INDEPENDENT AUDITOR'S REPORT

The Administrator Board of Director
(Appointed Under Insolvency & Bankruptcy Code, 2016 ["IBC" or "Code"])
Steelco Gujarat Limited

Report on the Audit of the Standalone Financial Statements

Disclaimer of Opinion

We were engaged to audit the standalone financial statements of Steelco Gujarat Limited ("the Company"), which comprises of the Balance Sheet as at March 31, 2021, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

We do not express an opinion on the accompanying standalone financial statements of the Company. Because of the significance of the matter described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these standalone financial statements.

Basis for Disclaimer of Opinion

1. We draw attention to Note No 41, to standalone Financial Statements which describes the ongoing Corporate Insolvency Resolution Process of the Company under Insolvency and Bankruptcy Code, 2016 ('the code') and related matters.

2. We draw attention to Note No 43 to standalone financial statements, which indicates that the aggregate amount outstanding to all consortium member banks as per the books of accounts of the company is INR 15688.40 Lakhs. The company has defaulted in repayment of dues including interest to all of its consortium member banks, who have issued notices under section 13(2) of the Securitization & Reconstruction of Financial Assets & Enforcement of Security Interest Act, 2002 (SARFAESIA). These bankers have classified the accounts as NPAs and recalled entire facilities granted to the company including interest/ penal interest, etc.

   The Company has not provided the Interest accrued and due on the entire recalled facility for the Financial Year 2020-2021. Had the Company has provided the interest on this recalled facility then the loss of the Company would have been higher.

In view of the possible effects of the matters described above, we have not been able to comment on the Company's compliance of the covenants in respect of all borrowings and consequential implications including disclosures, if any.

3. We draw attention to Note No 47 to the standalone financial statements, which indicates that the CDR package dated 27th June, 2012 stipulates that the lenders have right to reverse waivers amounting to INR 1,273 Lakhs in the event of non-compliance of the terms of CDR package. SBI, one of the lenders, has demanded (vide SARFAESIA notice) repayment of CDR sacrifice of INR 630 Lakhs (included in INR 1,273 Lakhs) and additional interest thereon of INR 548 Lakhs. As the company as on the signing of this report is now under CIRP under IBC, the Company has not provided for these liabilities in the books of account but disclosed the same as contingent liabilities.

4. We draw attention to Note No 48 and 49 to the standalone financial statements, regarding the delays in receipt of foreign currency receivables aggregating INR 7714.20 Lakhs and payment of foreign currency payables aggregating INR 14761.61 Lakhs, against the export sales and import of goods and services respectively that are outstanding for a period beyond the timelines stipulated vide FED Master Direction under the Foreign Exchange Management Act, 1999. Management of the Company has represented that the Company is in process of regularizing these defaults and has filed necessary applications with the appropriate authority for condonation of delays in the receipt and payment of foreign currency receivables and payables. The Management is of the view that the possible penalties, etc., which may be levied for this contravention are likely to be condoned by the regulatory authorities.

5. We draw attention to Note No 50 to the Standalone financial statements, which indicates that the trade receivables of Rs. INR 6848.00 Lakhs have significant increase in credit risk in respect of which the Company has not made any assessment for expected credit loss in accordance with the requirement of Ind AS 109 Financial Instruments, as the management considers such balances as good and recoverable in future. In absence of such assessment, we are unable to comment on the recoverability of these balances and the consequent impact, if any, on the provision there on.

6. We draw attention to Note 51 to the standalone financial statement, with respect to impairment of assets the Management has not carried out the assessment with regards to Impairment of the tangible assets and adjustment to its carrying value if any. In view of foregoing, we have not been provided sufficient appropriate evidence about the carrying value of the tangible asset and adjustments required, if any, to standalone financial statements.

7. Also, refer our comments under 'Material uncertainty related to Going Concern' below.

Material uncertainty related to Going Concern

The Company has incurred loss aggregating INR 340.61 Lakhs during the year ended 31st March, 2021, and has accumulated losses aggregating INR 38318.60 Lakhs due to which its net worth has been fully eroded. However, these standalone financial statements are drawn on going concern basis under the ongoing Corporate Insolvency Resolution Process (CIRP), the outcome of which cannot be presently ascertained including matters also listed herein. Therefore, company's ability to remain as a "going concern" depends upon outcome of the ongoing CIRP.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matters	**Response to Key Audit Matters**
Inventories represent 10% (approx.) of total assets of the Company as at March 31, 2021. Such inventories are held at factory warehouse as at the reporting date. Considering the number of items and the level of inventory held across its factory warehouse, as well as the physical verification of these inventories at these locations are conducted on different dates, the risk of existence of such inventory and the identification of non-moving, obsolete / damaged inventory is a significant area of audit importance. The inventory valuation also requires management estimates towards write-down of inventory items to its net realizable value (wherever applicable) and allowance for slow moving or non-moving inventory including obsolescence risk. Considering the relative significance of the Inventory to the Standalone financial statements, we have considered the existence of Inventory and allowance of slow / non-moving inventory and obsolescence as key audit matter.	Our audit procedures included: • We tested the existence of inventories consisting of testing the relevant internal controls, including in specific the testing of the inventory physical verification process that is performed annually by the management • We observed the physical verification of Inventory conducted by management at certain intervals selected by us. Our procedures in this regard included: a) Performing independent inventory counts on sample basis and reconciling the same to the management counts; b) On a sample basis, we tested the reconciliation of the differences in inventory quantity between the physical count and the books of accounts, including accounting of such variances basis management approval; and • We tested whether the adjustments to bring down the cost of inventory items to their net realizable value and allowance for slow moving or non-moving inventory and obsolescence at the reporting date is appropriate by assessing the methodology and assumptions adopted by

	management in this regard including the related adjustments by testing a sample of inventory items as at the reporting date.

Information other than the Financial Statements and Auditor's Report thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report but does not include the financial statements and our auditor's report thereon.
Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.
If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Responsibility of Management for 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 standalone financial statements that give a true and fair view of the state of affairs (financial position), profit or loss (financial performance including other comprehensive income), changes in equity 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. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our responsibility is to conduct an audit of the Company's standalone financial statements in accordance with Standards on Auditing and to issue an auditor's report. However, because of the matters described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these standalone financial statements.

We are independent of the Company in accordance with the ethical requirements in accordance with the requirements of the Code of Ethics issued by ICAI and the ethical requirements as prescribed under the laws and regulations applicable to the entity.

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 in terms of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by Section 143(3) of the Act, based on our audit, we report that:

   a) As described in the Basis for Disclaimer of Opinion section above, we have sought but were not able to obtain 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, subject to the matters described in the Basis for Disclaimer of Opinion section above, 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) Subject to the matters described in the Basis for Disclaimer of Opinion section above, the Balance Sheet, the Statement of Profit and Loss including Other Comprehensive income, the statement of changes in equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

   d) Due to the possible effects of the matter described in the Basis for Disclaimer of Opinion section above, we are unable to state whether; the aforesaid standalone financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015, as amended.

   e) The matter described in the Basis for Disclaimer of Opinion section above and in the Material uncertainty related to Going Concern section above, in our opinion, may have an adverse effect on the functioning of the Company.

   f) On the basis of written representations received from the directors as on 31st March 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2021 from being appointed as a director in terms of Section 164(2) of the Act.

g) The reservation relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Disclaimer of Opinion section above.

h) We have also audited the internal financial controls over financial reporting (with reference to financial statements) of the Company as on 31st March 2021, in conjunction with our audit of the financial statements of the Company for the year ended on that date and our report dated 30th June 2022, as per "Annexure B", expressed adverse opinion.

3. 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 financial statements as per note no 40.
   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 derivative contracts.
   iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
   iv. There is no dividend declared or paid during the year by the Company and hence provisions of section 123 of the companies Act, 2013 are not applicable.

For M Sahu & Co
Chartered Accountants
Firm Registration No: 130001W

Partner (Manojkumar Sahu)
Membership No: 132623
UDIN: 22132623AMABVC7827

Date: 30/06/2022
Place: Vadodara

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

1. In respect of Fixed Assets,
    a. The company has maintained proper records showing full particulars including quantitative details and situation of its Fixed Assets.
    b. The Company has a program of verification to cover all the items of fixed assets in phased manner over a period of three years, which in our opinion is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
    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.

2. In our opinion, the management has conducted a physical verification of inventory at reasonable intervals, except for stores and spares (including packing material) which have not been verified during the year. No material discrepancies between physical inventory and book records were noticed on physical verification of inventory. However, in respect of inventories which were not physically verified, we are unable to comment on the discrepancies which could have arisen between physical inventory and book records.

3. The Company has not granted any loan, secured or unsecured to Companies, Firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly, the provisions of clauses 3(ii)(a), (b) and (c) of the Order are not applicable. However, the excess managerial remuneration recoverable from Managing Director is Rs. 201.86 Lakhs, which is also reported at paragraph 11 below.

4. In our opinion, the Company has not entered into any transaction covered under Sections 185 and 186 of the Act. Accordingly, the provision of clause 3(iv) of the Order are not applicable.

5. The Company has not accepted any deposits from the public in accordance with the provisions of Section 73 to 76 of the Act and rules framed there under.

6. According to the information and explanations given to us, maintenance of cost records has been prescribed by the Central Government under sub-section (1) of section 148 of

the Act in respect of the Company's product/services and the Company has maintained the prescribed accounts and records.

7. According to information and explanation given to us, in respect of statutory dues,
   a. The Company has generally been irregular in depositing undisputed statutory dues, including provident fund, employees' state insurance, income-tax, sales tax, wealth tax, service tax, customs duty, excise duty, value added tax, cess and other material statutory dues applicable to it with the appropriate authorities.
   b. Undisputed amounts payable which were outstanding at the yearend for a period more than six months form the date they became payable are as follows:

Name of the Statue	Nature of Dues	Period to which amount relates	Amount (Rs. In Lakhs)	Due Date	Date of Payment
Gujarat Stamp Act, 1958	Stamp Duty	2008-2012	95.58	Various	Unpaid
Employees Provident Fund & Misc Provisions Act 1952	Provident Fund	2019-2020	47.12	Various	Unpaid
Employees Provident Fund & Misc Provisions Act 1952	Provident Fund	2020-2021	57.03	Various	Unpaid
The Gujarat State Tax on Professions, Trades, Callings and Employment Act, 1976	Professional Tax	2019-2020	3.83	Various	Unpaid
The Gujarat State Tax on Professions, Trades, Callings and Employment Act, 1976	Professional Tax	2020-2021	5.81	Various	Unpaid
Income Tax Act, 1961	Tax Deducted at Source	2019-2020	28.14	Various	Unpaid
Income Tax Act, 1961	Tax Deducted at Source	2020-2021	4.46	Various	Unpaid
Goods and Service Tax Act 2017	GST Payable	2019-2020	12.12	Various	Unpaid
Goods and Service Tax	GST	2020-	4.13	Various	Unpaid

Act 2017	Payable	2021			

c. Details of dues of Income Tax, Sales Tax, Service Tax, Excise Duty and Value added Tax which have not been deposited as at 31st March 2021 on account of dispute are given below:

Name of the Statue	**Nature of Dues**	**Amount (Rs. In Lakhs)**	**Amount paid under Protest (In Lakhs)**	**Period to which the amount relates**	**Forum where dispute is pending**
The Income Tax Act, 1961	Income Tax/ Penalty	247.13	-	AY 2008-09	CIT (Appeal)
The Income Tax Act, 1961	Income Tax/ Penalty	143.17	-	AY 2009-10	CIT (Appeal)
The Income Tax Act, 1961	Income Tax/ Penalty	163.42	-	AY 2013-14	CIT (Appeal)
The Income Tax Act, 1961	Income Tax/ Penalty	436.26	-	AY 2014-15	CIT (Appeal)
The Income Tax Act, 1961	Income Tax/ Penalty	163.42	-	AY 2015-16	CIT (Appeal)
The Income Tax Act, 1961	Income Tax/ Penalty	49.01	9.803	AY 2016-17	CIT (Appeal)
Cenvat Credit Rules, 1995	Rebate Claim Adjustment	119	-	FY 1995-96	Hon. Supreme Court
Cenvat Credit Rules, 2005	Cenvat Credit Wrongly Availed	107.1	-	FY 2005-06	Hon. Supreme Court
Cenvat Credit Rules, 2008	Cenvat Credit Wrongly Availed	178.16	-	FY 2008-09	Commissioner, Vadodara-II
Cenvat Credit Rules, 2009	Cenvat Credit Wrongly Availed	37.10	1.40	FY 2009-10	Tribunal, Ahmedabad
Cenvat Credit Rules, 2009	Cenvat Credit Wrongly Availed	36.97	-	FY 2009-10	Additional Commissioner, Vadodara-II
Cenvat Credit Rules, 2009	Cenvat Credit Wrongly Availed	4.87	4.50	FY 2009-10	Tribunal West Zonal Bench Ahmadabad

Cenvat Credit Rules, 2009	Cenvat Credit Wrongly Availed	13.20	-	FY 2009-10	Commissioner, Vadodara-II
Cenvat Credit Rules, 2010	Cenvat Credit Wrongly Availed	4.19	-	FY 2010-11	Tribunal West Zonal Bench Ahmadabad
Cenvat Credit Rules, 2010	Cenvat Credit Wrongly Availed	9.74	-	FY 2010-11	Tribunal West Zonal Bench Ahmadabad
Cenvat Credit Rules, 2011	Cenvat Credit Wrongly Availed	12.46	-	FY 2011-12	Commissioner, Vadodara-II
Cenvat Credit Rules, 2011	Cenvat Credit Wrongly Availed	3.95	-	FY 2011-12	Tribunal West Zonal Bench Ahmadabad
Cenvat Credit Rules, 2011	Cenvat Credit Wrongly Availed	5.78	-	FY 2011-12	Dy. Commissioner, Bharuch
Cenvat Credit Rules, 2011	Cenvat Credit Wrongly Availed	1.18	-	FY 2011-12	Dy. Commissioner, Bharuch
Cenvat Credit Rules, 2012	Cenvat Credit Wrongly Availed	9.04	-	FY 2012-13	Dy. Commissioner, Bharuch
Cenvat Credit Rules, 2012	Cenvat Credit Wrongly Availed	11.13	-	FY 2012-13	Tribunal West Zonal Bench Ahmadabad
Cenvat Credit Rules, 2013	Cenvat Credit Wrongly Availed	3.42	-	FY 2013-14	Asst. Commissioner, Bharuch
Cenvat Credit Rules, 2013	Cenvat Credit Wrongly Availed	6.83	-	FY 2013-14	Dy. Commissioner appeal, Bharuch
Cenvat Credit Rules, 2013	Cenvat Credit Wrongly Availed	13.97	-	FY 2013-14	Tribunal West Zonal Bench Ahmadabad
Cenvat Credit Rules, 2015	Cenvat Credit Wrongly Availed	8.05	-	FY 2015-16	Tribunal West Zonal Bench Ahmadabad
Cenvat Credit Rules, 2016	Cenvat Credit Wrongly Availed	25.29	-	FY 2016-17	Tribunal West Zonal Bench Ahmadabad

Cenvat Credit Rules, 2016	Cenvat Credit Wrongly Availed	12.08	-	FY 2016-17	Dy. Commissioner appeal
Cenvat Credit Rules, 2017	Cenvat Credit Wrongly Availed	6.94	-	FY 2017-18	Tribunal West Zonal Bench Ahmadabad

8. The Company has defaulted in repayment of borrowings to the following banks during the year, which is detailed below.

Name of the Bank	Amount outstanding as on 31st March 2021 (Rs. In Lakhs)	Classified as NPA Since	Remarks
State Bank of India	10,099.92	June, 2016	The Banks has recalled entire facility.
Federal Bank	1,007.99	December, 2016	
Canara Bank	3,287.34	July, 2018	
Bank of India	1,692.37	November, 2018	

9. The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) and has not taken any term load during the year. Accordingly, paragraph 3(ix) of the Order is not applicable.

