and efficient operations in a cost-effective manner. Further, cash outflows are processed based on priority. The Guarantor believes that it is able to arrange other short-term funding at competitive rates to avail interest rate arbitrage.

Cash Flow Data

The Group seeks, in normal circumstances, to maintain substantial cash and cash equivalents balances to provide it with financial liquidity and operational flexibility. The Group's cash is placed in bank fixed deposits, bank balances and debt based mutual funds.

The following table sets forth selected items from the Group's consolidated statement of cash flow for the years ended March 31, 2018, 2019 and 2020 and from the Group's condensed consolidated interim statement of cash flow for three months ended June 30, 2020:

	Year ended March 31,		
	2018	**2019**	**2020**
		(Rs. in millions)	
Net cash generated from operating activities (A)	123,782	146,326	127,849
Net cash used in investing activities (B)	(45,289)	(114,479)	(195,859)
Net cash generated from/(used in) financing activities (C)	(81,850)	17,533	51,888
Net (decrease)/increase in cash and cash equivalents (A+B+C)	(3,357)	49,380	(16,122)
Cash and cash equivalents at the end of the year	5,816	55,807	39,656

	Three months ended June 30,	
	2020	**2020**
	(Rs. in millions)	**(U.S.$ in millions)[1]**
Net cash generated from operating activities (A)	17,745	235
Net cash used in investing activities (B)	(7,370)	(98)
Net cash used in financing activities (C)	(30,437)	(403)
Net decrease in cash and cash equivalents (A+B+C)	**(20,063)**	**(266)**
Cash and cash equivalents at the end of period	**19,548**	**259**

Note:

(1) For the reader's convenience, U.S. Dollar translations of Indian Rupee amounts for the three months ended June 30, 2020 have been provided at a rate of U.S.$1.00 = Rs.75.5270, which was the exchange rate as reported by the FBIL on June 30, 2020.

Net Cash Flows Generated from Operating Activities

Net cash generated from operating activities was Rs.17,745 million (U.S.$235 million) during the three months ended June 30, 2020. The net cash generated from operating profit before working capital changes during the three months ended June 30, 2020 was Rs.11,312 million (U.S.$150 million) against Rs.38,774 million during the three months ended June 30, 2019.

Net cash generated from operating activities was Rs.127,849 million during the year ended March 31, 2020 as compared to Rs.146,326 million in the year ended March 31, 2019. The net cash generated from operating profit before working capital changes during the year ended March 31, 2020 was Rs.123,013 million against Rs.188,440 million in the year ended March 31, 2019. Cash from operations was lower than the previous year, reflecting lower operating profits.

Net cash generated from operating activities was Rs.146,326 million during the year ended March 31, 2019 as compared to Rs.123,782 million in the year ended March 31, 2018. The net cash generated from operating profit before working capital changes during the year ended March 31, 2019 was Rs.188,440 million against Rs.149,196 million in the year ended March 31, 2018. Cash from operations was higher than the previous year, reflecting higher operating profits.

Net Cash Flows Generated in Investing Activities

Net cash generated in investing activities was Rs.7,370 million (U.S.$98 million) in the three months ended June 30, 2020. This represents expenditure for capacity expansion from 5 mtpa to 10 mtpa at Dolvi Works, other ongoing projects and for sustenance capex.

Net cash used in investing activities was Rs.195,859 million in the year ended March 31, 2020, primarily used in purchases for property, plant and equipment and intangibles assets (including under development and capital advances), which amounted to Rs.128,104 million. This represents (i) expenditure for capacity expansion from 5 mtpa to 10 mtpa at Dolvi; (ii) expenditure on the PLTCM line at JSW Coated, (iii) expansion at JSW USA; (iv) investments in CRM 1 expansion at Vijayanagar; and (v) other capacity augmentation and cost-saving projects.

Net cash used in investing activities was Rs.114,479 million in the year ended March 31, 2019, primarily used in payments for property, plant and equipment (including capital advances), which amounted to Rs.102,056 million. This represents expenditure for capacity expansion from 5 mtpa to 10 mtpa at Dolvi, for expenditure on the tinplate mill and PLTCM line at JSW Coated and for investments in CRM 1 expansion at Vijayanagar and other capacity augmentation and cost-saving projects.

Net cash used in investing activities was Rs.45,289 million in the year ended March 31, 2018, primarily used in payments for property, plant and equipment and intangibles (including capital advances) which amounted to Rs.47,360 million. This represents expenditure on tinplate mill and PLTCM line at JSW Coated, Phase I expansion of Dolvi Coke and -10MT expansion at Dolvi and other smaller projects.

