

Independent Auditor's Report on the accounting treatment in the proposed scheme of arrangement under Sections 230 to 232 of the Companies Act, 2013, relevant rules thereunder and SEBI Master circular SEBI/HO/ CFD/ DIL1/ CIR/P/2021/ 0000000665

The Board of Directors
JSW Steel Limited
JSW Centre, Bandra Kurla Complex,
Bandra East, Mumbai - 400 051

1. This Report is issued in accordance with the terms of our service scope letter dated June 1, 2022 read with the Master Engagement Agreement dated July 11, 2017, as amended, executed with JSW Steel Limited (hereinafter the "Company") pursuant to the requirements of circulars issued under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for onwards submission to the Bombay Stock Exchange (BSE), National Stock Exchange (NSE), National Company Law Tribunal (NCLT) and other regulatory authorities in connection with the scheme of arrangement as mentioned in paragraph 2 below.
2. We, S R B C & CO LLP, Chartered Accountants, are the Statutory Auditors of the Company and have been requested by the management of the Company, to examine the accounting treatment given in clause 6.1 of Section III of the accompanying proposed Scheme of Arrangement between the Company and Creixent Special Steel Limited and JSW Ispat Special Products Limited (the "Scheme" or "Proposed Scheme"), in terms of the provisions of sections 230 to 232 and all other applicable provisions of the Companies Act, 2013 ("the Act") and SEBI Master Circular SEBI/HO/CFD/DIL1/CIR/P/2021/0000000665 ('SEBI Master Circular'), for compliance with the applicable accounting standards prescribed under section 133 of the Act, relevant rules thereunder and other generally accepted accounting principles in India (collectively referred to as 'applicable accounting standards'), read with General Circular No 09/2019 issued by the Ministry of Corporate Affairs dated August 21, 2019 (MCA Circular). The accounting treatment as prescribed in the Proposed Scheme has been included in Annexure which has been initialed by us for identification purposes only.

Management's Responsibility

3. The preparation of the Proposed Scheme is the responsibility of the Management of the Company including the preparation and maintenance of all accounting and other relevant supporting records and documents. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Scheme and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances. The Proposed Scheme has been approved by the Board of Directors.
4. The management of the Company is also responsible for ensuring that the Company complies with the relevant laws and regulations, including the applicable accounting standards as aforesaid and circulars issued under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and also provides relevant information to the NCLT.

Auditors Responsibility

5. Pursuant to the requirements of Section 230 of the Act and Rule 6 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 and SEBI Master Circular, our responsibility is to provide reasonable assurance in the form of an opinion on whether the proposed accounting treatment as contained in the Annexure is in compliance with the applicable accounting standards.



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6. We audited the financial statements of the Company as of and for the financial year ended March 31, 2022, on which we issued an unmodified audit opinion vide our reports dated May 27, 2022. Our audits of these financial statements were conducted in accordance with the Standards on Auditing, as specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.
7. We conducted our examination of the Annexure in accordance with the Guidance Note on Reports or Certificates for Special Purposes issued by the Institute of Chartered Accountants of India ("ICAI"). The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.
8. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.
9. Our scope of work did not involve us performing any audit tests in the context of our examination. We have not performed an audit, the objective of which would be to express an opinion on the specified elements, accounts or items thereof for the purpose of this report. Accordingly, we do not express such opinion. Further, our examination did not extend to any aspects of legal or propriety nature of the Scheme and other compliances thereof. Nothing contained in this report, nor anything said or done in the course of, or in connection with the services that are subject to this report, will extend any duty of care that we may have in our capacity of the statutory auditors of any financial statements of the Company.
10. A reasonable assurance engagement involves performing procedures to obtain sufficient appropriate evidence on the applicable criteria, mentioned in paragraph 5 above. The procedures selected depend on the auditor's judgement, including the assessment of the risks associated with the applicable criteria. Accordingly, our procedures included the following in relation to the Annexure:
 - a. Obtained and read the draft Scheme and the proposed accounting treatment specified therein.
 - b. Obtained copy of resolution passed by the Board of Directors of the Company dated May 27, 2022 approving the Scheme.
 - c. Examined whether the proposed accounting treatment as per clause 6.1 of Section III of the Scheme is in compliance with the applicable Accounting Standards.
 - d. Performed necessary inquiries with the management and obtained necessary representations from the management.

Opinion

11. Based on our examination and according to the information and explanations given to us, read with paragraph 10 above, in our opinion, the proposed accounting as contained in the Annexure, is in compliance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and circulars issued thereunder and all the applicable accounting standards notified by the Central Government under section 133 of the Act read with relevant rules thereunder and other Generally Accepted Accounting Principles.



S R B C & CO LLP

Chartered Accountants

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Restriction on Use

12. This report has been issued at the request of the Company and is addressed to and provided to the Board of Directors pursuant to the requirements of circulars issued under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for onwards submission to the Bombay Stock Exchange (BSE), National Stock Exchange (NSE) and any other regulatory authority in connection with the Scheme, and should not be used for any other person or purpose or distributed to anyone or referred to in any document. Our examination relates to the matters specified in this report, and does not extend to the Company as a whole. Accordingly, we do not accept or assume any liability or any duty of care or for any other purpose or to any other party to whom it is shown or into whose hands it may come. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003



per Vikram Mehta
Partner

Membership Number: 105938
UDIN: 22105938AKSBRA1192



Place of Signature: Mumbai
Date: June 10, 2022



ANNEXURE : EXTRACT OF COMPOSITE SCHEME OF ARRANGEMENT UNDER SECTIONS 230 TO 232 AND OTHER APPLICABLE SECTIONS OF THE COMPANIES ACT, 2013 AMONGST CREIXENT SPECIAL STEELS LIMITED (“TRANSFEROR COMPANY 1”) AND JSW ISPAT SPECIAL PRODUCTS LIMITED (“TRANSFEROR COMPANY 2”) AND JSW STEEL LIMITED (“TRANSFEREE COMPANY”) AND THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS

6. ACCOUNTING TREATMENT

- 6.1. Upon this entire Scheme coming into effect, the Transferee Company shall account for the amalgamation of the Transferor Company 1 and Transferor Company 2, together, in its books of accounts as per the ‘Acquisition Method’ in accordance with accounting principles as laid down in the Indian Accounting Standard 103 (Business Combinations), notified under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015, including but not restricted to recognition of all assets and liabilities (including contingent liabilities representing present obligation) of the Transferor Company 1 and Transferor Company 2 at their respective fair values, accounting for consideration paid/ payable at fair value, cancellation of inter-company balances and shares/ securities held by the Transferee Company in the Transferor Company 1 and Transferor Company 2 and accounting for residual goodwill or capital reserve.
- 6.2. As the Transferor Company 1 and Transferor Company 2 shall stand dissolved without being wound up upon this Scheme coming into effect, as mentioned in Clause 4 of Section I and Clause 4 of Section II of this Scheme, there shall be no accounting treatment in the books of accounts of the Transferor Company 1 and Transferor Company 2.

For JSW Steel Limited


(Chandrasekaran Prabhakaran)
Financial Controller

