

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF JINDAL STAINLESS LIMITED

Report on the Standalone Financial Statements

We have audited the accompanying REVISED standalone financial statements of JINDAL STAINLESS LIMITED ("the Company"), which comprise the REVISED Balance Sheet as at 31st March, 2016, the REVISED Statement of Profit and Loss, the REVISED Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information in which impact of the Scheme (as stated in Note No. 27) have been incorporated.

Management's Responsibility for the Standalone Financial Statements

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

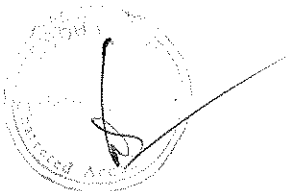
Auditor's Responsibility

Our responsibility is to express an opinion on these REVISED standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone financial statements. The procedures selected depend on the auditor's



judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the REVISED standalone financial statements.

Opinion


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

Emphasis of Matters:

We draw attention to the following matters:

- a) Net worth of the company has been eroded as stated in note no. 34 of the REVISED financial statements. The company continues to prepare its accounts on a going concern basis for the reasons as stated in the said note;
- b) Pending necessary approvals for managerial remuneration as stated in Note no. 49(C)(i) of the REVISED financial statements;
- c) Pending confirmations/reconciliation of balances of certain secured loans (read with Note No. 27), loans & advances, trade receivables, trade payables & other liabilities read with Note no. 32(A)(iii)(g) & 32(B) and 40(A) of the REVISED financial statements;
- d) Investments and loan & advances to certain subsidiary/other companies and Mat Credit entitlement, considered as good and fully realizable/ recoverable and no provision for diminution in value is considered necessary in the opinion of the management as stated in note no. 40(B) of the REVISED financial statements;
- e) Note no 35 of the REVISED financial statements wherein the company has made investment of Rs. 8.56 crore (along with bank guarantee of Rs. 10.01 Crore) and Rs.0.10 Crore in MJSJ Coal Limited and Jindal Synfuels Limited respectively. The company continues to treat the investment as good and recoverable in view of the pending decision challenging the Order and other circumstances mentioned therein;
- f) Note 27 (5) of the REVISED financial statements regarding Mining Rights and effect of mining operations recorded in the financial statement of the Company for the reasons and as stated in said note.

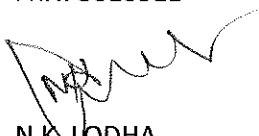
Our opinion is not modified in respect of these matters.



Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us during the course of audit, we give in the Annexure 'A' a statement on the matters specified in the paragraphs 3 and 4 of the Order.
2. As required by Section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The REVISED Balance Sheet, the REVISED Statement of Profit and Loss, and the REVISED Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid REVISED standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - (e) On the basis of the written representations received from the directors as on 31st March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
 - (f) As required by section 143(3)(i) of the Companies Act, 2013, and based on the checking of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, our separate report with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls is as per Annexure 'B'.
 - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – refer Note no. 28(A & D), 36 & 38 to the REVISED standalone financial statements.
 - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long term contracts including derivatives contracts.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

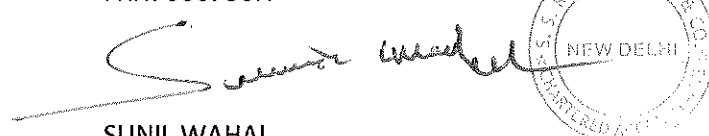
For **LODHA & CO.**
Chartered Accountants
FRN: 301051E



N.K. LODHA
Partner
Membership No. 85155
Place: New Delhi
Dated 23rd November 2016



For **S.S. KOTHARI MEHTA & CO.**
Chartered Accountants
FRN: 000756N

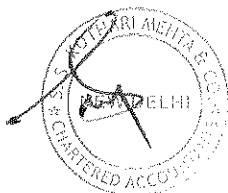
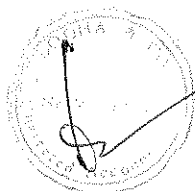


SUNIL WAHAL
Partner
Membership No. 87294



Annexure "A" referred to in paragraph 1 under the heading "Report on other legal and regulatory requirements" of our report of even date on the REVISED Standalone Financial Statements of JINDAL STAINLESS LIMITED for the year ended 31st March 2016

1. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) The Company has a regular programme of Physical Verification of its Fixed assets by which fixed asset have been verified by the management according to the programe of periodical physical verification in a phased manner which in our opinion is reasonable having regard to the size of the Company and the nature of its fixed assets. The discrepancies noticed on such physical verification were not material.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company except as stated in footnote (@) of Note No. 11 of the standalone financial statements.
2. The inventories of the Company (except stock lying with the third parties and in transit), part of stores and spares, have been physically verified by the management at reasonable intervals. In our opinion, the procedures of physical verification of inventory followed by the Management are reasonable in relation to the size of the Company and nature of its business. The discrepancies noticed on such physical verification of inventory as compared to book records were not material.
3. The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
4. According to the information, explanations and representations provided by the management and based upon audit procedures performed, we are of the opinion that in respect of loans, investments, guarantees and security, the Company has complied with the provisions of the Section 185 and 186 of the Companies Act, 2013.
5. In our opinion and according to the information and explanations given to us, the Company has complied with the directive issued by the Reserve Bank of India and the provisions of Section 73 to 76 of the Act or any other relevant provisions of the Act and the rules framed there under (to the extent applicable) with regard to deposit accepted from the public. We have been informed that no order has been passed by the Company Law Board {however, on the application of the Company for extension of time (refer note no. 4(d)) or National Company Law Tribunal or Reserve Bank of India or any Court or other Tribunal in this regard.
6. We have broadly reviewed the books of account maintained by the company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Act in respect of the company's products to which the said rules are made applicable and are of the opinion

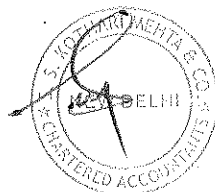
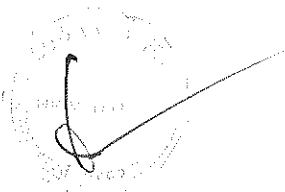


that prima facie, the prescribed records have been made and maintained. We have, however, not made a detailed examination of the said records with a view to determine whether they are accurate or complete.

7.

- (a) According to the records of the Company, the Company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues with the appropriate authorities to the extent applicable and there are no undisputed statutory dues payable for a period of more than six months from the date they become payable as at 31st March, 2016.
- (b) According to the records and information & explanations given to us, there are no dues in respect of service tax that have not been deposited with the appropriate authorities to the extent applicable on account of any dispute and the dues in respect of income tax, duty of customs, duty of excise and value added tax that have not been deposited with the appropriate authorities on account of any dispute and the forum where the dispute is pending are given below: -

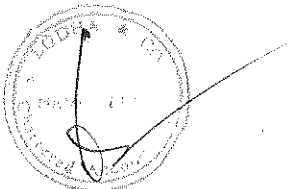
Name of The Statute	Nature of Dues	Amount (Rs. In Lacs)	Period (Financial Year)	Forum where dispute is pending
Central Excise Act	Excise Duty	3,134.85	2005-11	CESTAT, East Zonal Bench Kolkata.
		31.84	April 06 – March 12	Commissioner Appeal, Bhubaneswar
Customs Act	Custom Duty	797.05	2012-13	Commissioner of Central Excise, Customs and Service Tax, Bhubaneswar -1
The Central Sales Tax, 1956	Sales Tax	2,479.44	2005-06 to 2007-08	High Court Odisha, Cuttack
Income tax Act	Income Tax	247.14	2005-06 2006-07 2010-11	Commissioner of Income Tax (Appeals), Delhi
		517.52	2002-03 2003-04	High Court, New Delhi
		2,828.17	2004-05 2005-06	ITAT, New Delhi



			2006-07 & 2007-08	
Entry Tax Act,1999	Entry Tax	9,745.96	2006-07 to 2015-16	H'ble Supreme Court
		8,210.54	2006-11	High Court Odisha, Cuttack

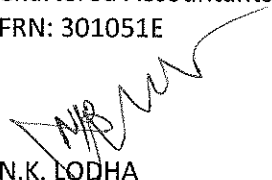
Above does not include show cause notices and are after incorporating effect of the Scheme (Refer Note 27)