Net Cash Flows (used in)/generated from Financing Activities

Net cash used in financing activities in the three months ended June 30, 2020 amounted to Rs.30,437 million (U.S.$403 million), compared to net cash generated from financing activities of Rs.44,727 million in the three months ended June 30, 2019. The net cash used in financing activities in the three months ended June 30, 2020 primarily consisted of loan repayments net of loan receipts, interest payments and dividend payments.

Net cash generated from financing activities in the year ended March 31, 2020 was Rs.51,888 million compared to net cash used in financing activities of Rs.17,533 million during the year ended March 31, 2019. The net cash generated from financing activities in the year ended March 31, 2020 primarily consisted of loan receipts net of loan repayments, interest payments and dividend payments.

Net cash generated from financing activities in the year ended March 31, 2019 was Rs.17,533 million compared to net cash used in financing activities of Rs.81,850 million during the year ended March 31, 2018. The net cash generated from financing activities in the year ended March 31, 2020 primarily consisted of loan receipts net of loan repayments, interest payments and dividend payments.

The net decrease in cash and cash equivalents was Rs.20,063 million (U.S.$266 million) with cash and cash equivalents of Rs.39,656 million (U.S.$525 million) as at June 30, 2020 against cash and cash equivalents of Rs.39,656 million as at March 31, 2020.

Indebtedness

The Group's principal sources of external financing include both short-term and long-term facilities (in both Rupees and other currencies). The Group is required to secure certain of its borrowings, in line with established market practices. As at June 30, 2020, the Group had total borrowings (i.e. non-current borrowings plus current borrowings plus current maturities of long-term borrowings) of Rs.575,099 million (U.S.$7,614 million), which include foreign currency borrowings (foreign currency bonds, foreign currency term loan, acceptances for capital projects, foreign currency working capital loans from banks and upfront fees on foreign currency term loans) of Rs.309,397 million (U.S.$4,097 million) (53.8 per cent. of total borrowings), with the remainder borrowings denominated in Rupees.

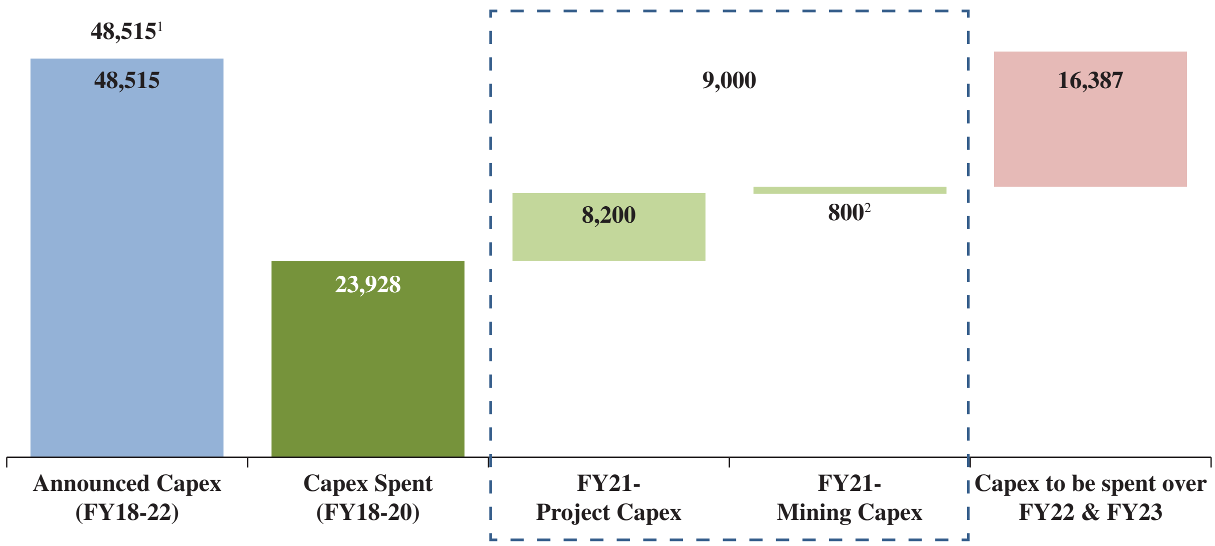
The Group's current borrowings as at June 30, 2020 amounted to Rs.55,400 million (U.S.$734 million). As at June 30, 2020, its non-current borrowings (including current maturities of long term borrowings) represented foreign currency bonds and debentures of Rs.167,538 million (U.S.$2,218 million), rupee term loan and foreign currency term loan (including deferred government loans) of Rs.336,489 million (U.S.$4,455 million), acceptances for capital projects of Rs.19,212 million (U.S.$254 million) and preference shares of Rs.242 million (U.S.$3 million) as reduced by upfront fees on rupee term loans and upfront fees on foreign currency term loans of Rs.3,782 million (U.S.$50 million).