10. In our opinion, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the period covered by our audit.

11. According to the Information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided managerial remuneration in accordance with the requisite approvals mandate by the provisions of section 197 read with schedule V to the Act.

12. The Company is not a Nidhi Company and hence clause 3(xii) of the Order is not applicable.

13. According to the Information and explanation given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Sections 177 and 188 of the Act wherever applicable and details of such transactions have been disclosed in the financial statement as required by the applicable accounting standard.

14. According to the information and explanations given to us and overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

15. Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with the directors. Accordingly, paragraph 3 (xv) of the Order is not applicable.

16. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For, M Sahu & Co.
Chartered Accountants
Firm Registration No: 130001W

Partner (Manojkumar Sahu)
Membership No: 132623
UDIN: 22132623AMABVC7827

Date: 30/06/2022
Place: Vadodara

"ANNEXURE B" TO INDEPENDENT AUDITORS' REPORT OF EVEN DATE TO THE MEMBERS OF STEELCO GUJARAT LIMITED, ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2021

(Referred to in paragraph 20(h) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Independent Auditor's report on the Internal Financial Controls with reference to financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our engagement to audit the financial statements of Steelco Gujarat Limited ("the Company") as at and for the year ended 31st March, 2021, we have audited the internal financial controls over financial reporting (with reference to financial statements) of the Company as at that date.

Management's Responsibility for Internal Financial Controls

The Company's Board of Directors 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 ('the Guidance Note') issued by the Institute of Chartered Accountants of India ('the 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 the Company's 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 Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting (with reference to financial statements) of the Company 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 the ICAI and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an internal financial controls over financial reporting (with reference to financial statements). 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 (with reference to financial statements) were 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 over financial reporting (with reference to financial statements) of the Company and their operating effectiveness. Our audit of the internal financial controls over financial reporting (with reference to financial statements) included obtaining an understanding of the internal financial controls over financial reporting (with reference to financial statements) of the Company, 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 adverse audit opinion on the internal financial controls over financial reporting (with reference to financial statements) of the Company.

Meaning of Internal Financial Controls over Financial Reporting (with reference to financial statements)

A company's the internal financial controls over financial reporting (with reference to financial statements) 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 controls over financial reporting (with reference to financial statements) include 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 the internal financial controls over financial reporting (with reference to financial statements)

Because of the inherent limitations of internal financial controls over financial reporting (with reference to financial statements), 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 (with reference to financial statements) to future periods are subject to the risk that internal financial controls over financial reporting (with reference to financial statements) may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Adverse opinion

In our opinion, according to the information and explanations given to us and based on audit procedures performed, the following material weaknesses have been identified the internal financial controls over financial reporting (with reference to financial statements) as at 31st March, 2021:

a) The Company did not have sufficient appropriate supervisory and review controls over financial statement closure process, in accordance with the accounting principles generally accepted in India, which led to multiple modifications in the financial statements during the course of the audit and correction of prior period errors and omissions with retrospective effect in accordance with Ind AS 8.

b) The Company's internal control system with respect to assessing the Company's ability to continue as a going concern, was not operating effectively, which could result in the incorrect fundamental assumption that the Company can continue as a going concern, which could potentially result in a material misstatement in the carrying value and classification of assets and liabilities and consequential impact on earnings, reserves and related disclosures in the financial statements.

c) The Company's internal control system with respect to assessment of recoverability of trade receivables and consequent provision towards expected credit loss / doubtful debts in accordance with Ind AS 109 "Financial Instruments", was not operating effectively, which could potentially result in a material misstatement in the carrying value of trade receivables and consequential impact on the earnings, reserves and related disclosures in the financial statements.

d) The Company's internal control system with respect to payment of managerial remuneration in accordance with the provisions of Schedule V to the Act, was not operating effectively, thereby resulting in non-adherence with the relevant provisions of the Act and a potential material misstatement in the employee benefits expense and consequential impact on the earnings, reserves and related disclosures in the financial statements.

e) The Company did not have an appropriate internal control system with respect to the assessment of settlement of advances received, remittance of payments and receipt of receivables within the time limit stipulated by FEMA, which could result in a material misstatement in the carrying value of the Company's trade receivables, trade payables, other current liabilities and the resultant impact on the earnings, reserves and related disclosures in the financial statements.

f) The Company did not have effective IT general Controls (ITGC), primarily because of reliance on 'DOS' based legacy accounting/ inventory/ MIS system, which could compromise applications, database, etc which may potentially affect the reliance on management reports, interfaces and the overall data integrity.

A ‘material weakness’ is a deficiency, or a combination of deficiencies, in internal financial controls over financial reporting (with reference to financial statements), such that there is a reasonable possibility that a material misstatement of the company’s annual or interim financial statements will not be prevented or detected on a timely basis.

In our opinion, because of the possible effects of the material weaknesses described above on the achievement of the objectives of the control criteria, the Company has not maintained adequate internal financial controls over financial reporting (with reference to financial statements) and such the internal financial controls over financial reporting (with reference to financial statements) were not operating effectively as of 31st March, 2021, based on the internal financial controls over financial reporting (with reference to financial statements) criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

We have considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in our engagement to audit the financial statements of the Company as at and for the year ended 31st March, 2021, and these material weaknesses have affected our audit report on the financial statements of the Company and we have issued a disclaimer of opinion on the financial statements.

For M Sahu & Co
Chartered Accountants
Firm Registration No: 130001W

Partner (Manojkumar Sahu)
Membership No: 132623
UDIN: 22132623AMABVC7827

Date: 30/06/2022
Place: Vadodara

STEELCO GUJARAT LIMITED
NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021

CORPORATE INFORMATION

Steelco Gujarat Limited (the "Company") is a listed public limited company domiciled in India, incorporated under the Companies Act, 1956. The Company is listed on the Bombay Stock Exchange (BSE). The Company's commercial production of cold rolled steel products started in 1994 with cold rolling of steel continuous hot dip galvanising line in 1997 and the Continuous Colour Coating Line in 2017. The Company is engaged in manufacturing of GP/GC coil sheets and CR coils and sheets and the factory and office is located at Palej – 392220, Bharuch, Gujarat. The Company is accredited with ISO9001:2000 and ISO 14001:2004 certification on quality management standards for the manufacturing and supply of CR steel sheet/coils/strips, CR galvanized plain/corrugated sheet/coil/strips and pre painted galvanized sheet/coils.

1. BASIS OF PREPARATION

i. Compliance with Ind AS

The financial statements comply in all material aspects with Indian Accounting Standards ("Ind AS") notified under section 133 of the Companies Act, 2013 ("the Act"), Companies (Indian Accounting Standards) Rules, 2015 as amended by Companies (Indian Accounting Standards) (Amendment) Rules, 2016 and other relevant provisions of the Act as applicable.

The accounting policies are applied consistently to all the periods presented in the financial statements.

ii. Historical cost convention

The financial statements have been prepared on a historical cost basis, except the following:

- Certain financial assets and liabilities that are measured at fair value;
- Assets held for sale – measured at lower of carrying amount or fair value less cost to sell;
- Defined benefit plans – plan assets measured at fair value.

iii. Current and non-current classification

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle (not exceeding twelve months) and other criteria set out in the Schedule III to the Act.

iv. Functional and presentation currency

These financial statements are presented in Indian Rupees, which is the Company's functional currency.

v. Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest lakhs as per the requirement of Schedule III, unless otherwise stated.

vi. Uncertainty relating to the global health pandemic on COVID-19

In assessing the recoverability of receivables including unbilled receivables, contract assets and contract costs, goodwill, intangible assets, and certain investments, the

Company has considered internal and external information up to the date of approval of these financial statements including credit reports and economic forecasts. The Company has performed sensitivity analysis on the assumptions used herein. Based on the current indicators of future economic conditions, the Company expects to recover the carrying amount of these assets.

The Company basis its assessment believes that the probability of the occurrence of forecasted transactions is not impacted by COVID-19. The Company has also considered the effect of changes, if any, in both counterparty credits risk and own credit risk while assessing hedge effectiveness and measuring hedge ineffectiveness and continues to believe that there is no impact on effectiveness of its hedges.

The impact of COVID-19 remains uncertain and may be different from what we have estimated as of the date of approval of these financial statements and the Company will continue to closely monitor any material changes to future economic conditions.

2. SIGNIFICANT ACCOUNTING POLICIES

A. Revenue recognition:

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

Revenue from the sale of goods is recognized at the point in time when control of the asset is transferred to the customer, generally on the delivery of the goods.

The Company satisfies the performance obligation and recognises revenue over time, if one of the criteria prescribed under Ind AS 115 - "Revenue from Contracts with Customers" is satisfied. If a performance obligation is not satisfied over time, then revenue is recognized at a point in time at which the performance obligation is satisfied.

The Company recognises revenue for performance obligation satisfied over time only if it can reasonably measure its progress towards complete satisfaction of the performance obligation. The Company would not be able to reasonably measure its progress towards complete satisfaction of a performance obligation if it lacks reliable information that would be required to apply an appropriate method of measuring progress. In those circumstances, the Company recognises revenue only to the extent of cost incurred until it can reasonably measure outcome of the performance obligation.

The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price, the Company considers the effects of variable consideration, the existence of significant financing component and consideration payable to the customer like return and trade discounts.
Sales are disclosed excluding net of sales returns and Goods and Service Tax (GST).

Income from operations includes revenue earned on account of job work income which is accounted as per the terms agreed with the customers. Export benefits available under prevalent schemes are accounted to the extent considered receivable.

Other income is comprised primarily of interest income, gain / loss on investments and exchange gain/loss on foreign currency transactions. Interest income is recognized using the effective interest method.

Rental income from investment properties and subletting of properties is recognised on a straight line basis over the term of the relevant leases.

B. Foreign Currency Transactions

i. Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ("the functional currency"). The financial statements are presented in Indian rupee, which is the Company's functional and presentation currency.

ii. Foreign currency transactions and balances

Foreign currency transactions are recorded in the functional currency by applying to the foreign currency amount the exchange rate between the functional currency and the foreign currency on the date of the transaction (spot exchange rate).

All monetary items denominated in foreign currency are converted into the functional currency at the year-end exchange rate. The exchange differences arising on such conversion and on settlement of the transactions are recognised in the statement of profit and loss.
Non-monetary items in terms of historical cost denominated in a foreign currency are reported using the exchange rate prevailing on the date of the transaction.

C. Property, Plant and Equipment:

i. Recognition and measurement

Freehold land is carried at cost. All other items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items.

Income and expenses related to the incidental operations, not necessary to bring the item to the location and condition necessary for it to be capable of operating in the manner intended by management, are recognized in the Statement of Profit and Loss.

If significant parts of an item of property, plant and equipment have different useful life, then they are accounted and depreciated for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in the Statement of Profit and Loss.

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognized as at April 1, 2016 measured as per the Previous GAAP and use that carrying value as the deemed cost (except to the extent of any adjustment permissible under other accounting standard) of the property, plant and equipment.

ii. Subsequent Expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

iii. Depreciation

Depreciation or amortisation is provided from the date the assets are ready to be put to use, using straight line method over the estimated useful life of the assets.

Leasehold land is being amortised over the life of the lease. Depreciation on assets under construction commences only when the assets are ready for their intended use.

For determining the appropriate depreciation rates, plant and machinery falling under the category of continuous process plant has been identified on the basis of technical opinion obtained. Depreciation on additions to and disposals of the property, plant and equipment and intangible assets during the period has been provided on pro-rata basis, according to the period each such asset was used during the period except in case of low value items not exceeding INR 10,000/- which are depreciated fully in the period of addition. Depreciation on addition or extension to the existing property, plant and equipment which becomes integral part of that asset is provided on pro-rata basis according to the remaining useful life of the existing asset.

The estimated useful lives for the main categories of property, plant and equipment and other intangible assets are:

Class of Assets	Estimated Useful Life (in years)
Leasehold land	198
Buildings	0 to 45
Plant and equipment (except as stated at*)	0 to 22
Furniture and fixtures	0 to 10
Vehicles	8
Office equipment	1 to 15
Computer software	3 to 6

*Depreciation on ‘work rolls, intermediate rolls and back up rolls’ are calculated based on their proportionate usage which is technically evaluated by the company management.
Depreciation method, useful life and residual value are reviewed periodically and, when necessary, revised. No further charge is provided in respect of assets that are fully written down but are still in use.

D. Intangible Assets:

Intangible assets include computer software which is stated at cost less accumulated amortisation.
On transition to Ind AS, the Company has opted to continue with the carrying values measured under the previous GAAP as at 1st April, 2016 its intangible assets and used that carrying value as the deemed cost of the intangible assets on the date of transition i.e. 1st April, 2016.

E. Investment property

Investment properties are those that are held for long-term rental yields or for capital appreciation or both. Investment property is measured initially at its cost, including related transaction costs. Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Company in a period exceeding 1 year and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred.
Investment properties are depreciated using the straight-line method over their estimated useful lives. The useful life has been determined based on technical evaluation performed by the management's expert.

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its investment properties recognised as at 1st April, 2016 measured as per the previous GAAP and use that carrying value as the deemed cost of investment properties.

F. Leases:

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee

(A) Lease Liability

At the commencement date, the Company measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments shall be discounted using incremental borrowing rate.

(B) Right-of-use assets

Initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives.

Subsequent measurement

(A) Lease Liability

Company measure the lease liability by (a) increasing the carrying amount to reflect interest on the lease liability; (b) reducing the carrying amount to reflect the lease payments made; and (c) remeasuring the carrying amount to reflect any reassessment or lease modifications.

(B) Right-of-use assets

Subsequently measured at cost less accumulated depreciation and impairment losses. Right-of-use assets are depreciated from the commencement date on a straight line basis over the shorter of the lease term and useful life of the under lying asset.

Impairment

Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

Short term Lease

Short term lease is that, at the commencement date, has a lease term of 12 months or less. A lease that contains a purchase option is not a short-term lease. If the company elected to apply short term lease, the lessee shall recognise the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis. The lessee shall apply another systematic basis if that basis is more representative of the pattern of the lessee's benefit.