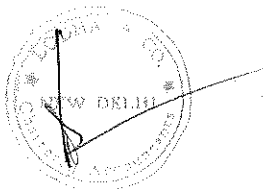
8. In our opinion, on the basis of audit procedures and according to the information and explanations given to us, the company has defaulted in repayment of dues (including interest, installment & letter of credits payments) to banks and financial institutions at various days during the year (read with note no. 33). The maximum amount of default on a particular date was Rs. 82,274.50 lacs (including default of Rs. 508.51 lacs w.r.t. outstanding debentures) and maximum delay (no. of days) noticed was 86 days (maximum delay of 59 days w.r.t. outstanding debentures). As on March 31, 2016, the overdue financial obligations to banks/ financial institutions/debenture holders was Rs. 55,359.54 lacs with maximum delay of 61 days, the lender wise details of which is as follows:
Allahabad Bank Rs. 633.40 Lacs; Axis Bank Rs. 3,084.24 Lacs; Bank of Baroda Rs. 150.37 Lacs; Bank of Maharashtra Rs. 28.78 Lacs; Canara Bank Rs. 5,910.31 Lacs; Central Bank of India Rs. 646.10 Lacs; Corporation Bank Rs. 108.18 Lacs; Federal Bank Rs. 108.48 Lacs; General Insurance Corporation of India Rs. 28.65 Lacs; HDFC Bank Rs. 120.84 Lacs; ICICI Bank Rs. 5,599.94 Lacs; IDBI Bank Rs. 1,000.82 Lacs; Indian Bank Rs. 150.88 Lacs; Jammu & Kashmir Bank Rs. 255.85 Lacs; Karnataka Bank Rs. 68.84 Lacs; Life Insurance Corporation of India Rs. 577.75 Lacs; New India Assurance Company Rs. 28.57 Lacs; Oriental Bank Of Commerce Rs. 583.73 Lacs; Punjab National Bank Rs. 15,923.17 Lacs; State Bank of Bikaner & Jaipur Rs. 285.32 Lacs; State Bank of Hyderabad Rs. 695.50 Lacs; State Bank of India Rs.16,570.03 Lacs; State Bank of Mysore Rs. 241.49 Lacs; State Bank of Patiala Rs. 852.08 Lacs; State Bank of Travancore Rs. 340.14 Lacs; Syndicate Bank Rs. 224.68 Lacs; UCO Bank Rs. 295.38 Lacs; United India Insurance Company Rs. 28.54 Lacs; Union Bank of India Rs.321.85 Lacs; United Bank of India Rs. 495.64 Lacs.
9. On the basis of information and explanations given to us, term loan were applied for the purpose for which the loans were obtained. No moneys have been raised during the year by way of initial public offer or further public offer.
10. Based on the audit procedure performed and on the basis of information and explanations provided by the management, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the course of the audit.
11. According to the information and explanations given to us and based on our examination of the records of the Company, managerial remuneration has been paid/ provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, read with note no. 49(C)(i).



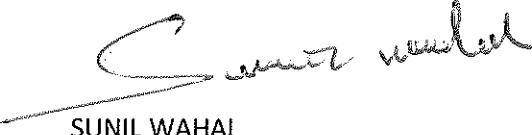
12. In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
13. According to the information and explanations and records made available by the management of the Company and audit procedure performed, for transactions with the related parties during the year, the Company has complied with the provisions of Section 177 and 188 of the Act, where applicable [Read with note no. 27(6&7) and 47]. As explained and as per records, details of related party transactions have been disclosed in the standalone financial statements as per the applicable Accounting Standards.
14. According to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year, read with note no. 2(b)(ii). Accordingly, we are not offering comment with respect to compliance of requirement of Section 42 of the Act and utilisation of the money.
15. On the basis of records made available to us and according to information and explanations given to us, the Company has not entered into non-cash transactions with the directors or persons connected with him.
16. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act1934.

For **LODHA & CO.**
Chartered Accountants
FRN: 301051E


N.K. LODHA
Partner
Membership No. 85155
Place: New Delhi
Dated: 23rd November 2016



For **S.S. KOTHARI MEHTA & CO.**
Chartered Accountants
FRN: 000756N


SUNIL WAHAL
Partner
Membership No. 87294



ANNEXURE 'B' TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE REVISED STANDALONE FINANCIAL STATEMENTS OF JINDAL STAINLESS LIMITED

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

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

Management's Responsibility for Internal Financial Controls

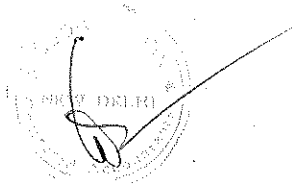
The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial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

Auditor's Responsibility

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

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

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



Meaning of Internal Financial Controls Over Financial Reporting

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

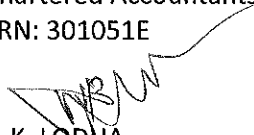
Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

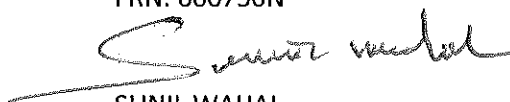
Opinion

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

For **LODHA & CO.**
Chartered Accountants
FRN: 301051E


N.K. LODHA
Partner
Membership No. 85155
Place: New Delhi
Dated: 23rd November 2016