Some of the Group's financing agreements and debt arrangements contain financial covenants that require the satisfaction and/or maintenance of financial tests and ratios, including requirements to maintain debt to equity ratios, debt coverage ratios and certain other liquidity ratios. In addition, such agreements and arrangements also require the Group to obtain prior lender consents for certain specified actions, including issuing new securities, changing business of the Group, merging, consolidating, selling significant assets or making certain acquisitions or investments. See "*Risk Factors — Risks Related to the Group — The Group has incurred significant indebtedness and may incur further debt. The Group's substantial indebtedness and the conditions and restrictions imposed by the Group's lenders and the terms of any future debt obligations may restrict the Group's ability to conduct its business and operations*" and "*Description of Material Indebtedness of the Guarantor*".

Commitments

The Group's capital commitment includes estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) of Rs.126,639 million, Rs.180,443 million, Rs.139,293 million and Rs.136,907 million (U.S.$1,813 million) for the years ended March 31, 2018, 2019 and 2020 and the three months ended June 30, 2020, respectively. See "-*Capital expenditure*".

Capital expenditure



Notes:

(1) After adjusting savings of INR 200 crore.

(2) Excluding INR 1,200 crore of upfront payment which will be adjusted from the premium payable on extraction of iron ore from the respective mines.

The Group's expansion plans, including acquisitions of other businesses and joint ventures, require significant capital expenditure. The Group's capital expenditure (net of deletion and other adjustments to PPE) towards tangible assets for the years ended March 31, 2018, 2019 and 2020 and the three months ended June 30, 2020 are as follows:

	Year ended March 31,			**June 30,**	
	2018	**2019**	**2020**	**2020**	
		(Rs. in millions)		**(Rs. in millions)**	**(U.S.$ in millions)[(1)]**
Purchases for property, plant and equipment and intangibles assets (including under development and capital advances)	47,360	102,056	128,104	22,265	295

Note:

(1) For the reader's convenience, U.S. Dollar translations of Indian Rupee amounts for the three months ended June 30, 2020 have been provided at a rate of U.S.$1.00 = Rs.75.5270, which was the exchange rate as reported by the FBIL on June 30, 2020.

The Group periodically reassesses its capital expenditure plans, and the planned amounts of such expenditures may change materially after such assessment.

The Group's planned and budgeted capital investments in India are focused largely on capacity expansion and addition of downstream facilities for value-added products.

The Group's expansion plans, including acquisitions of other businesses and joint ventures, require significant capital expenditure. There are a number of factors that could affect the feasibility of the Group's expansion plans and its ability to timely complete them, including receiving financing on reasonable terms or at all, obtaining required regulatory permits and licenses, the expiration of any agreements with local governments related to such projects, demand for the Group's products and general economic conditions.

In light of the COVID-19 pandemic and the lockdown restrictions imposed by several governments including the Government, the Guarantor's project activity at various sites were affected due to a slew of restrictions. All sites were impacted due to non-availability of required manpower and materials due to restrictions on movement. While the Government has allowed for some activities to resume and the Guarantor has obtained the necessary approvals to restart its operations, the ongoing pandemic still poses challenges such as adequate staffing (with several workers employed by the Guarantor's contractors returning to their homes and non-availability of foreign experts due to travel restrictions). The Guarantor has revised capital expenditure on ongoing projects to about Rs.82,000 million and capital expenditure spend to operationalize newly acquired iron ore mines is likely to be about Rs.8,000 million. Consequently, the total capital expenditure spend for the fiscal year 2021 is revised to about Rs.90,000 million (a decrease from the earlier guidance of Rs.163,400 million given in fiscal year 2019). See "*Risk Factors — Risks Related to the Group — The Group may not be able to successfully implement, sustain or manage its growth strategy" and "Risk Factors — Risks Related to the Group — The Group's expansion plans require significant expenditure and, if it is unable to obtain the necessary funds for expansion, the Group's business may be adversely affected*".

Contingent Liabilities as per IND-AS 37 — "Provisions, Contingent Liabilities and Contingent Assets"

The following table sets forth the Group's consolidated contingent liabilities as per IND-AS 37 as at June 30, 2020:

	As at June 30, 2020	
	(Rs. in millions)	**(U.S.$ in millions)[(1)]**
Guarantees	533	7
Disputed claims/levies (excluding interest, if any), in respect of		
Excise duty	4,723	63
Customs duty	7,590	100
Sales tax/Special entry tax	15,128	200
Income tax	615	8
Service Tax	7,014	93
Levies by local authorities	530	7
Levies relating to Energy/Power obligations	2,885	38
Claims by suppliers and other parties	926	12
Claims related to Forest Development Tax/Fee	26,568	352
Total	**66,511**	**881**

Note:

(1) For the reader's convenience, U.S. Dollar translations of Indian Rupee amounts for the three months ended June 30, 2020 have been provided at a rate of U.S.$1.00 = Rs.75.5270, which was the exchange rate as reported by the FBIL on June 30, 2020.