As a lessor

Leases for which the company is a lessor is classified as a finance or operating lease. Whenever, the terms of the lease transfers substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Lease income is recognised in the statement of profit and loss on straight line basis over the lease term.

G. Financial instruments

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

a) Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted by transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit and loss)

The transaction costs directly attributable to the acquisition of financial assets and financial liabilities at fair value through profit and loss are immediately recognised in the statement of profit and loss.

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognized (i.e. removed from the Company's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows under an eligible transaction.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

b) Classification and subsequent measurement of financial assets

For the purpose of subsequent measurement, financial assets are classified into the following categories upon initial recognition:

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
  · Equity instruments measured at fair value through other comprehensive income (FVTOCI)
  · Equity instruments measured at fair value profit or loss (FVTPL)

Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

a. The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
b. Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (the "EIR") method. The effective interest rate is the rate that exactly discounts future cash receipts or payments through the expected life of the financial instrument, or where appropriate, a shorter period.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the statement of profit and loss. The losses arising from impairment are recognised in the statement of profit and loss.

Debt instruments at fair value through other comprehensive income

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

a. The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
b. The asset's contractual cash flows represent SPPI.

The Company does not have any debt instruments classified in FVOCI category.

Debt instruments at fair value through profit or loss

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

The Company does not have any debt instruments classified in FVTPL category.

Equity instruments

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in the OCI subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in OCI. There is no recycling of the amounts from the OCI to the statement of profit and loss, even on sale of the investment. However, the Company may transfer the cumulative gain or loss within categories of equity.

c) Classification and subsequent measurement of financial liabilities

All financial liabilities are recognised initially at its fair value adjusted by directly attributable transaction costs.

The measurement of financial liabilities depends on their classification, as described below:

- Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. The Company does not have any financial liabilities classified at fair value through profit or loss.

- Financial liabilities measured at amortised cost

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method.

Gains and losses are recognised in the statement of profit and loss when the liabilities are derecognised.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

H. Impairment:

i. Non - financial assets

At each balance sheet date, the Company assesses whether there is any indication that any property, plant and equipment and intangible assets with finite life may be impaired. If any such impairment exists, the recoverable amount of an asset is estimated to determine the extent of impairment, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

ii. Financial assets

In accordance with Ind AS 109, the Company applies the expected credit loss ("ECL") model for measurement and recognition of impairment loss on financial assets and credit risk exposures. The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables. Simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECL at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls),discounted at the EIR of the instrument. Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL impairment loss allowance (or reversal) recognised during the period is recognised as income/ expense in the statement of profit and loss.

I. Taxes on Income:

Income Tax expense comprises of current and deferred tax. Income Tax expense is recognized in net profit in the Statement of Profit and Loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in other comprehensive income.

(i) Current Tax

Current Tax is the amount of income taxes payable (recoverable) in respect of the taxable profit (tax loss) for a period. Current tax for current and prior periods is recognized at the amount expected to be paid to or recovered from the tax authorities, using the tax rate and tax laws that have been enacted or substantively enacted by the Balance Sheet date

Current tax assets and liabilities are offset if, and only if, the Company:

a) has a legally enforceable right to set off the recognized amounts; and

b) intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves. Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profits will be available against which they can be used.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if:

a) the entity has a legally enforceable right to set off current tax assets against current tax liabilities; and

b) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

J. Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

· In the principal market for the asset or liability, or

· In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

· Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

· Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly Observable

· Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

K. Inventories:

i. Finished and Semi-Finished Products produced and purchased by the company are carried at Cost and net realizable value, whichever is lower.
ii. Work in Progress is carried at lower of cost and net realizable value.
iii. Raw Material is carried at lower of cost and net realizable value.
iv. Stores and Spares parts are carried at cost. Necessary provision is made and expensed in case of identified obsolete and nonmoving items.

Cost of Inventory is generally ascertained on the 'Weighted average' basis. Work in progress, Finished and semi-finished products are valued at on full absorption cost basis.

Cost Comprises expenditure incurred in the normal course of business in bringing such inventories to its location and includes, where applicable, appropriate overheads based on normal level of activity. Packing Material is considered as finished goods. Consumable stores are written off in the year of Purchase.

L. Cash and Cash Equivalents:

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments (original maturity less than 3 months) that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts and cash credits as they are considered an integral part of the Company's cash management.

M. Employee benefits:

A. Short term employee benefits:
All employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits. Benefits such as salaries, wages, performance incentives, etc. are recognized at actual amounts due in the period in which the employee renders the related service.

B. Post-employment benefits
Defined contribution plans:
The Company contributes on a defined contribution basis to Employees' Provident Fund towards post-employment benefits, all of which are administered by the respective Government authorities. The Company has no further obligation beyond making its contribution, which is expensed in the period to which it pertains.
Defined benefit plans:
i. Superannuation plan:
The Superannuation scheme is administered through the Life Insurance Corporation of India (LIC). The liability for the defined benefit plans funded by way of payment of

premium as determined by the LIC of India and the same is administered by LIC and the Company has no further obligation beyond making its contribution, which is expensed in the period to which it pertains.

ii. Gratuity plan:

The Company administers the gratuity scheme being unfunded liability. The liability for the defined benefit plan of Gratuity is determined on the basis of an actuarial valuation by an independent actuary at the year end, which is calculated using projected unit credit method. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss. Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in the Other Comprehensive Income. They are included in retained earnings in the statement of changes in equity and in the balance sheet. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in the statement of profit and loss as past service cost.

Leave Entitlements (long-term employee benefit):

The employees of the company are entitled to leave as per the leave policy of the Company. The unfunded liability in respect of unutilized leave balances is provided based on an actuarial valuation carried out by an independent actuary, which is calculated using projected unit credit method as at the year end and charged to the statement of profit and loss.

N. Borrowing costs:

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred.

O. Provisions and Contingencies:

A provision is recognised when:

· The Company has a present obligation as a result of a past event;

· It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and

· A reliable estimate can be made of the amount of the obligation.

Provisions are measured at the management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as finance costs.

The Company does not recognise contingent liabilities but it is disclosed in the financial statements unless the possibility of an outflow of resources embodying economic benefits is remote.
Contingent asset is not recognised in the financial statements.

P. Earnings per Share:

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of equity shares outstanding during the financial year.
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share after considering the income tax effect of all finance costs associated with dilutive potential equity shares, and the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.
The Company has not issued any dilutive potential equity shares.

Q. Exceptional items:

Certain occasions, the size, type or incidence of an item of income or expense, pertaining to the ordinary activities of the Company is such that its disclosure improves the understanding of the performance of the Company, such income or expense is classified as an exceptional item and accordingly, disclosed in the notes accompanying to the financial statements.

3. USE OF JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

While preparing financial statements in conformity with Ind AS, the management has made certain estimates and assumptions that require subjective and complex judgments. These judgments affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses, disclosure of contingent liabilities at the statement of financial position date and the reported amount of income and expenses for the reporting period. Financial reporting results rely on the management estimate of the effect of certain matters that are inherently uncertain. Future events rarely develop exactly as forecasted and the best estimates require adjustments, as actual results may differ from these estimates under different assumptions or conditions. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively.

Judgment, estimates and assumptions are required in particular for:

a) Determination of the estimated useful life of tangible assets

Useful life of tangible assets is based on the life prescribed in Schedule II of the Companies Act, 2013. In cases, where the useful life are different from that prescribed in Schedule II, they are based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers' warranties and maintenance support.

b) Recognition and measurement of defined benefit obligations

The obligation arising from defined benefit plan is determined on the basis of actuarial assumptions. Key actuarial assumptions include discount rate, trends in salary escalation, actuarial rates and life expectancy. The discount rate is determined by reference to market yields at the end of the reporting period on government bonds. The period to maturity of the underlying bonds correspond to the probable maturity of the post-employment benefit obligations. Due to complexities involved in the valuation and its long-term nature, defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting period.

c) Recognition of deferred tax liabilities

Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases, and unutilized business loss and depreciation carryforwards and tax credits. Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, unused tax losses, depreciation carry-forwards and unused tax credits could be utilized.

d) Discounting of financial assets / liabilities

All financial assets / liabilities are required to be measured at fair value on initial recognition. In case of financial assets / liabilities which are required to be subsequently measured at amortized cost, interest is accrued using the effective interest method.

Steelco Gujarat Limited
Balance sheet as at 31 March 2021

(INR in lakhs)

Particulars	Note No.	As at 31 Mar 2021	As at 31 March 2020
ASSETS			
Non-current assets			
Property, plant and equipment	4	5,077.23	5,389.60
Capital work-in-progress	4	0.87	0.87
Investment property	5	54.34	55.40
Intangible assets	6	8.92	12.38
Financial assets			
(i) Loan	7	52.74	52.74
(ii) Deferred tax Assests	33	-	-
Income tax assets (net)	8	236.54	236.20
Other non current assets	9	124.87	124.87
		5,555.51	**5,872.06**
Current assets			
Inventories	10	1,350.20	1,369.38
Financial assets			
(i) Trade receivables	11	6,848.00	7,046.32
(ii) Cash and cash equivalents	12	7.74	95.99
(iii) Other bank balances	13	292.74	292.74
(iv) Loan	7	201.86	201.86
(v) Other financial assets	14	2.50	2.50
Other current assets	9	84.32	309.15
		8,787.36	**9,317.94**
TOTAL ASSETS		**14,342.87**	**15,190.00**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	15	4,256.18	4,256.18
Other equity	16	(37,485.70)	(37,145.09)
Total equity		**(33,229.52)**	**(32,888.91)**
Liabilities			
Non-current liabilities			
Financial liabilities			
(i) Borrowings	17	4,689.29	4,639.99
(ii) Others financial liabilities	18	4.31	3.65
Provisions	19	343.08	271.98
Other non-current liabilities	20	0.17	0.17
		5,036.85	**4,915.79**
Current liabilities			
Financial liabilities			
(i) Borrowings	17	8,470.09	8,483.57
(ii) Trade payables	21	14,671.26	16,916.37
(iii) Other financial liabilities	18	15,813.82	14,246.09
Other current liabilities	20	1,366.67	1,303.39
Provisions	19	1,338.02	1,338.02
Liabilities assigned to assets held for sale	22	875.68	875.68
		42,535.54	**43,163.12**
TOTAL EQUITY AND LIABILITIES		**14,342.87**	**15,190.00**
		-	-

The accompanying notes 1 to 57 form an integral part of the financial statements

This is the balance sheet referred to in our audit report of even date.

For M Sahu & Co
Chartered Accountants
Firm Registration No. 130001W

For and on behalf of the Board of Directors

Manojkumar Sahu
Partner
M. No. 132623
UDIN: 22132623AMABVC7827

Ajay Shanghavi
Director
DIN: 07068022

Praful Chanderia
Director
DIN: 07013137

Nirav Tarkas
Resolution Professional

Place: Vadodara
Date: 30th June, 2022

Place: Vadodara
Date: 30th June, 2022

Steelco Gujarat Limited

Statement of profit and loss for the quarter ended 31 March 2021

(INR in lakhs)

Particulars	Note No.	For the years ended 31 Mar 2021	31 March 2020
Income			
Revenue from operations	23	-	1,566.89
Other income	24	2,233.96	93.49
Total income		**2,233.96**	**1,660.38**
Expenses			
Cost of materials consumed	25	-	109.25
Excise duty		-	-
Changes in inventories - finished goods, work in progress (including cost incurred on jobwork)	26	-	89.36
Employee benefits expense	27	1,057.21	1,531.32
Finance costs	28	1,024.16	1,070.59
Depreciation and amortisation expense	29	299.70	356.11
Other expenses	30	165.62	3,199.90
Total expenses		**2,546.69**	**6,356.53**
Tax expense			
Current tax		-	-
Deferred tax		-	-
Total tax expense		**-**	**-**
Loss for the year		**(312.73)**	**(4,696.15)**
Other comprehensive income (OCI)			
Items that will not be reclassified to profit and loss			
Remeasurements of defined benefit plans		(27.88)	108.87
Income tax relating to items that will not be reclassified to profit or loss		-	-
Other comprehensive loss for the year		**(27.88)**	**108.87**
Total comprehensive loss for the year		**(340.61)**	**(4,587.28)**
Earnings per equity share			
Number of Equity Shares (face value of INR 10 each)		**4,25,61,822**	**4,25,61,822**
Basic and diluted loss per share (INR)	34	(0.73)	(11.03)

The accompanying notes 1 to 57 form an integral part of the financial statements

This is the statement of profit and loss referred to in our audit report of even date.

For M Sahu & Co
Chartered Accountants
Firm Registration No. 130001W

For and on behalf of the Board of Directors

Manojkumar Sahu
Partner
M. No. 132623
UDIN: 22132623AMABVC7827

Ajay Shanghavi
Director
DIN: 07068022

Praful Chanderia
Director
DIN: 07013137

Nirav Tarkas
Resolution Professional

Place: Vadodara
Date: 30th June, 2022

Place: Vadodara
Date: 30th June, 2022

Steelco Gujarat Limited

Cash flow statement for the Year ended 31 March 2021

(INR in lakhs)

Particulars	For the years ended	
	31 Mar 2021	31 March 2020
A. CASH FLOW FROM OPERATING ACTIVITIES		
Loss before tax	(312.73)	(4,696.15)
Adjustments for:		
Depreciation	299.70	356.11
[Profit]/Loss on sale of assets [Net]	-	126.43
Interest income	(2.60)	(44.59)
Finance costs	194.78	1,070.59
Exceptional Items	-	-
Provision (Reversal) for doubtful debts	(24.08)	(263.47)
Unrealised exchange (gain)/loss	(502.86)	984.53
Provisions for employee benefits	71.10	151.21
Operating profit/(loss) before working capital changes	**(276.70)**	**(2,315.34)**
Adjustments for changes working capital		
Trade receivables	79.27	(119.05)
Inventories	221.10	201.92
Other financial assets and other current assets	-	217.23
Trade payables	-	(1,457.80)
Other financial liabilities and current liabilities	2.50	3,323.94
Provisions	(80.11)	(151.21)
Cash flow from operating activities post working capital changes	**(53.94)**	**(300.31)**
Income tax paid (net)	(26.65)	(26.65)
Net cash flow from operating activities (A)	**(80.59)**	**(326.96)**
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	-	(21.92)
Fixed deposits matured/Created	(291.25)	(291.25)
Proceeds from sale of property, plant and equipment	38.56	38.56
Interest received	2.60	44.59
Net cash flows from investing activities (B)	**(250.09)**	**(230.02)**
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Availment of long term/short term borrowings	49.30	375.03
Repayment of long term/short term borrowings	204.96	218.44
Interest paid	(11.83)	(11.83)
Net cash used in financing activities (C)	**242.43**	**581.64**
Decrease in cash and cash equivalents (A+B+C)	(88.25)	24.66
Cash and cash equivalents at the beginning of the year	95.99	71.33
Cash and cash equivalents at the end of the year	**7.74**	**95.99**

Note 1 - The above statement of cash flows has been prepared under the 'indirect method' as setout in 'Ind AS 7: Statement of cash flows'.