For **S.S. KOTHARI MEHTA & CO.**
Chartered Accountants
FRN: 000756N


SUNIL WAHAL
Partner
Membership No. 87294



Independent Auditors' Report on REVISED Consolidated Financial Statements

To the Members of JINDAL STAINLESS LIMITED

Report on the REVISED Consolidated Financial Statements

We have audited the accompanying REVISED Consolidated financial statements of JINDAL STAINLESS LIMITED (herein after referred to as "the Holding Company") and its subsidiaries ("the Holding Company & its subsidiaries" together referred as "the Group") and its associate, comprising of the REVISED Consolidated Balance Sheet as at 31st March 2016, the REVISED Consolidated statement of profit and loss, the REVISED Consolidated cash flow statement for the year then ended, and a summary of the significant accounting policies and other explanatory information in which impact of the Scheme (as stated in Note No. 27) have been incorporated (hereinafter referred to as "the REVISED Consolidated financial statements").

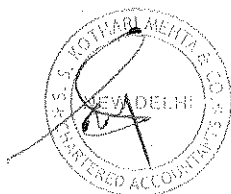
Management's Responsibility for the REVISED Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of the REVISED Consolidated financial statements in terms of the requirements of the Companies Act, 2013 (herein after referred as "the Act") that give a true and fair view of the REVISED Consolidated financial position, REVISED Consolidated financial performance and REVISED Consolidated cash flows of the Group and its associate in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the Companies included in the Group and its Associate are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and its Associate and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the REVISED Consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditors' Responsibility

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

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



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

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their report referred to in the other matter below, is sufficient and appropriate to provide a basis for our audit opinion on the Consolidated financial statements.

Opinion

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

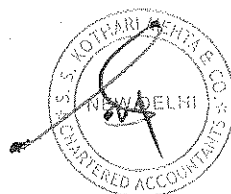
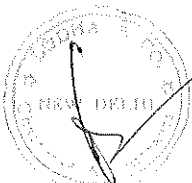
Emphasis of Matters:

We draw attention to the following matters:

- a) Net worth of the company has been eroded as stated in note no. 32 of the REVISED financial statements. The company continues to prepare its accounts on a going concern basis for the reasons as stated in the said note;
- b) Pending necessary approvals for managerial remuneration as stated in Note no. 46 of the REVISED financial statements;
- c) Pending confirmations/reconciliation of balances of certain secured loans (read with Note No. 27), loans & advances, trade receivables, trade payables & other liabilities read with Note no. 30(A)(iii)(g) & 30(B) and 38(A) of the REVISED financial statements;
- d) Mat Credit entitlement, considered as good and fully realizable/ recoverable and no provision for diminution in value is considered necessary in the opinion of the management;
- e) Note no 33 of the REVISED financial statements wherein the company has made investment of Rs. 8.56 crore (along with bank guarantee of Rs. 10.01 Crore) and Rs.0.10 Crore in MJSJ Coal Limited and Jindal Synfuels Limited respectively. The company continues to treat the investment as good and recoverable in view of the pending decision challenging the Order and other circumstances mentioned therein;
- f) Note 27 (5) of the REVISED financial statements regarding Mining Rights and effect of mining operations recorded in the financial statement of the Company for the reasons and as stated in said note.

Our opinion is not modified in respect of these matters.

Other Matters



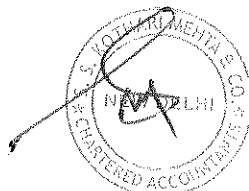
- (a) We did not audit the financial statements of three subsidiaries, namely, P.T. Jindal Stainless Indonesia, Jindal Stainless FZE & Jindal Stainless UK Limited; whose financial statements reflect total assets of Rs. 71307.94 Lacs as at 31st March, 2016, total revenues of Rs. 91700.59 Lacs and net cash inflows of Rs. 196.14 Lacs for the year ended on that date, as considered in the REVISED Consolidated financial statements. We did not audit the financial statement of one associate, namely Jindal Stainless Corporate Management Services Pvt. Limited; in whose financial statements the Company's share of profit is Rs. 2.55 lacs for the year ended on 31st March, 2016. These financial statements have been audited by other auditors, whose reports have been furnished to us by the Management and our opinion on the REVISED Consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and associate, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries and associate, is based solely on the report of the other auditors.
- (b) We have relied on the unaudited financial statements of subsidiary companies namely JSL Group Holding PTE Limited, Iberjindal S. L. and JSL Venture Pte limited; whose total assets of Rs. 15827.48 Lacs as at 31st March, 2016, total revenues of Rs. 18443.73 Lacs and net cash inflows of Rs. 150.78 Lacs for the year ended on that date, as considered in the REVISED Consolidated financial statements. These financial statements/ financial information are unaudited and have been furnished to us by the management and our opinion on the REVISED Consolidated financial statements, in so far as it relates to the amounts included and disclosure included in respect of these subsidiaries, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on such unaudited financial statements/ financial information.