For a discussion of the Group's material indebtedness, please see "*Description of Material Indebtedness of the Guarantor*".

Off-Balance Sheet Arrangements

As at June 30, 2020, the Group did not have any material off-balance sheet arrangements.

Quantitative and Qualitative Disclosures about Market Risk

The Group is exposed in the ordinary course of its business to risks related to changes in exchange rates, interest rates, commodity prices and energy and transportation tariffs.

Exchange Rate Risk

The Group's reporting currency is Rupees. The Group has significant operations in U.S. Dollars. Respective units face fluctuations in cash flows to the extent their operating cash flows are transacted in foreign currencies. Volatility in exchange rates affects the Group's results from operations in a number of ways. It impacts the Group's revenue from export markets and the costs of imports, primarily in relation to raw materials.

The Group is exposed to exchange rate risk under its trade and debt portfolio. In order to hedge exchange rate risk under its trade portfolio and capital account transactions, the Group has a policy to hedge cash flows up to a specific tenure using a mix of derivative instruments and options. Adverse movements in the exchange rate between the Rupee and any relevant foreign currency results in an increase in the Group's overall debt position in Rupee terms without the Group having incurred additional debt. As at June 30, 2020, the Group's total borrowings (non-current borrowings plus current borrowings plus current maturities of long-term borrowings) was Rs.575,099 million (U.S.$7,614 million). Out of the same, 46.2 per cent. was denominated in Rupees (Debenture, rupee term loans, deferred government loan, preference shares, commercial papers, working capital loans from bank-rupee loans and upfront fees on rupee term loans), and the remaining 53.8 per cent. was denominated in various foreign currencies (foreign currency bonds, foreign currency term loans, foreign currency working loans from bank and upfront fees on foreign currency term loans), including U.S. Dollars, Euro and Japanese Yen. As a result, the Group's results of operations may be materially affected by the significant fluctuations in the exchange rates of relevant foreign currencies. See "*Risk Factors — Risks Related to the Group — The Group faces foreign exchange risks, which may adversely affect its cashflows and results of operations*".

Hedging Activities

The Group uses derivative financial instruments to hedge the foreign currency risk arising on account of its revenue and debt portfolio. All hedging activities are carried out in accordance with the Group's internal risk management policies, as approved by the Board of Directors, and in accordance with the applicable regulations where the Group operates. The Group's risk management policies attempt to protect business planning from adverse currency and interest rate movements. The Group does not use derivative contracts for speculative purposes.

Hedging activities in India are governed by the RBI, whose policies must be complied with at all times. The policies under which the RBI regulates hedging activities can change from time to time, and these policies may affect the effectiveness with which the Group manages its exchange rate risk. The Group follows a gross hedging policy for its imports and exports. Exports are hedged using forwards. For hedging the imports, the Group hedges its exposure appropriately by either using forwards or options. The Group hedges its U.S. Dollar interest rate risk through interest rate swaps to reduce the floating rate risk. Hedging commodity is based on its procurement schedule, price risk and economic benefits through swaps. Commodity hedging is undertaken as a risk offsetting exercise and, depending upon market conditions hedges, may extend beyond the financial year. The Group has a policy of hedging up to 25.0 per cent. of its consumption.

Interest Rate Risk

The Group is exposed to the interest rate risk on short-term and long-term floating rate instruments and also on the refinancing of fixed rate debt. The Group's policy is to maintain a balance of fixed and floating interest rate borrowings.

The Group's floating rate debt is mostly linked to the Dollar London Interbank Offering Rate and also to the base rates/MCLR of various Indian banks. The costs of floating rate borrowings may be affected by the fluctuations in the interest rates. The Group's exposure to interest rate movements are reviewed by appropriate levels of management on a regular basis. The Group does not enter into hedging instruments for speculative purposes.

Borrowing and interest rate hedging activities in India are governed by the RBI and the Group has to comply with its regulations. The policies under which the RBI regulates these borrowing and interest rate hedging activities can change from time to time and can impact the effectiveness with which the Group manages its interest rate risk. Any increase in interest rates could therefore materially and adversely affect the Group's cash flow, business, results of operations and financial condition. See "*Risk Factors — Risks Related to the Group — The Group faces foreign exchange risks, which may adversely affect its cashflows and results of operations*".