Note 2 - Figures in bracket represents cash outflows.

The accompanying notes 1 to 57 form an integral part of the financial statements
This is the cash flow statement referred to in our audit report of even date.

For M Sahu & Co
Chartered Accountants
Firm Registration No. 130001W

For and on behalf of the Board of Directors

Manojkumar Sahu
Partner
M. No. 132623
UDIN: 22132623AMABVC7827

Ajay Shanghavi
Director
DIN: 07068022

Praful Chanderia
Director
DIN: 07013137

Nirav Tarkas
Resolution Professional

Place: Vadodara
Date: 30th June, 2022

Place: Vadodara
Date: 30th June, 2022

Steelco Gujarat Limited

Statement of changes in equity for the year ended 31 March 2021

A. Equity Share Capital

(INR in lakhs)

Particulars	Note No.	Number of shares	Amount
Balance as on 1 April 2019	**16**	4,25,61,822	4,256.18
Changes in equity share capital during the year		-	-
Equity shares as at 31 March 2020		4,25,61,822	4,256.18
Changes in equity share capital during the year		-	-
Equity shares as at 31 March 2021		4,25,61,822	4,256.18

B. Other Equity

(INR in lakhs)

Particulars	Share application money pending allotment	Equity component of other financial instruments with shareholder	Reserves and Surplus		Total
			Capital reserve	Retained earnings	
Balance as at 1 April 2019	**-**	**284.46**	**489.68**	**(33,390.70)**	**(32,616.56)**
Loss for the year	-	-	-	(4,696.15)	(4,696.15)
Other comprehensive loss for the year	-	-	-	108.87	108.87
Total comprehensive loss for the year	**-**	**-**	**-**	**(4,587.28)**	**(4,587.28)**
Movement during the year	-	58.75	-	-	58.75
Balance as at 31 March 2020	**-**	**343.21**	**489.68**	**(37,977.98)**	**(37,145.09)**
Loss for the year	-	-	-	(312.73)	(312.73)
Other comprehensive loss for the year	-	-	-	(27.88)	(27.88)
Total comprehensive loss for the year	**-**	**-**	**-**	**(340.61)**	**(340.61)**
Balance as at 31 March 2021	**-**	**343.21**	**489.68**	**(38,318.60)**	**(37,485.70)**

The accompanying notes 1 to 57 form an integral part of the financial statements

This is the statement of changes in equity referred to in our audit report of even date.

For M Sahu & Co
Chartered Accountants
Firm Registration No. 130001W

For and on behalf of the Board of Directors

Manojkumar Sahu
Partner
M. No. 132623
UDIN: 22132623AMABVC7827

Ajay Shanghavi
Director
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Praful Chanderia
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DIN: 07013137

Nirav Tarkas
Resolution Professional

Place: Vadodara
Date: 30th June, 2022

Place: Vadodara
Date: 30th June, 2022

Steelco Gujarat Limited

Notes to the financial statements for the quarter ended 31 March 2021

4. Property, Plant and Equipment

(INR in lakhs)

Description	Leasehold land	Buildings	Plant and Equipment	Furniture and Fixtures	Vehicles	Office Equipments	Total (A)	Capital work in progress (B)	Total (A+B)
Gross block [Carrying value (at deemed cost)]									
Balances as at 1 April 2019	36.71	1,515.38	5,758.43	47.53	74.35	45.68	7,478.08	171.23	7,649.31
Additions during the year	-	-	21.92	-	-	-	21.92	-	21.92
Capitalised during the year	-	-	-	-	-	-	-	-	-
Reclassified from held for sale	-	-	-	-	-	-	-	-	-
Disposals during the year (refer note 4(iv))	-	-	(232.74)	-	-	-	(232.74)	**(170.36)**	(403.10)
Balance as at 31 March 2020	**36.71**	**1,515.38**	**5,547.61**	**47.53**	**74.35**	**45.68**	**7,267.26**	**0.87**	**7,268.13**
Additions during the year	-	-	-	-	-	-	-	-	-
Capitalised during the year	-	-	-	-	-	-	-	-	-
Disposals during the year (refer note 4(iv))	-	-	-	-	(100.76)	-	(100.76)	-	(100.76)
Balance as at 31 March 2021	**36.71**	**1,515.38**	**5,547.61**	**47.53**	**(26.41)**	**45.68**	**7,166.50**	**0.87**	**7,167.37**
Accumulated depreciation									
Balance as at 1 April 2019	0.40	157.11	1,355.20	20.21	42.98	18.19	1,594.09	-	1,594.09
Depreciation charge for the year	-	52.96	278.50	6.04	9.31	4.32	351.14	-	351.14
Amortisation for the year	0.19	-	-	-	-	-	0.19	-	0.19
Disposals during the year	-	-	(67.75)	-	-	-	(67.75)	-	(67.75)
Disposals during the year	-	-	-	-	-	-	-	-	-
Balance as at 31 March 2020	**0.59**	**210.07**	**1,565.95**	**26.25**	**52.29**	**22.51**	**1,877.66**	**-**	**1,877.66**
Depreciation charge for the year	-	-	230.83	5.74	3.08	2.60	242.24	-	242.24
Amortisation for the year	0.18	52.75	-	-	-	-	52.93	-	52.93
Disposals during the year	-	-	-	-	(83.57)	-	(83.57)	-	(83.57)
Balance as at 31 March 2021	**0.77**	**262.82**	**1,796.78**	**31.99**	**(28.20)**	**25.11**	**2,089.27**	**-**	**2,089.27**
Net block									
Balance as at 31 March 2020	**36.12**	**1,305.31**	**3,981.66**	**21.28**	**22.06**	**23.16**	**5,389.60**	**0.87**	**5,390.47**
Balance as at 31 March 2021	**35.94**	**1,252.56**	**3,750.83**	**15.54**	**1.79**	**20.57**	**5,077.23**	**0.87**	**5,078.10**

For Steelco Gujarat Limited

Director

Steelco Gujarat Limited
Notes to the financial statements for the quarter ended 31 March 2021

(i) Assets acquired under finance lease
During the year 1991-92, Company has acquired under a finance lease from G.I.D.C., land situated at plot No.2, G.I.D.C. estate, N.H.No.8, Palej, Dist.Bharuch, Gujarat (India). The lease period is for 99 years which can be extended for another 99 years at option of the Company.

(ii) Contractual obligations
Refer note 40B

(iii) Property, plant and equipment pledged as security
Refer note 17C for details on property, plant and equipment pledged as security.

(iv) Charges/ Pledge created on PPE
Refere note 17 and 40.

5. Investment Property

(INR in lakhs)

Description	Leasehold land	Buildings	Total
Gross block [Carrying value (at deemed cost)]			
Balances as at 1 April 2019	42.90	16.82	59.72
Additions during the year	-	-	-
Balance as at 31 March 2020	**42.90**	**16.82**	**59.72**
Additions during the year	-	-	-
Balance as at 31 March 2021	**42.90**	**16.82**	**59.72**
Accumulated depreciation			
Balances as at 1 April 2019	0.83	2.43	3.26
Depreciation charge for the year	-	0.81	0.81
Amortisation for the year	0.25	-	0.25
Balance as at 31 March 2020	**1.08**	**3.24**	**4.32**
Depreciation charge for the year	-	0.81	0.81
Amortisation for the year	0.25	-	0.25
Balance as at 31 March 2021	**1.32**	**4.05**	**5.38**
Net block			
Balance as at 31 March 2020	**41.82**	**13.58**	**55.40**
Balance as at 31 March 2021	**41.58**	**12.77**	**54.34**

(i) Contractual obligations
There are no contractual obligation to purchase, construct or develop investment property or for its repair, maintenance or enhancement.

(ii) Amount recognised in profit and loss for investment properties (leased or otherwise)

(INR in lakhs)

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Rental income	2.48	10.10
Depreciation	1.06	1.06
(iii) Profit from leasing of investment properties	**1.67**	**9.29**

(iv) Leasing arrangements
Building under investment properties are leased to tenants under long-term operating leases with rentals payable monthly. Minimum lease payment receivable under non-cancellable leases of investment property are as follows:

(INR in lakhs)

Particulars	As at 31 Mar 2021	As at 31 March 2020
Within one year	-	5.55
Later than one year but not later than 5 years	-	-
Later than 5 years	-	-
	-	**5.55**

(v) Fair value (INR in lakhs)

Particulars	As at 31 Mar 2021	As at 31 March 2020
Leasehold land**	1,125.67	1,125.67
Buildings**	134.68	134.68

**In the absence of valuation being carried out by the company for the year ended 31 March 2021, the company has considered the fair value as on 31 March 2019 as the fair value for 31 March 2021.

(vi) Estimation of fair value
The fair values of the investment properties have been carried out by independent valuer. The best evidence of fair value is current prices in an active market for similar properties. The investment properties has been fair valued using sales comparison method in which due weightage has been given to property rates as evident from sales instances of comparable land and building found upon market enquiry, area, location, nearby civic amenities available etc. This is a Level 2 measurement as per the fair value hierarchy set out in fair value measurement disclosures.

For Steelco Gujarat Limited

Director

Steelco Gujarat Limited
Notes to the financial statements for the year ended 31 March 2021

6. Intangible Assets

(INR in lakhs)

Description	Computer softwares	Total
Gross Block [Carrying value (at deemed cost)]		
Balance as at 1 April 2019	31.16	31.16
Additions during the year	-	-
Balance as at 31 March 2020	**31.16**	**31.16**
Additions during the year	-	-
Balance as at 31 March 2021	**31.16**	**31.16**
Accumulated Amortisation		
Balance as at 1 April 2019	15.06	15.06
Amortisation for the year	3.72	3.72
Balance as at 31 March 2020	**18.78**	**18.78**
Amortisation for the year	3.46	3.46
Balance as at 31 March 2021	**22.24**	**22.24**
Net Block		
Balance as at 31 March 2020	**12.38**	**12.38**
Balance as at 31 March 2021	**8.92**	**8.92**

7. Loans

(INR in lakhs)

Particulars	Non-current		Current	
	As at 31 March 2021	As at 31 March 2020	As at 31 March 2021	As at 31 March 2020
(Unsecured, considered good)				
Security deposits	52.74	52.74	-	-
Excess Remuneration recoverable from Managing Director (refer note 52)	-	-	201.86	201.86
Total	**52.74**	**52.74**	**201.86**	**201.86**

8. Income Tax Assets [net]

(INR in lakhs)

Particulars	Non-current	
	As at 31 March 2021	As at 31 March 2020
Advance tax (net of provisions)	236.54	236.20
Total	**236.54**	**236.20**

9. Other Assets

(INR in lakhs)

Particulars	Non-current		Current	
	As at 31 March 2021	As at 31 March 2020	As at 31 March 2021	As at 31 March 2020
Balance with Govt Authorities	124.87	124.87	-	-
Prepaid expenses	-	-	0.01	24.05
Advance to vendors	-	-	82.18	282.97
Other advances	-	-	2.13	2.13
Total	**124.87**	**124.87**	**84.32**	**309.15**

10. Inventories

(INR in lakhs)

Particulars	As at 31 March 2021	As at 31 March 2020
Raw materials	50.97	50.97
Work-in-progress	1.87	1.87
Stores and spares	881.93	901.12
Packing materials	4.13	4.13
Capital Spares (includes reclassified from CWIP refer note no: 4(iv))	411.29	411.29
Total	**1,350.20**	**1,369.38**

For Steelco Gujarat Limited

Director

10. Inventories (Contd…)

i) The amount of inventories recognised as an expense is recognised in costs of materials consumed, changes in inventory and consumption of stores and spares

ii) Except scrap inventories & WIP as at 31 March 2021 (which are valued at net realisable value), no inventory has been written down to its net realisable value and there was no reversal of written down of inventories of previous years during the years presented.

iii) The management certifies that the inventory included above belongs to the company and physically verified by them.

iv) There was no capitalisation of borrowings cost to inventories during the years presented.

11. Trade Receivables [unsecured]

(INR in lakhs)

Particulars	Current	
	As at 31 March 2021	As at 31 March 2020
Trade receivables considered good	-	-
Trade receivables which have significant increase in credit risk	6,848.00	7,046.32
Trade receivables - credit impaired	2,134.02	2,158.10
Less: allowance for expected credit loss	(2,134.02)	(2,158.10)
Total	**6,848.00**	**7,046.32**
The movement in allowance for expected credit loss is as follows		
Balance as at beginning of the year	2,158.10	2,421.57
Change in allowance for credit impaired during the year	-	-
Provision for Bad Debt Recovered	(24.08)	(263.47)
Trade receivable written off during the year	-	-
Balance as at the end of the year	**2,134.02**	**2,158.10**

Trade receivables includes due by directors and its officers of the company - nil (previous year nil)
Refer note 35 for information about credit risk and market risk of trade receivable .

For Steelco Gujarat Limited

Director

12. Cash and cash equivalents

(INR in lakhs)

Particulars	As at 31 March 2021	As at 31 March 2020
Cash on hand	0.89	0.89
Balances with banks		
In current accounts	6.86	95.10
Total	**7.74**	**95.99**

There are no repatriation restrictions with regard to cash and cash equivalents at the end of the reporting period.

Due to defaults in repayment of dues to the bankers, restrictions are placed on the operations in current accounts such that specific approval of State Bank of India (Consortium leader) is required for each individual payment to be made from these current accounts.

13. Other bank balances

(INR in lakhs)

Particulars	As at 31 March 2021	As at 31 March 2020
In fixed deposit accounts with original maturity 12 months or less	292.74	292.74
Total	**292.74**	**292.74**

Fixed deposits on which lien is marked in favour of bankers for issuance of guarantee/LC- INR 69.81 Lakhs (previous year INR 69.81 Lakhs).

14. Other financial assets

(INR in lakhs)

Particulars	Current	
	As at 31 March 2021	As at 31 March 2020
Other receivables	2.50	2.50
Total	**2.50**	**2.50**

For Steelco Gujarat Limited

Director

Steelco Gujarat Limited

Notes to the financial statements for the year ended 31 March 2021

15. Equity share capital

Particulars	Number of shares		Amount (INR in lakhs)	
	As at 31 March 2021	As at 31 March 2020	As at 31 March 2021	As at 31 March 2020
Authorised capital				
Equity shares of INR 10 each	7,50,00,000	7,50,00,000	7,500.00	7,500.00
Total	**7,50,00,000**	**7,50,00,000**	**7,500.00**	**7,500.00**
Issued and subscribed and fully paid-up capital				
Equity shares of INR 10 each	4,25,61,822	4,25,61,822	4,256.18	4,256.18
Total	**4,25,61,822**	**4,25,61,822**	**4,256.18**	**4,256.18**

(i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period

Particulars	Number of shares	Amount (INR in lakhs)
Equity shares as at 1st April 2019	**4,25,61,822**	**4,256.18**
Add: Issued during the year	-	-
Equity shares as at 31 March 2020	**4,25,61,822**	**4,256.18**
Add: Issued during the year	-	-
Equity shares as at 31 March 2021	**4,25,61,822**	**4,256.18**

(ii) All shares rank equally with regard to the repayment of capital in the event of liquidation of the Company.