Our opinion on the REVISED Consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements / financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

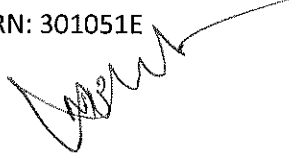
As required by sub-section 3 of Section 143 of the Act, we report, to the extent applicable, that:

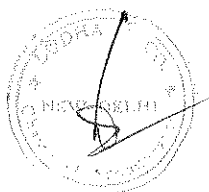
- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid REVISED Consolidated financial statements.
- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid REVISED Consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
- (c) The REVISED Consolidated balance sheet, the REVISED Consolidated statement of profit and loss, and the REVISED Consolidated cash flow statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the REVISED Consolidated financial statements.




- (d) In our opinion, the aforesaid REVISED Consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors of the Holding Company as on 31 March 2016 taken on record by the Board of Directors of the Holding Company and the report of the statutory auditors of its subsidiary companies and associate company incorporated in India, none of the Directors of the Group and its Associate incorporated in India is disqualified as on 31 March 2016 from being appointed as a Director in terms of Section 164(2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Group (Holding and Subsidiary Companies incorporated in India) the operating effectiveness of such controls, refer to our separate report in "Annexure- A"; and
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The REVISED Consolidated financial statements disclose the impact of pending litigations on the REVISED Consolidated financial position of the Group and its Associate- Refer Note 26, 29, 34 and 35 to the REVISED Consolidated financial statements.
 - ii. Provision has been made in the REVISED Consolidated financial statement, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long term contracts including derivatives contracts.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the holding company and its subsidiaries companies, Associate Company incorporated in India.

For **LODHA & CO.**
Chartered Accountants
FRN: 301051E


N.K. LODHA
Partner
Membership No. 85155
Place: New Delhi
Dated: 23rd November 2016



For **S.S. KOTHARI MEHTA & CO.**
Chartered Accountants
FRN: 000756N


SUNIL WAHAL
Partner
Membership No. 87294



ANNEXURE 'A' TO THE INDEPENDENT AUDITOR'S REPORT ON REVISED CONSOLIDATED FINANCIAL STATEMENTS of JINDAL STAINLESS LIMITED

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

In conjunction with our audit of the REVISED Consolidated financial statements of the Company as of and for the year ended 31 March 2016, we have audited the internal financial controls over financial reporting of JINDAL STAINLESS LIMITED ("the Holding Company") and its subsidiaries (**the Holding Company and its subsidiaries** (incorporated in India) together referred to as "**the Group**") which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

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

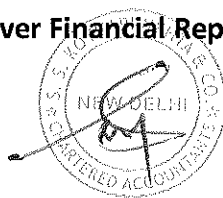
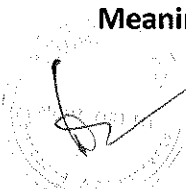
Auditor's Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting



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

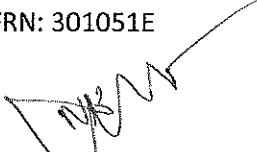
Inherent Limitations of Internal Financial Controls Over Financial Reporting

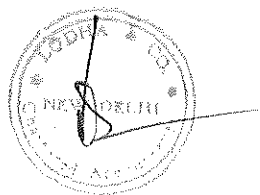
Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal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

Opinion


In our opinion, the Holding Company and its subsidiary companies, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

For **LODHA & CO.**
Chartered Accountants
FRN: 301051E


N.K. LODHA
Partner
Membership No. 85155
Place: New Delhi
Dated: 23rd November 2016



For **S.S. KOTHARI MEHTA & CO.**
Chartered Accountants
FRN: 000756N


SUNIL WAHAL
Partner
Membership No. 87294



JSL
JINDAL STAINLESS
JINDAL STAINLESS LIMITED

CIN: L26922HR1980PLC010901

Regd. Office: O.P. Jindal Marg, Hisar-125 005 (Haryana)

Ph. No. (01662) 222471-83, Fax No. (01662) 220499, Email Id. for Investors: investorcare@jindalstainless.com, Website: www.jslstainless.com

Email Id. for Investors: investorcare@jindalstainless.com, Website: www.jslstainless.com