Commodity Price Risk

The Group's revenue is exposed to the market risk of price fluctuations related to the sale of its steel products. Market forces generally determine prices for the steel products sold by the Group. These prices may be influenced by factors such as supply and demand, production costs (including the costs of raw material inputs) and global and regional economic conditions and growth. Adverse changes in any of these factors may reduce the revenue that the Group earns from the sale of its steel products.

The Group primarily purchases its raw materials on the open market from third parties. The Group is therefore subject to fluctuations in prices for the purchase of coking coal, ferro alloys, zinc, scrap and other raw material inputs. The Group purchased substantially all of its iron ore and coal requirements from the open market in the year ended March 31, 2020.

*Market data and certain industry forecasts used in "Industry Overview" were obtained from internal surveys, market research, publicly available information and industry publications published by the World Steel Association ("**World Steel**"), the Indian Ministry of Steel, World Bank, General Administration of Customs of the People's Republic of China ("**GACC**") and the International Monetary Fund ("**IMF**"). Such information has been accurately reproduced herein and, as far as the Group is aware and is able to ascertain from information published by such third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading. Industry publications generally state that the information that they contain has been obtained from sources believed to be reliable but that the accuracy and completeness of that information is not guaranteed. Similarly, internal surveys, industry forecasts and market research, while believed to be reliable, have not been independently verified, and neither the Group nor any of the Joint Lead Managers makes any representation as to the accuracy or completeness of this information.*

Overview

Steel is one of the most important, multi-functional and adaptable materials in use today and is generally considered to be critical to industrial development. Steel is an alloy of iron and other elements, primarily carbon. Steel contains less than 2 per cent. carbon, 1 per cent. manganese and small amounts of silicon, phosphorus, sulfur and oxygen. Steel is highly versatile, as it is hot and cold formable, weldable, hard, recyclable and resistant to corrosion, water and heat. Steel continues to be the production material of choice in the automotive, construction, machinery and other industries. Notwithstanding potential threats from substitute materials such as plastics, aluminum, glass and ceramics, steel continues to demonstrate its economic advantage.

Production Process

Steel production involves several processing stages including iron making, primary and secondary steelmaking, casting and hot rolling. These are followed by fabrication processes such as cold rolling, forming, forging, joining, machining, coating and/or heat treatment. Iron making is the reduction of iron ore from the natural oxide state to a metal known as either pig iron or DRI, depending on the iron making process used. There are primarily three iron making process routes in commercial use: blast furnace iron making; direct reduction (Midrex and HYL process) and direct smelting (i.e. Corex, FINEX, HIsmelt and several others).

Steelmaking involves the removal of carbon and other impurities to convert the pig iron or DRI to steel and the addition of other metals to add desired properties in relation to strength, hardness and corrosion-resistance. There are two main ways in which steel is produced: either from raw materials (e.g. iron ore, coal and limestone) or by recycling steel scrap. Iron ore-based steelmaking accounts for about c.70 per cent. of world steel production, while scrap-based steel accounts for about c.30 per cent. of global steel production.

In iron ore based steelmaking, iron ore is reduced to iron and then converted to steel. The main inputs are iron ore, metallurgical coal, limestone and recycled (scrap) steel. The main ore-based production routes are: iron making via the blast furnace ("**BF**") followed by steelmaking in the basic oxygen furnace ("**BOF**"), and iron making via direct reduction ("**DRI**") followed by steelmaking in the electric arc furnace ("**EAF**"). In the BOF method, the furnace converts iron from the blast furnace into steel. In the EAF method, recycled steel scrap and/or DRI is melted and converted into high quality steel by using high-power electric arcs.

Types of Steel

Steel is not a single product. There are currently more than 3,500 different grades of steel with many different properties — physical, chemical, environmental, 75.0 per cent. of which have been developed in the last 20 years. Steel products are usually subdivided into two main categories:

- Long steel products include blooms, slabs, billets, wire, rebars, beams and rails. Long products are mostly used in the construction, machine building, engineering and infrastructure industries such as railways and road construction; and

- Flat products include hot and cold rolled steel, plates, galvanized steel, pre-painted steel, transformer steel and dynamo steel. Flat products are largely used in various industries, including construction, electrical engineering, machine building, automotive, energy, shipbuilding, and tube and pipe production.

The Global Steel Industry

The global steel industry is affected by a combination of factors, including periods of economic growth or recession, worldwide production capacity and the existence of, and fluctuations in, steel imports and protective trade measures. Steel prices are a function of global supply and demand and fluctuate in response to macro-economic and industry specific economic conditions. The global steel industry is cyclical and fragmented. The growth or decline of the steel industry is linked to the economic cycle of a country and in particular, to industrial production and infrastructure development.

The global steel industry faced a challenging 2019, as demand growth in a few markets was largely offset by declines in the rest of the world. An uncertain economic environment, coupled with continued trade tensions, slowdown in global manufacturing notably auto sector and intensifying geopolitical issues, weighed on investment and trade. However, production growth was only visible in Asia and the Middle East and to some extent in the US, while the rest of the world witnessed a contraction.