(iii) Details of shareholders holding more than 5% shares in the Company

Particualars	% holding		Number of shares	
	As at 31 March 2021	As at 31 March 2020	As at 31 March 2021	As at 31 March 2020
Spica Investments Limited (Holding Company),Mauritius which is a subsidiary of Spica Business Corp., Panama.	75%	75%	3,19,21,366	3,19,21,366

(iv) The Company has neither issued bonus shares nor has bought back any shares during last 5 years.

For Steelco Gujarat Limited

Director

16. Other equity

(INR in lakhs)

Particulars	As at 31 March 2021	As at 31 March 2020
Capital reserve		
Opening balance	489.68	489.68
Changes during the year	-	-
Closing balance (a)	**489.68**	**489.68**
Retained earnings		
Opening balance (restated refer note 42)	(37,977.99)	(33390.70)
Net profit/(loss) for the year	(312.73)	(4,696.15)
Other comprehensive income/(loss)	(27.88)	108.87
Closing balance (b) (restated refer note 42)	**(38,318.61)**	**(37,977.99)**
Equity component of other financial instruments with shareholder		
Opening balance	343.22	284.46
Changes during the year	-	58.75
Closing balance (d)	**343.22**	**343.22**
Total other equity (a+b+c+d)	**(37,485.70)**	**(37,145.09)**

Summary of balance of other equity (INR in lakhs)

Particulars	As at 31 March 2021	As at 31 March 2020	As at 1 April 2019
Capital reserve	489.68	489.68	489.68
Retained earnings	(38,318.61)	(37,977.99)	(33,390.70)
Equity component of other financial instruments with shareholder	343.22	343.22	284.46
Total	**(37,485.70)**	**(37,145.09)**	**(32,616.56)**

Nature and purpose of other reserves

Capital reserve

Capital reserve is created out of the profit earned from some specific transactions of capital nature. Capital reserve is not available for distribution to the shareholders.

Retained earnings

Retained earnings represents the accumulated profits / losses made by the company over the years.

Equity component of other financial instruments with shareholder

This includes equity component of two classes of cumulative redeemable non-convertible preference shares and interest free loan from shareholder. On transition to Ind AS, these instruments have been fair valued and the difference between the carrying amount and the fair value has been shown as equity contribution from the shareholder.

For Steelco Gujarat Limited

Director

17. Borrowings

(A) Non-current

(INR in lakhs)

Particulars	Maturity date	Terms of repayment	Coupon/ Interest rate	As at 31 March 2021	As at 31 March 2020
Secured					
Term loans from consortium of banks, secured (inclusive of unpaid interest) (see note (i) below)	31 March 2021	30 Quarterly repayments starting from 31 December 2013 to 31 March 2021	SBI PLR Rate + 1 %	6,246.54	6,337.96
Unsecured					
(a) Loans from ultimate holding company	1st Tranche- 3 December 2020 2nd tranche- 26 December 2021 3rd tranche- 14 February 2022	Single repayment at the time of maturity	0%	893.96	853.07
	1st Tranche- (New Loan) 30th May 2024			255.87	251.65
(b) Liability component of compound financial instruments					
(i) 328.20 lakhs 12.50% cumulative redeemable non-convertible preference shares held by holding company	29 September 2026	Single repayment at the time of maturity	12.50%	3,282.00	3,282.00
(ii) 34.86 lakhs 7.00% cumulative redeemable non-convertible preference shares held by holding company	21 February 2029	Single repayment at the time of maturity	7%	257.45	253.27
(iii) Accrued dividend on preference shares stated at (i) and (ii) above				5,304.43	4,869.78
Total non-current borrowings				**16,240.25**	**15,847.73**
Less : Interest accrued and due on term loan (refer note 18)				(3,534.77)	(3,448.01)
Less : Recalled term loan (refer note 18)				(2,711.77)	(2,889.95)
Less : current maturities of long term debt (refer note 18)				-	-
Less : Accrued dividend on preference shares (refer note 18)				(5,304.43)	(4,869.78)
Non-current borrowings as per balance sheet				4,689.29	4,639.99

(i) Rupee Term loan

Default in repayment of monthly interest and term loan instalments:

The respective term loans have been classified as non performing assets by consortium banks viz (a) State Bank of India since June 2016, (b) Federal Bank Ltd since December 2016, (c) Canara Bank since July 2018 and (d) Bank of India since November 2018. Further the consortium banks have recalled the entire credit facilities granted and demanded immediate repayment of the outstanding dues inclusive of interest etc. The default in respect of principal outstanding as at 31 March 2021 is INR 2711.77 Lakhs (previous year INR 2889.95 Lakhs). Also refer note 44.

(ii) Unsecure loan from ultimate holding company:

Unsecured, long term borrowings from the ultimate holding company, Spica Business Corp. Panama, is interest free and is repayable at the end of five years from the date of loan.

(B) Current

(INR in lakhs)

Particulars	Maturity date	Terms of repayment	Coupon/ Interest rate	As at 31 March 2021	As at 31 March 2020
Secured					
Working capital loans from banks, secured	Payable on demand	Payable on demand	SBI PLR Rate + 1 % (see note below)	8,470.09	8,483.57
Total				**8,470.09**	**8,483.57**

For Steelco Gujarat Limited

Director

(i) Working Capital Loans from Banks- Secured

Working capital loans from banks comprises of cash credit (CC), export packing facility (EPC), demand loan (DL) and packing credit foreign currency (PCFC). Interest for borrowing in Indian currency through CC, EPC, DL presently ranging between 10.30 % p.a. to 17.60 % p.a. and for borrowing in foreign currency through PCFC is in the range of Libor + 2.61 % p.a. to Libor + 2.64 % p.a.

(ii) Default in Working Capital Loans from Banks

The respective working capital loans have been classified as non performing assets by consortium banks viz (a) State Bank of India since June 2016, (b) Federal Bank Ltd since December 2016, (c) Canara Bank since July 2018 and (d) Bank of India since November 2018. Further the consortium banks have recalled the entire credit facilities granted and demanded immediate repayment of the outstanding dues inclusive of interest etc. The default in respect of principal outstanding as at 31 March 2021 is INR 8470.09 Lakhs (previous year INR 8483.57). Also refer note 44.

17. Borrowings (Contd…)

(C) Security details

The term loans and short term credit facilities (working capital loans) from consortium banks are secured by way of joint mortgage of immovable properties of the Company situated at Plot No.2, GIDC Estate, Palej, Dist. Bahruch, Gujarat (India) both present and future, and by way of hypothecation of whole of movable property of the Company, including plant and machinery and other movables, both present and future (save and except inventories and book debts) whether installed or not, or in the course of transit by way of first charge to the lenders (subject to the first charge on specified movable assets created in favour of banks providing working capital finance) to rank on "pari- passu" basis. The borrowings are further secured by way of pledge in favour of the consortium bankers of equity shares of face value of INR 3192.14 Lakhs of the Compnay held by Spica Investments Ltd., Mauritius (holding company) and corporate guarantee of Spica Business Corp., Panama (the ultimate holding company). The Gujarat Electricity Board also holds pari passu charge on these assets alongwith bankers for Electricity Duty Defermet Loan from GEB disclosed at note 41A(ii)(d) as contingent liability.

The carrying amounts of assets pledged as security for current and non-current borrowings are as under:

(INR in lakhs)

Particulars	As at 31 March 2021	As at 31 March 2020
Current		
Inventories and trade receivables (to the extent pledged)	8,198.20	8,415.70
Non Current		
Property, plant & Equipment (see note 4) (immoveable assets)	1,288.51	1,341.44
Property, plant & Equipment (see note 4) (moveable assets)	3,788.73	4,048.16
Capital Work in Progress (see note 4)	0.87	0.87
Investment Properties (see note 5) (leasehold land)	41.58	41.82
Intangible assets (see note 6)	8.92	12.38
Total	13,326.80	13,860.38

(D) Net Debt reconciliation

This section sets out analysis of net debt

(INR in lakhs)

Particulars	As at 31 March 2021	As at 31 March 2020
Cash and cash equivalents	(7.74)	(95.99)
Liquid investments	(292.74)	(292.74)
Non current borrowings	4,689.29	4,639.99
Current borrowings	8,470.09	8,483.57
Other financials liabilities (Related to borrowings)	12,522.74	11,779.78
Net debt	**25,381.64**	**24,514.60**

For Steelco Gujarat Limited

Director

Steelco Gujarat Limited

Notes to the financial statements for the year ended 31 March 2021

18. Other financial liabilities

(INR in lakhs)

Particulars	Non-current		Current	
	As at 31 March 2021	As at 31 March 2020	As at 31 March 2021	As at 31 March 2020
Security deposits from customers/vendors	4.31	3.65	-	-
Accrued dividend on preference shares	-	-	5,304.43	4,869.78
Current maturities of long term debt *	-	-	-	-
Recalled term loan*	-	-	2,711.77	2,889.95
Interest accrued and due on term loans*	-	-	3,534.77	3,448.01
Interest accrued and due on short term borrowings*	-	-	971.77	572.04
Other expenses payable	-	-	1,801.03	933.36
Payable for capital goods	-	-	1,443.00	1,485.90
Amount repayable to holding company against Offer For Sale (OFS)	-	-	47.05	47.05
Total	**4.31**	**3.65**	**15,813.82**	**14,246.09**

* refer note 17A and 17B

19. Provisions

(INR in lakhs)

Particulars	Non-current		Current	
	As at 31 March 2021	As at 31 March 2020	As at 31 March 2021	As at 31 March 2020
Provision for employee benefits*	343.08	271.98	30.68	30.68
Provision for import duty (net of ITC)**	-	-	1,307.34	1,307.34
Total	**343.08**	**271.98**	**1,338.02**	**1,338.02**

*For detailed disclosures on employee benefit plans, refer note 39.

** The company has recognised probable estimated liability (net of ITC) towards import duty on materials imported under advance licence benefit scheme against which export obligation have not been fulfilled before the period stipulated under the Licence.The expected timing of the outflows is uncertain. The movement in provision for import duty is as follows:

Carrying amount at the beginning of the period	1,307.34	1,307.34
Add: additional provision made	-	-
Less: amount used / reversed	-	-
Carrying amount at the end of the period	**1,307.34**	**1,307.34**

20. Other liabilities

(INR in lakhs)

Particulars	Non-current		Current	
	As at 31 March 2021	As at 31 March 2020	As at 31 March 2021	As at 31 March 2020
Deferred rental income	0.17	0.17	-	-
Advances from customers	-	-	864.29	884.52
Statutory dues	-	-	502.38	418.87
Total	**0.17**	**0.17**	**1,366.67**	**1,303.39**

21. Trade payables

(INR in lakhs)

Particulars	Current	
	As at 31 March 2021	As at 31 March 2020
Total outstanding dues of micro enterprises and small enterprises *	3.04	2.87
Total outstanding dues of creditors other than micro enterprises and small enterprises		
Acceptances	-	-
Others	14,668.22	16,913.50
Total	**14,671.26**	**16,916.37**

* Refer note no 33 for disclosure under MSMED Act

22. Liabilities directly associated with assets classified as "held for sale"

(INR in lakhs)

Particulars	Non-current		Current	
	As at 31 March 2021	As at 31 March 2020	As at 31 March 2021	As at 31 March 2020
Liabilities towards custom duty/ clearing & forwarding associated with assets held for sale*	-	-	875.68	875.68
Total	**-**	**-**	**875.68**	**875.68**

* Assets Held for sale has been derecognised as on 31st March 2020 as the Company does not have any right with respect to the Assets but as Management has not received any confirmation from Cusom with regards to the liabilities and the same is being carried in the Books.

For Steelco Gujarat Limited

Director

23. Revenue from operations

(INR in lakhs)

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Sale of manufactured goods	-	186.69
Job work revenue	-	1,380.20
Other operating revenue	-	-
Total	**-**	**1,566.89**

24. Other income

(INR in lakhs)

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Interest income	2.60	44.59
Net gain on foreign currency transactions and translation	502.86	-
Insurance claim received	187.61	-
Net gain on sale of property, plant & equipments	7.47	-
Rental income	2.48	10.10
Trade Payable Written off	1,515.39	-
Others	15.54	38.80
Total	**2,233.96**	**93.49**

25. Cost of materials consumed

(INR in lakhs)

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Raw materials:		
Opening stock	50.97	92.10
Add : Purchases	-	61.47
	50.97	**153.57**
Less : Closing stock	50.97	50.97
	-	102.60
Packing materials consumed	-	6.65
Total	**-**	**109.25**

26. Changes in inventories - Finished goods , Work in progress (including cost incurred on jobwork)

(INR in lakhs)

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Closing stock:		
Work-in-progress	1.87	1.87
Finished Goods	-	-
Scrap inventories	-	-
Work-in-progress (Cost incurred on jobwork)	-	-
	1.87	1.87
Opening stock		
Work-in-progress	1.87	3.66
Finished goods	-	9.38
Scrap inventories	-	16.73
Work-in-progress (Cost incurred on jobwork)	-	61.45
	1.87	91.22
Stock movement (a)	**-**	**89.36**
Cost of goods produced and sold - Trial run (b)	**-**	**-**
Total	**-**	**89.36**

For Steelco Gujarat Limited

Director

Steelco Gujarat Limited

Notes to the financial statements for the year ended 31 March 2021

27. Employee benefits expenses

(INR in lakhs)

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Salaries and wages	936.10	1,297.59
Contribution to provident & other funds	60.95	99.04
Staff welfare expenses	60.16	134.70
Total	**1,057.21**	**1,531.32**

28. Finance costs

(INR in lakhs)

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Interest expenses - borrowings	555.88	494.72
Interest expenses - others	27.28	23.73
Dividend on redeemable preference shares	438.83	444.96
Exchange difference regarded as an adjustment to borrowing costs	-	99.16
Bank commission & charges	2.17	8.02
Total	**1,024.16**	**1,070.59**

29. Depreciation and amortisation

(INR in lakhs)

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Depreciation on property, plant and equipment	294.93	351.08
Amortisation of lease hold land	0.25	0.25
Amortisation of intangible assets	3.46	3.72
Amortisation of and depreciation on investment property	1.06	1.06
Total	**299.70**	**356.11**

30. Other expenses

(INR in lakhs)

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Consumption of stores and spares	18.70	248.28
Packing charges	-	81.20
Other manufacturing expenses	1.74	125.48
Power and fuel	21.53	1,014.88
Rent	-	2.63
Repairs to buildings	0.76	0.07
Repairs to plant and machinery	1.35	54.77
Insurance	32.22	50.80
Rates and taxes	-	15.80
Conveyance and traveling expenses	0.62	38.76
Professional fees	29.46	12.18
Legal and Licenses fees	1.15	25.16
Commission on sales	-	1.53
Freight and forwarding on sales	-	4.58
Other marketing expenses	5.71	5.11
Provision for doubtful debts	-	(263.47)
Audit fees	2.50	2.50
Directors' sitting fees	3.06	9.35
Net loss on sale of property, plant and equipment	-	126.43
Claims and Settlement	-	68.09
Net Loss on foreign currency transactions and translation	-	984.53
Miscellaneous expenses	46.83	591.23
Total	**165.62**	**3,199.90**

For Steelco Gujarat Limited

Director

30. Other expenses (Contd…)

(i) Payments to auditors (includes related to predecessor auditor)

As auditor		
Audit fees	2.50	4.25
Reimbursement of expenses	-	-

(ii) CSR expenses

Since the Company is continually making losses since past few years, it is not required to incurr any CSR expenses for both the years presented

31. Income tax expense/Deferred Tax

(INR in lakhs)

Deferred Tax Liability	WDV As per income tax	WDV As per Books	Difference	Tax Rate in %	DTL
Depreciation	1825.68	5042.16	3216.47	26.000	836.28
DTA					836.28

Deferred Tax Assets	Closing Balance	Tax Rate in %	DTA
43 B Disallowances	5,383.70	26.000	1,399.76
Bad Debts Provisions	2,134.02	26.000	554.85
Unabsorbed business losses	9,084.26	26.000	2,361.91
Unabsorbed depreciation	14,275.71	26.000	3,711.68
Provision for Contingent Liabilities	2,587.01	26.000	672.62
DTA			8,700.82
NET DTA/DTL (see note below)			-

DTA is not recognised since the company does not have any reasonable certainity that sufficient future taxable income would be available against which such deferred tax assets can be realised.