AUDITED STANDALONE AND CONSOLIDATED FINANCIAL RESULTS FOR THE YEAR ENDED 31ST MARCH, 2016

Rs. in Crore, except per share data

S. No.	Particulars	Audited for the year ended (Standalone)		Audited for the year ended (Consolidated)	
		31st March, 2016 (Post Scheme)*	31st March 2015 (Reported)	31st March, 2016 (Post Scheme)*	31st March 2015 (Reported)
1	Income from Operations:				
	(a) Net Sales / Income from Operations (Net of excise duty)	6,569.71	6,000.67	7,183.33	6,935.13
	(b) Other Operating Income	3.04	10.27	5.05	12.83
	Total Income from Operations (net)	6,572.75	6,010.94	7,188.38	6,947.96
2	Expenses				
	(a) Cost of Material Consumed	3,888.43	3,945.06	4,324.10	4,624.37
	(b) Purchase of Stock in Trade	357.40	-	357.40	-
	(c) Changes in Inventories of finished goods, work in progress and stock in trade	(124.36)	189.91	(153.92)	235.54
	(d) Employee benefits expense	91.91	115.63	135.23	159.48
	(e) Depreciation and amortisation expense	243.50	392.55	261.19	411.12
	(f) Stores and Spares consumed	363.73	311.26	404.40	351.41
	(g) Power & Fuel	508.56	660.59	541.94	692.46
	(h) Other expenditure	967.20	484.49	1,007.55	516.29
	Total Expenses	6,296.37	6,099.49	6,877.69	6,990.67
3	Profit/(Loss) from operations before other income, finance costs and exceptional items (1-2)	276.38	(88.55)	310.49	(42.71)
4	Other Income	24.59	52.79	24.86	54.16
5	Profit/(Loss) from Ordinary Activities before finance cost and exceptional items (3+4)	300.97	(35.76)	335.35	11.45
6	Finance costs	1,005.26	915.81	1,029.00	942.49
7	Profit/(Loss) from Ordinary Activities after finance cost but before exceptional items (5-6)	(704.29)	(951.57)	(693.65)	(931.04)
8	Exceptional items - Gain / (Loss) - Refer note no 5	327.13	1,173.19	321.10	1,184.16
9	Profit/(Loss) from Ordinary Activities before tax (7+8)	(377.16)	221.62	(372.55)	253.12
10	Tax expense	10.66	(1.45)	12.24	0.01
11	Net profit / (loss) from Ordinary Activities after tax (9-10)	(387.82)	223.07	(384.79)	253.11
12	Extraordinary items (net of tax)	-	-	-	-
13	Net profit / (loss) for the period (11-12)	(387.82)	223.07	(384.79)	253.11
14	Share of profit / (loss) of Minority			(0.71)	(0.28)
15	Share of profit / (loss) of Associate			0.03	-
16	Net profit / (loss) after taxes, minority interest and share of profit/(loss) of associates	(387.82)	223.07	(385.47)	252.83
17	Paid-up Equity Share Capital (face value of Rs. 2/- each)	46.24	45.28	46.24	45.28
18	Cumulative Compulsory Preference Shares Capital (face value Rs. 2/-)		0.96		0.96
19	Share Capital Suspense Account - Refer note no 3(d)	366.19	366.19	366.19	366.19
20	Reserves excluding revaluation reserves as per balance sheet of previous accounting year	(634.91)	(218.21)	(559.39)	(213.82)
21.i	Earning per share (EPS) (before extraordinary items) (of Rs 2/-each)				
	a) - Basic	(16.95)	10.21	(16.84)	11.57
	b) - Diluted	(16.95)	7.24	(16.84)	8.17
21.ii	Earning per share (EPS) (after extraordinary items) (of Rs 2/-each)				
	a) - Basic	(16.95)	10.21	(16.84)	11.57
	b) - Diluted	(16.95)	7.24	(16.84)	8.17
22	Debt-Equity Ratio ¹	@	56.07	@	56.84
23	Debt Service Coverage Ratio ²	0.37	0.30	0.40	0.34
24	Interest Service Coverage Ratio ³	0.54	0.39	0.58	0.45
25	Capital Redemption Reserve	20.00	20.00	20.00	20.00
26	Debenture Redemption Reserve	56.69	59.19	56.69	59.19
27	Net Worth	(231.31)	194.21	(155.80)	198.61

* Post Scheme = Post implementation of all Sections (I to IV) of the Composite Scheme of Arrangement (Refer note 3(a))

¹ Debt Equity Ratio = Total Debt/Net Worth; Total Debt = Long Term Borrowings + Short Term Borrowings + Current maturities of long term borrowings; Net Worth = Equity Share Capital + Share Capital Suspense account + Reserve & Surplus - Mines Development Expenses to the extent not w/off (if any)