According to World Steel Association, global crude steel production in 2019 was approximately 1,875 mt while global apparent steel demand in 2019 was approximately 1,767 mt.

World Crude Steel Production

The steel industry, to a large extent, is regionally segmented mainly due to the high cost of transportation, strategic importance for domestic industrial growth and the restrictive effects of protective tariffs, duties and quotas. Historically, steel production was concentrated in the developed markets such as European Union, North America, Japan and the former Soviet Union. However, steel production in Asia, particularly in China and India, has grown significantly over the past decade. The recent production shift to Asia has largely been driven by the benefits of proximity to the major growth markets for steel consumption and the greater availability of key raw materials. The levels of global imports and exports have generally increased as production has shifted towards low-cost production regions. The recent shift to Asia is also evident in the top ten crude steel producers in the world, who are mostly Asia based steel producers.

According to World Steel, world crude steel output has grown at 3.0 per cent. CAGR from 1,435 mt in 2010 to 1,875 mt in 2019. China remained the largest single producer of steel in the world in 2019, producing approximately 996 mt of crude steel. China's steel production in 2019 increased by 7.3 per cent. from 2018, and accounted for approximately 53.3 per cent. of global steel production. In line with a subdued trade sentiment, consumer industries of steel undertook active destocking. This led to stunted capacity utilization and resulted in net excess capacity globally. This was further complemented by the addition of new capacities and resulted in downward pressure on steel prices.

The following table sets forth crude steel production data by country or region from 2010 to 2019:

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Europe	207	217	209	205	208	202	200	211	210	196
CIS	108	113	111	108	106	102	102	101	101	101
North America (excluding the U.S.)	31	32	33	32	33	32	32	34	34	32
U.S.	80	86	89	87	88	79	78	82	87	88
South America	44	48	46	46	45	44	41	44	45	42
Middle East/Africa	37	39	40	43	45	43	45	49	61	62
Asia (excluding China, India and Japan)	103	114	113	112	123	120	121	132	140	143
China	639	702	731	822	822	804	808	871	928	996
India	69	73	77	81	87	89	95	101	109	111
Japan	110	108	107	111	111	105	105	105	104	99
Oceania	8	7	6	6	5	6	6	6	6	6
World total	**1,435**	**1,540**	**1,562**	**1,652**	**1,674**	**1,625**	**1,633**	**1,736**	**1,825**	**1,875**
Annual change (per cent.)	**–**	**7.3%**	**1.5%**	**5.8%**	**1.3%**	**(2.9%)**	**0.5%**	**6.3%**	**5.2%**	**2.7%**

Source: World Steel (Steel Statistical Yearbook – December 2020)

World Crude Steel Consumption

Similar to steel production, demand for steel has shifted from developed economies to emerging economies, largely due to increased infrastructure and construction activity, especially in Asia.

According to World Steel, world finished apparent steel consumption was 1,767 million tons in 2019, representing an increase of 3.3 per cent. compared to the consumption in 2018. China is the world leader in steel consumption. According to World Steel, China's apparent finished steel consumption was 907 million tons of steel in 2019, which is approximately 51.4 per cent. of global consumption.

The following table sets forth apparent finished steel use data by country or region from 2013 to 2019:

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Europe	177	190	174	179	186	194	198	206	206	191
CIS	50	56	59	60	58	52	51	54	56	58
North America (excluding the U.S.)	35	37	40	39	44	42	43	45	45	42
U.S.	80	89	96	96	107	96	92	98	100	98
South America	43	45	46	48	45	42	35	38	39	37
Middle East/Africa	80	81	84	89	92	93	91	88	86	86
Asia (excluding China, India and Japan)	130	141	144	148	161	167	178	174	175	174
China	588	641	660	741	711	672	681	774	836	907
India	65	70	72	74	76	80	84	89	97	103
Japan	64	64	64	65	68	63	62	64	65	63
Oceania	8	7	8	7	8	7	7	7	7	7
World total	**1,318**	**1,421**	**1,447**	**1,546**	**1,554**	**1,509**	**1,522**	**1,636**	**1,711**	**1,767**
Annual change (per cent.)	**–**	**7.8%**	**1.8%**	**6.9%**	**0.5%**	**(2.9%)**	**0.9%**	**7.4%**	**4.6%**	**3.3%**

Source: World Steel (Steel Statistical Yearbook – December 2020)

Global Steel Outlook

According to the World Steel Short Range Outlook dated October 2020, world steel demand is expected to contract by 2.4 per cent., dropping to 1,725 million tons in 2020, due to the COVID-19 pandemic. The post lockdown recovery in steel demand in the rest of the world has been stronger than was earlier expected and hence represents an upside revision by 4.0 per cent. compared to its earlier forecast of 6.4 per cent. contraction in June 2020. Further, it is also expected that the global steel demand could rebound to 1,795 million tons in calendar year 2021 and witness a 4.1 per cent. rise on a year-on-year basis. This reduction in global steel demand in 2020 is likely to be mitigated by a strong recovery in China compared to the rest of the world. The forecast assumes that despite the current resurgence in infections in many parts of the world, nationwide lockdowns are likely not to be repeated and instead, selective and targeted measures are expected to contain the second Covid-19 wave.