32. Earnings per share

Basic earnings per share is calculated by dividing the net profit/ (loss) for the year available for equity shareholders (after deducting preference dividends and attributable taxes) by weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted earnings per share, the net profit/ (loss) for the year available for equity shareholders and the weighted average numbers of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Loss as per the statement of profit and loss available for equity shareholders (INR in lakhs)	(312.73)	(4,696.15)
Weighted average number of equity shares for EPS computation	4,25,61,822	4,25,61,822
Basic and diluted earnings/(loss) per share (INR)	(0.73)	(11.03)

For Steelco Gujarat Limited

Director

Steelco Gujarat Limited

Notes to the financial statements for the year ended 31 March 2021

33. Disclosure under the Micro, small and medium enterprises development Act, 2006 ("MSMED Act") are proivded as under, to the extent the company has received intimation from the "suppliers" regarding their status under the act

(INR in lakhs)

Particulars	**For the year ended 31 March 2021**	**For the year ended 31 March 2020**
(i) Principal amount & the interest due there on remaining unpaid to each supplier as at the year end of each accounting year .	3.04	2.87
Principal amount due to micro & small enterprise (within due date as per MSMED Act)	-	-
Principal amount due to micro & small enterprise (other than above)	2.50	2.50
Interest due on above	0.54	0.37
(ii) Interest paid by the company in terms of section 16 of the MSMED Act, along with the amount of the payment made to the supplier beyond the appointed day during the period.	-	-
(iii) Interest due & payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding interest specified under the MSMED Act.	-	-
(iv) The amount of interest accrued and remaining unpaid at the end of each accounting Year.	0.54	0.37
(v) the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the MSMED Act.	0.54	0.37

Note : Details and dues to micro and small enterprises have been determined to the extent such parties have been identified on the basis of information collected by the management. This is has been relied upon by the auditors.

For Steelco Gujarat Limited

Director

34. Financial instruments

(A) Accounting Classification and Fair values:

(INR in lakhs)

As at 31 March 2021	Non-Current/ Current	Carrying Amount				Fair value			
		FVTPL	FVTOCI	Cost/ Amortised Cost	Total	Level 1	Level 2	Level 3	Total
Financial Assets:									
Unquoted Equity instrument	Non-current	-	-	-	-	-	-	-	-
Loans	Non-current	-	-	52.74	52.74	-	-	-	-
Loans	Current	-	-	201.86	201.86				
Trade receivables	Current	-	-	6,848.00	6,848.00	-	-	-	-
Cash and cash equivalents	Current	-	-	7.74	7.74	-	-	-	-
Other bank balances	Current	-	-	292.74	292.74	-	-	-	-
Other financial assets	Current	-	-	2.50	2.50	-	-	-	-
Total Financial Assets		**-**	**-**	**7,405.58**	**7,405.58**	**-**	**-**	**-**	**-**
Financial Liabilities:									
Borrowings	Non-current	-	-	4,689.29	4,689.29	-	-	-	-
Others financial liabilities	Non-current	-	-	4.31	4.31	-	-	-	-
Borrowings [including current maturities and interest]	Current	-	-	20,992.83	20,992.83	-	-	-	-
Trade payables	Current	-	-	14,671.26	14,671.26	-	-	-	-
Other financial liabilities	Current	-	-	3,291.08	3,291.08	-	-	-	-
Total Financial Liabilities		**-**	**-**	**43,648.77**	**43,648.77**	**-**	**-**	**-**	**-**

As at 31 March 2020	Non-Current/ Current	Carrying Amount				Fair value			
		FVTPL	FVTOCI	Cost/ Amortised Cost	Total	Level 1	Level 2	Level 3	Total
Financial Assets:									
Unquoted Equity instrument	Non-current	-	-	-	-	-	-	-	-
Loans	Non-current	-	-	52.74	52.74	-	-	-	-
Loans	Current	-	-	201.86	201.86	-	-	-	-
Trade receivables	Current	-	-	7,046.32	7,046.32	-	-	-	-
Cash and cash equivalents	Current	-	-	95.99	95.99	-	-	-	-
Other bank balances	Current	-	-	292.74	292.74	-	-	-	-
Other financial assets	Current	-	-	2.50	2.50	-	-	-	-
Total Financial Assets		**-**	**-**	**7,692.15**	**7,692.15**	**-**	**-**	**-**	**-**
Financial Liabilities:									
Borrowings	Non-current	-	-	4,639.99	4,639.99	-	-	-	-
Others financial liabilities	Non-current	-	-	3.65	3.65	-	-	-	-
Borrowings [including current maturities and interest]	Current	-	-	20,263.35	20,263.35	-	-	-	-
Trade payables	Current	-	-	16,916.37	16,916.37	-	-	-	-
Other financial liabilities	Current	-	-	2,466.31	2,466.31	-	-	-	-
Total Financial Liabilities		**-**	**-**	**44,289.67**	**44,289.67**	**-**	**-**	**-**	**-**

The only financial instrument measured at FVTOCI using Level 3 inputs is the unquoted equity instrument, the fair value of which was ascertained to be Nil as of 1 April 2016 and subsequently at all the reporting dates presented. Hence, reconciliation of fair value changes for the same is not presented. Except as mentioned above, the company does not have any assets or liability measured at fair value either as FVTPL or FVTOCI, hence disclosure in respect of valuation at fair value and basis/ techniques used to determine fair value are not given.

(B) Fair value of the assets measured at amortised cost:

Financial assets and financial liabilities measured at amortised cost for which fair valued are disclosed:

Financial Assets:
The carrying value of trade receivables, loans and advances and other financial assets, cash and cash equivalents, other bank balance etc. are considered to be approximately equal to the fair values.

Financial Liabilities:
Fair values of Loans from banks and others, other financial liabilites, trade payables etc. are considered to be approximately equal to the carrying values.

For Steelco Gujarat Limited

Director

35. Financial Risk Management

Risk Management framework

The Company is exposed to various risk in relation to financial instruments. The Company's financial asset and liabilities are summarised by category in note 35. The main types of risks to which the Company is exposed are market risk, credit risk and liquidity risk. The Company's risk management is coordinated at its headquarters, in close cooperation with the board of directors, and focuses on actively securing the Company's short to medium-term cash flows by minimising the exposure to volatile financial markets. The Company does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Company is exposed are described below.

35. Financial Risk Management (Contd…)

(A) Credit risk

Credit risk is the risk that a counter party fails to discharge an obligation to the Company. The Company is exposed to this risk for various financial assets such as trade receivables, security deposits, other receivables etc. The Company's maximum exposure to credit risk is limited to the carrying amount of following types financial assets.

-Trade receivables
-Fixed deposits with banks
-Cash and cash equivalents
-Other financial assets measured at amortised cost

The Company continuously monitors defaults of customers and other counterparties, identified either individually or by the Company, and incorporates this 'information into its credit risk controls. Where available at reasonable cost, external credit ratings and/or reports on customers and other counterparties are obtained and used. The Company's policy is to deal only with credit worthy counterparties.

a) Credit risk management

Cash and cash equivalent and Fixed deposits with banks

Credit risk related to cash and cash equivalents is managed by selecting highly rated banks and diversifying bank deposits and accounts in different banks across the country.

Trade receivables

In case of export sales, credit risk related to trade receivables are mitigated by taking letter of credit from the overseas customers or making sales against advances where credit risk is high. The Company closely monitors the credit-worthiness of the customers and only sells goods to credit-worthy parties.

Other financial assets measured at amortized cost

Other financial assets measured at amortised cost includes security deposits, export incentives receivables and others. The Company does not see any credit risks from export incentives receivables since the counter party involved is government authorities. Credit risk related to other financial assets is managed by 'monitoring the recoverability of such amounts continuously, while at the same time internal control system in place ensure the amounts are within defined limits.

For Steelco Gujarat Limited

Director

b) Expected credit losses

Company provides expected credit losses based on the following

Trade receivables

The Company recognizes lifetime expected credit losses on trade receivables using a simplified approach and uses historical information to arrive at loss relevant to each category of trade receivables:

(INR in lakhs)

Ageing (As at 31 March 2021)	0 - 30 days	30 - 60 days	60 - 90 days	90 - 180 days	180 - 365 days	More than one year	Total
Gross carrying amount	-	-	-	29.21	-	8,952.82	8,982.03
Expected credit loss provision	-	-	-	-	-	2,134.02	2,134.02
Carrying amount of trade receivables (Net of impairment)	**-**	**-**	**-**	**29.21**	**-**	**6,818.80**	**6,848.01**

Ageing (As at 31 March 2020)	0 - 30 days	30 - 60 days	60 - 90 days	90 - 180 days	180 - 365 days	More than one year	Total
Gross carrying amount	-	-	-	41.41	14.33	9,148.69	9,204.43
Expected credit loss provision	-	-	-	-	-	2,158.10	2,158.10
Carrying amount of trade receivables (Net of impairment)	**-**	**-**	**-**	**41.41**	**14.33**	**6,990.59**	**7,046.32**

Reconciliation of Expected credit loss provision

Particulars	(INR in lakhs)
As at 1 April 2019	2,421.57
Changes in provision	(263.47)
As at 31 March 2020	**2,158.10**
Changes in provision	(24.08)
As at 31 March 2021	**2,134.02**

(B) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due. Management monitors rolling forecasts of the Company's liquidity position and cash and cash equivalents on the basis of expected cash flows. The Company takes into account the liquidity of the market in which it operates. In addition, the Company's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

35. Financial Risk Management (Contd…)

Maturities of financial liabilities

The tables below analyse the company's financial liabilities into relevant maturity based on their contractual maturities for all non-derivative financial liabilities and the amounts disclosed in the table are the contractual undiscounted cash flows.

(INR in lakhs)

Contractual maturities of financial liabilities as at 31 March 2021	Less than 1 year	1-2 year	2-3 year	More than 3 years	Total
Borrowings*	2,468.16	19,198.06	739.99	4,141.63	**25,682.12**
Trade payable	-	14,671.26	-	-	**14,671.26**
Other payables	-	3,292.89	-	-	**3,295.39**
Total	**2,468.16**	**37,162.21**	**739.99**	**4,141.63**	**43,648.77**

Contractual maturities of financial liabilities as at 31 March 2020	Less than 1 year	1-2 year	2-3 year	More than 3 years	Total
Borrowings*	2,468.16	19,198.06	739.99	4,141.63	**24,903.34**
Trade payable	-	16,916.37	-	-	**16,916.37**
Other payables	-	2,479.05	-	-	**2,469.96**
Total	**2,468.16**	**38,593.48**	**739.99**	**4,141.63**	**44,289.67**

* In case of defaulted term loans from banks included in borrowings, contractual maturities are beyond 12 months period, however same has become repayable on demand due to default event occuring during the year ended 31 March 2019

For Steelco Gujarat Limited

Director

(C) Market Risk

a) Foreign currency risk

Most of the Company's transactions are carried out in INR. Exposures to currency exchange rates arise from the Company's loan from holding company, trade receivables in case of export sales and trade payables denominated in Euro and USD.To mitigate the Company's exposure to foreign currency risk, non-INR cash flows are monitored in accordance with the Company's risk management policies. Generally, the Company's risk management procedures distinguish short-term foreign currency cash flows (due within 6 months) from longer-term cash flows (due after 6 months). Where the amounts to be paid and received in a specific currency are expected to largely offset one another, no further hedging activity is undertaken.

Foreign currency risk exposure:

The Company's significant exposures to foreign currency risk at the end of the reporting period expressed in INR in lakhs are as follows

Particulars	As at 31 March 2021		As at 31 March 2020	
	USD	**Euro**	**USD**	**Euro**
Financial assets				
Trade receivables	7,712.78	21.20	7,712.78	21.20
Net exposure to foreign currency risk (assets)	**7,712.78**	**21.20**	**7,712.78**	**21.20**
Financial liabilities				
Borrowings	893.96	-	853.07	-
Trade payables	15,809.01	-	15,809.01	-
Payable for Capital Goods	1,443.00		1,485.90	
Advance from Customers	587.67	-	587.67	-
Net exposure to foreign currency risk (liabilities)	**18,733.64**	**-**	**18,735.65**	**-**

Sensitivity

The following table illustrates the sensitivity of profit and equity with respect to the Company's financial assets and financial liabilities . For the year ended 31st March 2019, the company assumes 6.86% (31 March 2018: 4.16%) change of the INR/USD exchange rate and 2.26% (31 March 2018: 7.68%) change for INR/EUR exchange rate. Both of these percentages have been determined based on the average market volatility in exchange rates in the previous 12 months. The sensitivity analysis is based on the Company's foreign currency financial instruments held at each reporting date:

(INR in lakhs)

Particulars	As at 31 March 2021	As at 31 March 2020
USD sensitivity		
6.86% (4.16%) appreciation	756.03	756.17
6.86% (4.16%) depreciation	(756.03)	(756.17)
Euro sensitivity		
2.26% (7.68%) appreciation	0.48	0.48
2.26% (7.68%) depreciation	(0.48)	(0.48)

b) Interest rate risk

The Company's policy is to minimise interest rate cash flow risk exposures on long-term financing. As at 31 March 2019, the Company is exposed to changes in market interest rates through bank borrowings at variable interest rates. Other borrowings i.e. loan from holding company and redeemable preference shares are at fixed interest rates. The Company does not have any investments in bond or money markets and hence it is not exposed to any interest rate changes in financial assets. The following table illustrates the sensitivity of profit and equity to a reasonably possible change in interest rates of +/- 1% for the year ended 31March 2019 (31 March 2018: +/- 1%). These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on a change in the average market interest rate for each period, and the financial instruments held at each reporting date that are sensitive to changes in interest rates. All other variables are held constant.