² Debt Service Coverage Ratio = Earning before Depreciation, Interest, Tax & Exceptional Items / (Finance cost + Term Loan Repayments during the period)

³ Interest Service Coverage Ratio = Earning before Depreciation, Interest, Tax & Exceptional Items / Finance cost

@ Not given as Net Worth is negative

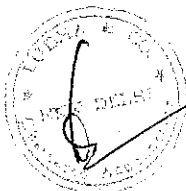


(Rs. in Crore)

STANDALONE AND CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES

	PARTICULARS	Standalone		Consolidated	
		Year ended		Year ended	
		31st March, 2016 (Post Scheme)*	31st March 2015 (Reported)	31st March, 2016 (Post Scheme)*	31st March 2015 (Reported)
A	EQUITY AND LIABILITIES				
	1. Shareholders' Funds				
	a. Share Capital	46.24	46.24	46.24	46.24
	b. Share Capital Suspense Account	366.19	366.19	366.19	366.19
	c. Reserves and surplus	(634.91)	(218.21)	(559.39)	(213.82)
	Sub-total - Shareholders' Funds	(222.48)	194.22	(146.96)	198.61
	2. Minority Interest			4.82	3.82
	3. Non-current liabilities				
	a. Long term borrowings	7,323.27	8,070.24	7,323.27	8,070.24
	b. Deferred tax liabilities (net)	-	-	-	-
	c. Other long term liabilities	77.92	209.07	77.92	209.07
	d. Long term provisions	6.13	5.20	11.13	8.18
	Sub-total - Non-current liabilities	7,407.32	8,284.51	7,412.32	8,287.49
	4. Current Liabilities				
	a. Short term borrowings	2,053.85	2,333.14	2,364.37	2,732.35
	b. Trade Payables	1,658.99	1,315.73	1,777.50	1,379.06
	c. Other current liabilities	1,570.39	1,399.77	1,586.02	1,414.78
	d. Short term provisions	0.52	2.30	0.52	2.30
	Sub-total - Current Liabilities	5,283.75	5,050.94	5,728.41	5,528.49
	TOTAL EQUITY AND LIABILITIES	12,468.59	13,529.67	12,998.59	14,018.41
B	ASSETS				
	1. Non-current Assets				
	a. Fixed Assets	4,913.09	7,531.52	5,147.15	7,696.12
	b. Goodwill on consolidation			0.12	0.12
	c. Non-current investments	483.05	103.13	394.12	14.06
	d. Deferred tax Assets (net)	-	-	9.73	10.32
	e. Long-term loans and advances	124.10	161.82	165.13	164.81
	f. Other non-current assets	9.63	0.20	9.63	0.20
	Sub-total - Non-current assets	5,529.87	7,796.67	5,725.88	7,885.63
	2. Current Assets				
	a. Current Investments	0.28	0.31	0.28	0.31
	b. Inventories	1,643.72	1,720.56	1,912.73	1,957.85
	c. Trade receivables	922.46	956.79	938.95	1,084.60
	d. Cash and cash equivalents	70.20	41.14	79.99	47.54
	e. Short term loans and advances	4,297.17	3,012.87	4,335.87	3,041.16
	f. Other current assets	4.89	1.33	4.89	1.32
	Sub-total - Current Assets	6,938.72	5,733.00	7,272.71	6,132.78
	TOTAL ASSETS	12,468.59	13,529.67	12,998.59	14,018.41

* Post Scheme = Post implementation of all Sections (I to IV) of the Composite Scheme of Arrangement (Refer note 3(a))



Subrao

Notes:

- 1 The standalone and consolidated financial results of the Company for the year ended 31st March, 2016 which have been extracted from the Revised Financial Statements audited by the statutory auditors have been reviewed by the Audit Committee and approved by the Board of Directors at their respective meetings held on 23rd November, 2016.
- 2 As at 31st March, 2016, the net worth of the Company had been eroded in view of the accumulated losses of the Company. The Company is taking necessary steps towards enhancement of net worth through better utilization of its production facilities and proposed conversion of Funded Interest Term Loan (FITL) by the Lenders of the Company into Equity Shares / Optionally Convertible Redeemable Preference Shares. Thus, these accounts have been prepared on a going concern basis.
- 3 (a) A Composite Scheme of Arrangement (the 'Scheme') amongst Jindal Stainless Limited (the Company/Transferor Company) and Jindal Stainless (Hisar) limited (JSHL), Jindal United Steel Limited (JUSL) and Jindal Coke Limited (JCL) under the provision of Sec 391-394 of the Companies Act, 1956 and other applicable provisions of Companies Act, 1956 and/ or Companies Act, 2013 was sanctioned by the Hon'ble High Court of Punjab & Haryana, Chandigarh (High Court) pursuant to its Order dated 21st September 2015 (as modified on 12th October, 2015). Section I and Section II of the Scheme became effective on 1st November, 2015, operative from the 'Appointed Date 1' specified in the scheme for section I and II i.e. close of business hours before midnight of March 31, 2014 [the same was given effect to in the revised financial statements for the year ended 31st March 2015] and Section III and Section IV of the Scheme has become effective on 24th September 2016 [i.e. on receipt of approvals from the Orissa Industrial Infrastructure Development Corporation (OIIDCO) for the transfer/grant of the right to use in the land on which Hot Strip (HSM Plant) & Coke Oven Plants are located to JUSL & JCL respectively as specified in the Scheme] operative from the 'Appointed Date 2' specified in the scheme for section III and IV i.e. close of business hours before midnight of March 31, 2015 [the effect of same has been given in the revised financial statements for the year ended 31st March 2016].

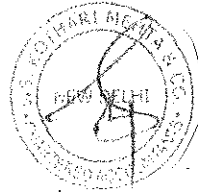
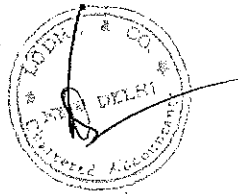
(b) The necessary steps and formalities in respect of completion of transfer of properties, licenses, approvals and investments in favour of JSHL, JCL & JUSL and modification of charges etc. are under implementation.

(c) The Department of Steel & Mines, Government of Odisha, while issuing No Objection Certificate to JSL has allowed transfer/right to use of the land to JUSL & JCL (a precedent condition for effectiveness Section III & Section IV of the Scheme), put / mentioned a condition that Section I & II of the Scheme will not be carried out in so far as the mining lease of JSL is concerned; accordingly transfer of the Mining Rights comprised in the Demerged Undertakings (as referred in the Scheme) has not been given effect, consequently :- (i) all mining activities in relation to the Mining Rights; (ii) all assets (excluding fixed assets) and liabilities (including contingent liabilities) in relation to the Mining Rights; and (iii) all revenue/expenditure & net profit; continue to be carried out by and recorded in the books of JSL post 1st November, 2015 on which the Section I and Section II of the Scheme became effective.

(d) On 3rd July 2016 the company has allotted 16,82,84,309 nos. fully paid up equity shares of Rs. 2 each at Rs. 21.76 per share (including premium of Rs 19.76) against Rs. 366.19 Crore amount to JSHL as prescribed in the Scheme.

(e) Impact of the above and proposed conversion of FITL into equity shares, being anti-dilutive, has not been considered.
- 4 The Company had challenged the legality of Orissa Entry Tax Act 1999 in the state of Odisha in the Hon'ble Odisha high Court / Supreme Court of India. On 16.04.2010 the Entry tax matters of the states have been referred to a larger 9-judges Constitutional Bench of the Supreme Court of India. The 9 judge bench while holding the constitutional validity of entry tax, has, vide its Order dated 11th November 2016, referred the same to divisional/ regular benches for testing and determination of the Article 304 (a) of the constitution vis a vis state legislation and levy of entry tax on goods entering the landmass of India from another country. The Company has been making necessary provisions towards liability in this regard. Interest/ penalty if any, will be accounted for as and when this is finally settled/ determined by the Regular Benches hearing the matters, where the appropriate proceedings are continuing.
- 5 The credit rating for non-convertible debentures (NCD) by CARE is "Single C". The previous due date for payment of interest and principal of NCD's was 1st March 2016 and 1st January 2016 respectively, which has already been paid as on date. The asset cover available for these NCD's is 0.70 as against previous year cover of 1.02
- 6 Exceptional Item includes loss (net) of Rs. 35.47 Crore on account of net foreign exchange fluctuation and Rs. 362.60 Crore on account of gain on slump sale pursuant to the scheme.
- 7 As the company's business activity falls within a single primary business segment viz. 'stainless steel', the disclosure requirement of Accounting Standard (AS-17) on "Segment Reporting" is not applicable.
- 8 Figures of the previous year have been regrouped / reclassified wherever considered necessary.

Place: New Delhi
Date: 23rd November 2016



By Order of the Board of Directors
For Jindal Stainless Limited

S. Bhattacharya
S. Bhattacharya
Whole Time Director