The apparent finished steel demand in the NAFTA countries is estimated to decrease by 15.3 per cent. in 2020 to 114.6 million tons, followed by an expected sharp recovery of 6.7 per cent. in 2021 to 122.2 million tons. The apparent finished steel demand in the European Union is expected to decrease by 15.2 per cent. to 134.3 million tons in 2020, followed by a sharp rebound of 11.0 per cent. to 149.0 million tons in 2021. Additionally, China is expected to further strengthen global steel demand with an expected increase of 8.0 per cent. in 2020, on account of a faster recovery compared to other parts of the world, to reach 980.1 million tons, with the trend likely to remain stable in 2021.

World Steel forecasts that global steel demand excluding China will reach 745 million tons, representing a decrease of 13.3 per cent. year-on-year in 2020. However, the global steel demand excluding China is expected to demonstrate a strong recovery and increase by 9.4 per cent. in 2021, on a year-on-year basis, to 815 million tons.

Global steel demand faces uncertainty from COVID-19 and tensions in the global economic environment

While the strength of steel demand recovery seen in 2017 was carried over to 2018, risks have increased. Rising trade tensions, volatile currency movements and the ongoing global crisis due to the COVID-19 pandemic have increased uncertainty in global steel demand. According to the World Steel Short Range Outlook dated October 2020, steel companies have been hit by a general freeze in consumption, shutdowns and disrupted supply chains. However, the global steel industry has passed the lowest demand point for the year 2020 in April and has been recovering since mid-May. Yet, the recovery is uneven across countries depending on their success in containing the virus, the national industry structure, and economic support measures. Interestingly, China has shown a resilient rebound contributing to a major upward revision of the global growth forecast for 2020.

Road towards recovery following the COVID-19 pandemic further bolstered by strong demand from China

According to the World Steel Short Range Outlook dated October 2020, pent-up demand initiated a strong rebound of economic activities, suggesting a V-shaped recovery since the reopening of most economic activities in mid-May 2020. Though the recovery is expected to be slow from the pandemic due to the second wave of infections and continued social distancing measures, World Steel currently believes that the health systems are in a much better shape to tackle the pandemic going forward due to the lessons learnt from the first wave. Subsequently, a careful balance between containing the virus and maintaining the economic viability is being widely sought by different countries on the positive side.

Coming out of the lockdown ahead of other countries, China's economic recovery started in late February 2020 and continues at a steady pace demonstrating positive GDP growth in 2020 despite a -6.8 per cent. contraction in the first quarter according to World Steel Short Range Outlook dated October 15, 2020. China's economy is rapidly approaching full normality. During January-August 2020, investment in real estate was up by 4.6 per cent. year-on-year, and infrastructure investment recovered to the level of 2019.

In August 2020, the mechanical machinery and automotive sectors showed a year-on-year growth of 10.9 per cent. and 7.6 per cent. respectively. As a result the mechanical machinery sector's output during January-August surpassed that of 2019 (1.2 per cent. year-on-year). The retail sales also started catching up in August 2020. Consequently, World Steel expects Chinese steel demand to increase by 8 per cent. in 2020 aided by government infrastructure stimulus and a strong property market.

According to World Steel, the Chinese steel demand in 2021 is expected to stay flat following two forces. First, the infrastructure and housing projects initiated in 2020 likely to support the steel demand in 2021. However, if the economy shows a full recovery, the government is likely to reverse its stimulus policy to cool down the construction sector.

Steel demand in the developed economies is expected to decline in 2020, but growth likely to moderate with a partial recovery in 2021

According to World Steel Short Range Outlook, steel demand in developed economies is expected to decrease by 14.9 per cent. in 2020 and rebound steadily by 7.9 per cent. in 2021. The COVID-19 pandemic is likely to exert a less severe impact on overall steel demand in the developed economies compared to the global financial crisis.

In the United States, the steel demand recovery from the lockdown has been strong, aided by substantial government support measures. The manufacturing downturn was shorter and less acute than expected. Though the continued fight to contain the spread of virus might affect the recovery momentum, a strong rebound in end-market demand for automotive and non-residential construction sectors since third quarter of 2020 provides headroom for a positive expectation of recovery in 2021 and represents a tailwind for the US Steel industry.