For Steelco Gujarat Limited

Director

35. Financial Risk Management (Contd…)

(i) Liabilities

Interest rate risk exposure

Below is the overall exposure of the Company to interest rate risk:

(INR in lakhs)

Particulars	As at 31 March 2021	As at 31 March 2020
Variable rate borrowing	25,682.12	24,903.34
Fixed rate borrowing	-	-
Total	**25,682.12**	**24,903.34**

Sensitivity analysis

Below is the sensitivity of profit or loss and equity changes in interest rates. Increase in interest rates will have negative impact on profit and loss and equity. Conversely, decrease in interest rates will have positive impact on profit and loss and equity.

(INR in lakhs)

Particulars	As at 31 March 2021	As at 31 March 2020
Interest sensitivity		
Interest rates – increase by 100 basis points	(256.82)	(249.03)
Interest rates – decrease by 100 basis points	256.82	249.03

(ii) Assets

The company's fixed deposits are carried at amortised cost and are fixed rate deposits. They are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

Interest rate risk exposure

Below is the overall exposure of the financial assets:

(INR in lakhs)

Particulars	As at 31 March 2021	As at 31 March 2020
Variable rate deposits/ loans	-	-
Fixed rate deposits/ loans	345.48	345.48
Total	**345.48**	**345.48**

36. Capital management

The Company' s capital management objectives are

- to ensure the company's ability to continue as a going concern
- to provide an adequate return to shareholders

The Company monitors capital on the basis of the carrying amount of equity less cash and cash equivalents as presented on the face of balance sheet.

Management assesses the Company's capital requirements in order to maintain an efficient overall financing structure while avoiding excessive leverage. This takes into account the subordination levels of the Company's various classes of debt. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

(INR in lakhs)

Particulars	As at 31 March 2021	As at 31 March 2020
Net debts	25,382	24,515
Total equity	(33,230)	(32,889)
Net debt to equity ratio	**-**	**-**

Dividends

Particulars	As at 31 March 2021	As at 31 March 2020
(i) Dividend on Equity shares	Nil	Nil
(ii) Dividends not recognised at the end of the reporting period	Nil	Nil

For Steelco Gujarat Limited

Director

37. Operating segment information

(a) The Company has identified manufacture of steel products (including on jobwork basis) as its sole business segment. Hence the segment wise information and reconciliation to the items in the financial statements has not been presented separately.

(b) Geographical information

The Company has its operations in India with customers spread across India and outside India as well.

The geographical information analyses the Company's revenue and non-current assets by the Company's country of domicile (i.e. India) and other countries. In presenting the geographical information, segment revenue has been based on the geographic location of customers and segment assets has been based on location of assets.

(i) Revenue from external customers **(INR in lakhs)**

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
India	-	1,566.89
Outside India	-	-
Total revenue as per statement of profit or loss	-	1,566.89

(ii) Non-current assets **(INR in lakhs)**

Non-current operating assets *	For the year ended 31 March 2021	For the year ended 31 March 2020
India	5,502.77	5,819.32
Outside India	-	-
Total Non-current assets	5,502.77	5,819.32

*The total of non current assets other than financial assets and deferred tax assets.

(c) Major customers **(INR in lakhs)**

Party name	For the year ended 31 March 2021
International Electron Devices Ltd	65.54
Jsn Trading	47.23
Kbc Steel Pvt. Ltd	45.87
Kamrup Roofings Limited, Guwahati	25.55
Metal Burkina	17.92
Continental Inland Traders	16.90
R.S.Steel Industries	12.68
Gandevi Tube Ind.Pvt.Ltd.(Job Work Chg)	10.75
Jindal Iron & Steel Co. Ltd.	10.32
M P Udyog	9.89
Total	**262.66**

Party name	For the year ended 31 March 2020
International Electron Devices Ltd	65.54
Jsn Trading	41.11
Kbc Steel Pvt. Ltd	45.87
Kamrup Roofings Limited, Guwahati	25.55
Metal Burkina	17.92
Continental Inland Traders	16.90
R.S.Steel Industries	12.68
Gandevi Tube Ind.Pvt.Ltd.(Job Work Chg)	10.75
Jindal Iron & Steel Co. Ltd.	10.32
M P Udyog	9.89
Total	**256.54**

For Steelco Gujarat Limited

Director

38. Related parties disclosures

In accordance with the requirements of Indian Accounting Standard (Ind AS) 24 "Related Party Disclosures" name of the related party, related party relationship, transactions and outstanding balances including commitments where control exists and with whom transactions have taken place during the reported period are as follows:

a) Ultimate holding company — Spica Business Corp, Panama

b) Holding company — Spica Investment Limited, Mauritius

c) Fellow Subsidiaries — Steelco Colour Coating Limited; Gujarat Nippon Enterprises Private Limited; Gujarat Nippon International Private Limited

d) Key management personnel (KMP)

Name of person	Nature of relationship
Mr. Praful Chandaria	Non-Executive Director (w.e.f. 07.03.2018 up to 30.03.2019, appointed again w.e.f. 15.05.2019)
Mr. Amish H. Mehta	Non-Executive Director (w.e.f. 24.05.2017)
Mrs. Ameeta Trehan	Non-Executive Independent Director
Mr. Ajay P. Shanghvi	Non-Executive Independent Director (w.e.f. 04.08.2018)
Mr. Mitesh H. Shah	Managing Director
Mr. Hament K. Nandawat	Chief Financial Officer (w.e.f. 17.09.2018 up to 06.01.2020)
Mr. Saurabh Jog	Chief Financial Officer (w.e.f. 07.07.2018 up to 15.09.2018)
Mr. Abhishek Jajoo	Chief Financial Officer (up to 06.07.2018)
Mr. Achal Thakkar	Company Secretary (w.e.f.29.08.2015 up to 26.08.2019)
Mr. Dinesh Jhala	Company Secretary (w.e.f 05.08.2019 up to 31.12.2019)

e) Relatives of KMP — No transaction with relatives

f) Enterprises significantly influenced by Directors and/or their relatives: -

g) Transactions with related parties (INR in lakhs)

Sr. No.	Nature of transaction	Year	Holding/ Subsidiary companies	Fellow subsidiary companies	Enterprise significantly influenced by group of individuals or their relatives who have significant influence over the Company	KMPs and relative of KMP	Total
	Transactions during the year						
1	**Finance Cost**						
	Spica Business Corp., Panama	2020-2021	40.89	-	-	-	40.89
		2019-2020	(113.08)	-	-	-	(113.08)
	Spica Investment Limited, Mauritius	2020-2021	4.17	-	-	-	4.17
		2019-2020	(10.31)	-	-	-	(10.31)
2	**Preference dividend accrued during the year**						
	Spica Investment Limited, Mauritius	2020-2021	438.83	-	-	-	438.83
		2019-2020	(444.96)	-	-	-	(444.96)
3	**Excess remuneration paid, accounted as recoverable**						
	Mr. Mitesh H. Shah	2020-2021	-	-	-	-	-
		2019-2020	-	-	-	(24.25)	(24.25)

For Steelco Gujarat Limited

Director

39. Related parties disclosures (Contd…)

Sr. No.	Nature of transaction	Year	Holding/ Subsidiary companies	Fellow subsidiary companies	Enterprise significantly influenced by group of individuals or their relatives who have significant influence over the Company	KMPs and relative of KMP	Total
	Balances as at the balance sheet						
1	**Receivables**						
	Mr Mitesh Shah	31.03.2021	-	-	-	201.86	201.86
		31.03.2020	-	-	-	(201.86)	(201.86)
2	**Payables**						
	Unsecured loan from Spica Business Corp., Panama	31.03.2021	1,149.84	-	-	-	1,149.84
	(foot note c)	31.03.2020	(1,104.72)	-	-	-	(1,104.72)
	Liability component of preference shares issued	31.03.2021	3,539.45	-	-	-	3,539.45
	to Spica Investment Limited, Mauritius (foot note d)	31.03.2020	(3,535.27)	-	-	-	(3,535.27)
	Accrued dividend on preference shares issued	31.03.2021	5,304.43	-	-	-	5,304.43
	to Spica Investment Limited, Mauritius (foot note e)	31.03.2020	(4,869.78)	-	-	-	(4,869.78)
	Payable towards amount received towards OFS	31.03.2021	47.05	-	-	-	47.05
	to Spica Investment Limited, Mauritius (foot note f)	31.03.2020	(47.05)	-	-	-	(47.05)
	Trade payable -Gujarat Nippon International	31.03.2021	-	34.20	-	-	34.20
	Private Limited	31.03.2020	-	(34.20)	-	-	(34.20)
3	**Guarantees**						
	Guarantees given in favour of bankers by	31.03.2021	25,373.00	-	-	-	25,373.00
	Spica Business Corp., Panama	31.03.2020	(25,373.00)	-	-	-	(25,373.00)
4	**Pledge of shares**						
	Aggregate face value of equity shares pledged in favour	31.03.2021	3,192.14	-	-	-	3,192.14
	of bankers by Spica Investment Limited, Mauritius	31.03.2020	(3,192.14)	-	-	-	(3,192.14)

Foot notes to transactions with related parties:

a. Previous year figures are given in brackets.
b. Above all transactions are excluding Goods & Service Tax/ Service Tax
c. Represents the amount shown under the heading non current borrowings. It will be settled at USD 12.00 lakhs. For terms and condition see note 17.
d. Represents the amount shown under the heading non current borrowings. It will be settled at INR 3630.62 lakhs. For terms and condition see note 17.
e. Represents the amount shown under the heading non current borrowings. For terms and condition see note 17.
f. Represents the amount shown under the heading other financial liabilities. See note 18.
g. Except as stated otherwise above, the amount outstanding are unsecured and will be settled in cash or kind. No expense has been recognised in current year or prior years for bad or doubtful debts in respect of the amounts owned by related parties.

(g) Remuneration to KMP's

The details of remuneration to key managerial personnel recognised during the year is as below: **(INR in lakhs)**

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Short term employee benefit	-	157.68
Post employment benefit	-	34.36
Other long term employee benefit	-	3.68
Total	**-**	**195.72**

For Steelco Gujarat Limited

Director

39. Employee benefit obligations

(A) Defined contribution plan

Provident fund

The Company contributes to a statutory provident fund. The obligation of the Company is limited to the amount contributed and it has no further contractual nor any constructive obligation. The expense recognised during the year towards provident fund is INR 23.92 lakhs (31 March 2020: INR 46.12 lakhs).

(B) Defined benefit plans

(a) Gratuity (non-funded)

I. Changes in present value of obligations (PVO) (INR in lakhs)

Particulars	As at 31 March 2021	As at 31 March 2020
PVO at beginning of year	**326.94**	**344.40**
Interest cost (net)	21.75	25.38
Current service cost	18.15	20.94
Past service cost	-	-
Benefit payments from employer	(17.84)	(9.10)
Remeasurements - Due to financial assumptions	3.63	21.83
Remeasurements - Due to experience adjustments	17.58	(76.51)
PVO at end of year	**370.20**	**326.93**
II. Amounts to be recognised in balance sheet		
Funded status	-	-
Non-funded status	370.20	326.93
Net asset/(liability) recognised in the balance sheet	**370.20**	**326.93**
III. Expenses recognised in the statement of profit and loss		
Current service costs	18.15	20.94
Past service cost	-	-
Net interest	21.75	25.38
Expenses recognised in the statement of profit and loss	**39.89**	**46.31**
IV. Actuarial gains/loss recognised in other comprehensive income		
Remeasurements - Due to financial assumptions	3.63	21.83
Remeasurements - Due to experience adjustments	17.58	(76.51)
Actuarial (gains)/losses recognised for the period	**21.20**	**(54.68)**
V. Movements in liability recognised in balance sheet		
Opening net liability	326.94	344.40
Defined Benefit Cost included in Profit and loss account	39.89	46.31
Total Remeasurements included in OCI	21.20	(54.68)
Employer Direct Benefit Payments	(17.84)	(9.10)
Closing net liability	**370.19**	**326.93**
VI. Classification in the balance sheet		
Current liability	**18.93**	**17.39**
Non-current liability	**351.27**	**309.55**

VII. Assumptions used in actuarial valuations

Assumptions as at	As at 31 March 2021	As at 31 March 2020
Financial assumptions		
-Discount Rate	6.71%	6.84%
-Salary Escalation	4.00%	4.00%
Demographic assumption		
-Mortality Rate	100%	100%
-Disability Rate	0%	0%
-Withdrawal Rate	1%	1%
-Normal Retirement Age	58 Years	58 Years
-Adjusted Average Future Service	13.00	11.00

For Steelco Gujarat Limited

Director

39. Employee benefit obligations (Contd…)

(B) Defined benefit plans

(b) Leave encashment (non-funded)

I. Changes in present value of obligations (PVO) (INR in lakhs)

Particulars	As at 31 March 2021	As at 31 March 2020
PVO at beginning of year	80.20	104.94
Interest cost (net)	5.23	14.28
Current service cost	23.37	17.54
Past service cost	-	-
Benefit payments from employer	(7.60)	(4.92)
Remeasurements - Due to financial assumptions	0.94	5.41
Remeasurements - Due to experience adjustments	5.73	(57.06)
PVO at end of year	**107.87**	**80.20**
II. Amounts to be recognised in balance sheet		
Funded status	-	-
Non-funded status	107.87	80.20
Net asset/(liability) recognised in the balance sheet	**107.87**	**80.20**
III. Expenses recognised in the statement of profit and loss		
Current service costs	23.37	17.54
Net interest	5.23	14.28
Expenses recognised in the statement of profit and loss	**28.60**	**31.83**
IV. Actuarial gains/loss recognised in other comprehensive income		
Remeasurements - Due to financial assumptions	0.94	5.41
Remeasurements - Due to experience adjustments	5.73	(57.06)
Actuarial (gains)/losses recognised for the period	6.67	(51.64)
V. Movements in liability recognised in balance sheet		
Opening net liability	80.20	104.94
Defined benefit cost included in profit and loss account	28.60	31.83
Total remeasurements included in OCI	6.67	(51.64)
Employer direct benefit payments	(7.60)	(4.92)
Closing net liability	**107.87**	**80.20**
VI. Classification in the balance sheet		
Current liability	**8.53**	**6.40**
Non-current liability	**99.35**	**73.81**

VII. Assumptions used in actuarial valuations

Assumptions as at	As at 31 March 2021	As at 31 March 2020
Financial assumptions		
-Interest/discount rate	6.71%	6.84%
-Rate of increase in compensation	4.00%	4.00%
Demographic assumption		
Mortality	100%	100%
-Disability Rate	0.0%	0.0%
-Attrition Rate	1.0%	1.0%
-Normal Retirement Age	58 Years	58 Years
-Leave availment Rate	2%	2%
-Leave Encashment Rate during employment	1%	0%

(C) Risk exposures

(i) Salary risk: Actual salary increases will increase the plan's liability. Increase in salary increase rate assumption in future valuations will also increase the liability.