Steel demand in the European Union is expected to decline by 15.2 per cent. in 2020 and rebound sharply by 11.0 per cent. in 2021. Subdued demand from major steel using sectors including automotive industry is likely to contribute to a double-digit contraction in 2020. However, the negative economic impact of COVID-19 was softened by strong social security schemes and fiscal stimulus. As a result, the post lockdown recovery in the EU is turning out to be stronger than expected.

In Japan and South Korea, a relatively successful management of the virus was demonstrated with less severe containment measures. However, the steel demand is likely to witness a substantial contraction in 2020 with a tight recovery in 2021 due to falling exports.

The developing world's steel demand recovery continues to face challenges but are expected to rebound in 2021

Steel demand in emerging economies excluding China are expected to fall by 12.3 per cent. in 2020, but the recovery in steel demand is expected to be faster than developed economies at 10.6 per cent. in 2021, driven by infrastructure investments.

The steel industry has been one of the primary beneficiaries of India's rapid economic growth over the past couple of decades. However, the Indian steel demand was adversely affected by COVID-19 and subsequent implementation of nationwide lockdown measures undertaken in 2020.

Aided by government stimulus, the Indian steel demand is expected to gradually recover in the construction sector with increasing infrastructure investments such as railways, metro projects and power transmission towers. Further, World Steel expects a relatively faster recovery in 2021 due to strong rural consumption and increased government investments in infrastructure. As a result, India is likely to face 20.2 per cent. decline in steel demand in 2020 but rebound sharply by 22.7 per cent. in 2021.

In ASEAN, while some countries fared well and needed less stringent lockdowns, Malaysia and the Philippines were notably affected. Vietnam is expected to see a positive growth in steel demand due to successful containment of the virus with a renewed focus on infrastructure investment in 2021.

The COVID-19 pandemic has also affected Latin America and is particularly vulnerable because of its accumulated domestic structural problem and weak crisis management. The region is expected to see a substantial decline in steel demand in calendar year 2020 but likely to witness a slow and steady recovery in 2021.

The oil-producing countries in the MENA region are among the hardest hit by the dual shock of the COVID-19 outbreak and the plunge in oil prices.

Positive outlook for the construction sector and automotive market in many countries

According to World Steel Short Range Outlook dated October 2020, the steel using sectors generally suffered less from the lockdown and are recovering faster than the hospitality, aviation, and entertainment sectors. However, a strong rebound in the manufacturing sector is likely to be partially offset by the supply chain disruption in small and medium sized enterprises segment.

Construction

The construction sector continues to demonstrate strong resilience to the COVID-19 shock with many developed economies focused on implementation of public projects, mostly driven by infrastructure investment, pent-up demand, low mortgage rates and easier access to credit following the easing of lockdown. Though a subdued oil outlook is likely to put energy sector investments in check across US and MENA, World Steel believes that the Green recovery programmes could boost infrastructure investment in the developed economies.

The construction sector across certain emerging economies, notably Turkey, Mexico and Brazil, likely to witness a double-digit contraction in 2020 as they enter into a deep recession. On the other hand, Chinese construction activities are expected to rebound strongly with increased government stimulus. Going forward, infrastructure is expected to boost construction sector and mitigate slow growth rate in the coming years, especially in developing economies.

In the longer term, structural changes in the construction sector are likely to take place, reflecting a paradigm shift in demand patterns for office and residential space and major changes in urban design and build regulations.

Machinery

According to World Steel, the machinery sector was hit by supply chain disruptions and decline in orders during the lockdown. China led the contraction of the machinery sector in Q1 2020, which was followed by the EU, the US, and Japan in Q2. However, the decline of machinery output decelerated since May 2020. Incidentally, the output level in China during January-August 2020 has exceeded that of 2019.

A strong recovery in investments is likely to bring the machinery sector back to pre-Covid levels in the mid-term.

Automotive

According to World Steel, the automotive sector was highly affected from the pandemic. In April 2020, the automotive production fell by 70-90 per cent. across many countries. While the supply-side issues dissipated relatively quickly, post-lockdown recovery has been constrained by a slow return in demand. Global automotive production was down by -34 per cent. (year-on-year) in Q2 2020. In January to August 2020, car production in Germany and the US was down by more than -30 per cent. (year-on-year). However, in China, robust domestic demand has helped for a faster recovery. Further, India's passenger car production, which completely halted during the lockdown, is likely to recover slowly in 2021.

At the same time the industry is going through substantial restructuring with realignment of supply chains for increased resilience, changes in urban mobility patterns along with the ongoing transition to EV.