(ii) Discount rate risk: Reduction in discount rate in subsequent valuations can increase the plan's liability.

For Steelco Gujarat Limited

Director

(iii) Mortality and disability risk: Death and disability cases proving lower or higher than assumed in the valuation can impact the liabilities.

(iv) Withdrawals risk: Actual withdrawals proving higher or lower than assumed withdrawals and change of withdrawal rates at subsequent valuations can impact plan's liability.

For Steelco Gujarat Limited

Director

39. Employee benefit obligations (Contd…)

(D) Sensitivity analysis

The sensitivity of the defined benefit obligation to changes in the weighted principal assumption is:

Gratuity (non-funded)			31 March 2021			
Assumptions	**Discount rate**		**Salary escalation rate**		**Withdrawal Rate**	
Sensitivity level	1%	-1%	1%	-1%	1%	-1%
	(INR in lakhs)	**(INR in lakhs)**	**(INR in lakhs)**	**(INR in lakhs)**	**(INR in lakhs)**	**(INR in lakhs)**
Impact on defined benefit obligation	(26.24)	29.43	32.04	(28.95)	4.54	(4.97)

Gratuity (non-funded)			31 March 2020			
Assumptions	**Discount rate**		**Salary escalation rate**		**Withdrawal Rate**	
Sensitivity level	1%	-1%	1%	-1%	1%	-1%
	(INR in lakhs)	**(INR in lakhs)**	**(INR in lakhs)**	**(INR in lakhs)**	**(INR in lakhs)**	**(INR in lakhs)**
Impact on defined benefit obligation	(24.54)	27.65	30.06	(27.02)	4.69	(5.15)

Leave Encashment (non-funded)			31 March 2021			
Assumptions	**Discount rate**		**Salary escalation rate**		**Attrition rate**	
Sensitivity level	1%	-1%	1%	-1%	1%	-1%
	(INR in lakhs)	**(INR in lakhs)**	**(INR in lakhs)**	**(INR in lakhs)**	**(INR in lakhs)**	**(INR in lakhs)**
Impact on defined benefit obligation	(6.84)	7.64	23.70	5.95	0.26	(0.30)

Leave Encashment (non-funded)			31 March 2020			
Assumptions	**Discount rate**		**Salary escalation rate**		**Salary escalation rate**	
Sensitivity level	1%	-1%	1%	-1%	1%	-1%
	(INR in lakhs)	**(INR in lakhs)**	**(INR in lakhs)**	**(INR in lakhs)**	**(INR in lakhs)**	**(INR in lakhs)**
Impact on defined benefit obligation	(5.18)	5.79	10.34	(2.22)	0.43	(0.49)

(E) Weighted average duration of the defined benefit plan obligation:

	31 March 2021	31 March 2020
Gratuity	10.34 Years	10.97 Years
Leave Encashment	9.54 Years	9.63 Years

(F) Expected employer's contribution in future years for gratuity and leave encashment are as follows:

(INR in lakhs)

As at 31 March 2021	Less than a year	Between 1-2 years	Between 2-5 years	Beyond 5 Years	Total
Gratuity	18.93	21.54	91.72	263.76	395.95
Leave encashment	8.53	9.16	31.56	66.17	115.41
Total	**27.46**	**30.70**	**123.28**	**329.93**	**511.37**

As at 31 March 2020	Less than a year	Between 1-2 years	Between 2-5 years	Beyond 5 Years	Total
Gratuity	17.39	14.86	66.23	200.02	298.49
Leave encashment	6.40	6.34	21.59	46.18	80.51
Total	**23.79**	**21.20**	**87.81**	**246.20**	**379.01**

For Steelco Gujarat Limited

Director

40. Contingent liabilities and commitment

(A) Contingent liabilities

(INR in lakhs)

Particulars	As at 31 March 2021	As at 31 March 2020
(i) In respect of guarantees given by Banks and/or counter guarantees given by the Company	313.99	313.99
(ii) Other money for which the company is contingent liable:		
(a) In respect of the demands raised by the Central Excise, State Excise & Service Tax Authority	630.57	630.57
(b) In respect of Income Tax matters pending before appellate authorities which the Company expects to succeed, based on decisions of Tribunals/Courts.	1,031.70	1,031.70
(c) Letters of credit	-	-
(d) Interest on electricity duty deferment loan (for charge created in favour of of Collector of Electricity Gandhinagar refer note 18(c)). The matter is pending before Hon. Gujarat High Court	39.80	39.80
(e) Labour matters	40.80	40.80
(f) Liability of import duty on raw materials imported under advance licence benefit scheme against which export obligation remained to be fullfilled over the period stipulated under the licenses / formalities are yet not completed. (net of amount provided for)	3,097.15	3,097.15
(g) Interest and penalty on matters disclosed at (f) above and in respect of amount already provided for.	Not Ascertained	Not Ascertained
(h) Interest waived under CDR package, payable under recompense clause (refer note - iv below)	1,272.90	1,272.90
(i) Penal interest and other dues in respect of borrowing facilities classified as NPA by bankers (except Canara Bank)	Not Ascertained	Not Ascertained
(j) DFGT liabilities for Non-Fulfillment of EODC Obligation against Advance Licences	2,500.00	2,500.00
(k) Different Cases for Central Excise & Customs	1,296.70	1,296.70
Total	**10,223.61**	**10,223.61**

(iii) Central Board of excise & customs ("CBEC") vide its office memorandum dated 22 February 2011 has clarified that where the cenvat credit is availed in respect of goods exported under the duty free import authorisation ("DFIA"), if the said credit without being utilised is reversed or paid back along with interest after the goods are cleared for export, it will be treated as if such credit is availed by the assessee. Being aggrieved by issue of such memorandum in respect of benefits claimed by the Company on DFIA, the Company has filed a write petition in Hon. Bombay High Court challenging the memorandum issued by CBEC, which is decided in favour of the Company, based on the facts of the case and prevalent legal position and Foreign Trade Policy. However, central excise department has filed special leave petition in the Hon. Supreme Court challenging the above decision of the Hon. Bombay High court , which has been admited by Hon. Supreme court. The company has been advised by its legal adviser that the stands of excise department is not tenable, hence there would not be any financial liabilities arsing on the company.

(iv) The company and the CDR lenders executed a CDR Restructring Pakcage ('CDR Package') during the financial year ending March 31,2013. The CDR Package as well as the provisions of the Master Circular on Corporate Debt Restrucring issued by the Reserve Bank of India, gives a right to the CDR lenders to get a recompense of their waivers and sacrifice made as part of the CDR proposal. SBI, one of the lenders, has demanded (vide SARFAESIA notice) repayment of CDR sacrifice of INR 630 Lakhs (included in INR 1,272.90 Lakhs) and additional interest thereon of INR 548 Lakhs. As the company is negotiating the OTS proposal, the Company has not provided for these liabilities in the books of account but disclosed the same as contingent liabilities by way of note as the recompense amount payable including further interest demanded by the lenders from the company is contingent upon the exit / acceptance of its OTS proposal, the outcome of which currently is materially uncertain.

(B) Commitments

(INR in lakhs)

Particulars	As at 31 March 2021	As at 31 March 2020
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	-	-
Total	**-**	**-**

For Steelco Gujarat Limited

Director

41. Corporate Insolvency Resolution Process (CIRP)

(a) Pursuant to the directive of Reserve Bank of India (RBI) dated 15th June, 2017. State Bank of India (SBI), the lead lender for consortium of lenders filed an application under Section-7 of Insolvency and Bankruptcy Code, 2016 read with Rule 4 of the Insolvency and Bankruptcy Code, 2016 (IBC) at Honourable National Company Law Tribunal (NCLT) at Ahmedabad to initiate Insolvency Resolution Process of the Company.
Honourable NCLT, Ahmedabad vide its order dated 31st December, 2020 admitted the said petition thus initiating Insolvency Process at the company. Accordingly Hon'ble NCLT, Ahmedabad bench appointed Mr. Nirav Tarkas, as Interim Resolution Professional to carry the function as mentioned under Insolvency and Bankruptcy Code, 2016. Since, then the affairs of the company are being managed by Mr. Nirav Tarkas, Interim Resolution Professional (IRP).

(b) As per Section 20 of the Insolvency Code 2016, the management and operations of the company are being managed by IRP Mr. Nirav Tarkas on going concern basis and accordingly the financial statements for the year ended 31st March, 2021 have been prepared on Going Concern Basis.

43. The Manufacturing operations of the plant were adversely affected during the year financial year 2019-2020 due to constrained working capital funds position of the Company. The business operations mainly comprised of manufacturing on the Job work basis as against own manufacturing and sale of manufactured goods. Also this manufacturing on the Job work basis has been stopped with effect from November 2019, and there is no operation in the Company since then.

44. The aggregate amount outstanding to all member banks as per the books of accounts of the Company (including accrued interest) is Rs. 15688.40 Lakhs. The Company has defaulted in repayment of dues including interest to all of its consortium banks, who have issued notices under section 13(2) of the Securitization & Reconstruction of Financial Assets & Enforcement of Security Interest Act 2002 (SARFAESIA). These bankers have classified the accounts as NPAs and recalled entire facilities granted to the Company including interest/penal interest etc. As disclosed in Note 17, virtually the entire properties / assets of the company and promotors holding are charged/pledge to the bankers for the due repayment of the bankers due.
Due to defaults in repayment of dues to the bankers, restrictions are placed on the operations in current accounts such that specific approval by State Bank of India (Consortium leader) is required for each individual payment to be made from the current accounts.
Except in case of Canara Bank, the Company has not provided for the penal interest on outstanding due of the bankers, the amount of which is not ascertained.

Since the Company is under CIRP Process, the contention of Resolution Professional is that the Company should not provide the Interest accrued and due on the recalled faciltities but as per Auditor's constention there is an contractual obligaton between the Company and the lender bank and interest should be charged. Had the Company has provided the interest on this recalled facitlity for the year ended 31st March 2021, the net loss of the Company would have been higher by INR 1626.05 Lakhs.

45. In certain instances, the amount of the claim admitted or to be admitted by the Administrator under CIRP process may differ from the amount reflecting in the books of accounts of the Company. The above audited financial results are drawn on the basis of figures appearing in the books of accounts of the Company as on March 31, 2021. The Administrator, Advisors, and KMPs believe that these figures may be interpreted solely for the purpose of satisfying the regulatory requirement for filing of yearly/ quarterly audited financial results and that these figures could change during the CIRP process or thereafter depending upon the findings made during the CIRP process or thereafter.

46. List of Creditors (including Financial, Operational, Workmen & Employees and Other Creditors) and Security Interest, as approved by RP, disclosed on Company Website for all claims received till 31st January, 2021 present to public announcement made on 8th January 2021 in accordance with section 13 and 15 of Insolvency and Bankruptcy code, 2016 read with Regulation 6 of CIRP Regulations.

47. CDR package dated 27th June 2012 stipulates that the lenders have right to reverse waivers amounting to Rs. 1273 Lakhs in the event of non-compliance of the terms of CDR package. SBI, one of the lenders, has demanded (vide SARFAESIA notice) repayment of CDR sacrifice of Rs. 630 Lakhs (included in Rs. 1273 Lakhs) and additional interest thereon of Rs. 548 Lakhs. As the Company is currently in Insolvency Process under IBC, the Company has not provided for these liabilities in the books of account but disclosed the same as contingent liabilities by way of note.

48. The trade receivable include balance aggregating Rs. 7714.20 Lakhs in foreign currency, which are pending for settlement and have resulted in delays in receipt beyond the timeline stipulated by the FED Master Direction No. 16/2015-16 under Foreign Management Act, 1999. Further there are balances payable to the same parties and aggregating Rs. 5618.24 Lakhs. The Company has filed necessary applications with the appropriate authority for condonation of such delays. The Management is of the view that the possible penalties etc. which may be levied for such irregularities are likely to be condoned by the regulator authorities.

49. The trade payable include balance aggregating Rs. 14761.61 Lakhs in foreign currency, which are pending for settlement and have resulted in delays in payment beyond the timeline stipulated by the FED Master Direction No. 17/2015-16 under Foreign Management Act, 1999. The Company has filed necessary applications with the appropriate authority for condonation of such delays. The Management is of the view that the possible penalties etc. which may be levied for such irregularities are likely to be condoned by the regulator authorities.

50. The trade receivables of Rs. 6848 Lakhs have significant increase in credit risk, in respect of which the Company has not made any assessment for expected credit loss, in accordance with the requirements of 'Ind AS 109'. Financial Instruments', as the management considers such balances as good and recoverable in future. The matter is disclosed under basis of disclaimer of opinion in the independent auditor's audit report.

51. The Company has not performed an impairment assessment as required by Ind AS 38 - 'Impairment of Assets' which requires the Company to determine whether the economic benefit in respect of tangible asset shall be available to the Company in subsequent periods taking into consideration the uncertainty in respect of its plan to monetize its assets. In view of foregoing, we have not been provided sufficient appropriate evidence about the carrying value of the tangible asset and adjustments required, if any, to standalone financial statements.

52. In view of losses incurred, the Company has spent Nil towards schemes of Corporate Social Responsibility as prescribed under section 135 of the Companies Act, 2013.

53. On account of closure of the operation of the Company since November 2019, the plant is shut down since then. The net realizable value of these plant and machinery as estimated by the management is in excess of its carrying value as per books of accounts of the company. The management of the company has assessed whether any provision needs to be recognised on account of the impairment of assets in respect of property , plant and equipment and, therefore, Considering all relevant factors, the management has determined that there is no impairment loss which needs to be provided for.

54. Confirmation letters have not been obtained from all the parties in respect of Trade Receivable, Other Non Current Assets and Other Current Assets. Accordingly, the balances of the accounts are subject to confirmation, recondition and consequent adjustments, if any.

55. Confirmation letters have not been obtained from all the parties in respect of Trade Payable, Accordingly, the balances of the accounts are subjects to confirmation, reconciliation and consequent adjustments, if any.

56. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification/disclosure.

57. As the powers of the Board of Directors have been suspended, the financial statements have not been adopted by the Board of Directors. However, the same have been signed by the designated officials of the Company confirming the accuracy and completeness of the statements. These financial statements have thereafter been taken on record by Mr. Nirav Tarkas, Interim Resolution Professional (IRP).

The accompanying notes 1 to 57 form an integral part of the financial statements

This is the balance sheet referred to in our audit report of even date.

For M Sahu & Co
Chartered Accountants
Firm Registration No. 130001W

For and on behalf of the Board of Directors

Manojkumar Sahu
Partner
M. No. 132623
UDIN: 22132623AMABVC7827

Ajay Shanghavi
Director
DIN: 07068022

Praful Chanderia
Director
DIN: 07013137

Nirav Tarkas
Resolution Professional

Place: Vadodara
Date: 30th June, 2022

Place: Vadodara
Date: 30th June, 2022