STEELCO GUJARAT LIMITED
NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2023

CORPORATE INFORMATION

Steelco Gujarat Limited (the "Company") (CIN: L27110GJ1989PLC011748) 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 the cold rolling of steel continuous hot dip galvanizing line in 1997 and the Continuous Color Coating Line in 2017. The Company is engaged in manufacturing GP/GC coil sheets and CR coils and sheets and the factory and office are 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 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

CHARTERED ACCOUNTANTS FRN

STEELCO GUJARAT LIMITED (UNDER INSOLVENCY) CA NIRAV TARKAS INTERIM RESOLUTION PROFESSIONAL Regn. No. IBBI/IP-002/IP-N00776/2018-19/12375

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 a 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's basis of its assessment is 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 credit risk and own credit risk while assessing hedge effectiveness and measuring hedge ineffectiveness and continues to believe that there is no impact on the 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 recognized when control of the goods or services is 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 recognizes 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 recognizes revenue for a 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 recognizes revenue only to the extent of the cost incurred until it can reasonably measure the 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 components, 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).

FRN: 142538W
CHARTERED ACCOUNTANTS

STEELCO GUJARAT LIMITED (UNDER INSOLVENCY)
CA NIRAV TARKAS
INTERIM RESOLUTION PROFESSIONAL
Regn No IBBI/ IP-002/ IP-N00776/2018-19/ 12375

STEELCO GUJARAT LIMITED
NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2023

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 recognized 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 the Indian rupee, whichis 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 functional currency at the year-end exchange rate. The exchange differences arising on such conversion and settlement of the transactions are recognized 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 a different useful life, then they are accounted for 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 inthe Statement of Profit and Loss.

FRN: 142539W
CHARTERED ACCOUNTANTS

STEELCO GUJARAT LIMITED (UNDER INSOLVENCY)
CA NIRAV TARKAS
INTERIM RESOLUTION PROFESSIONAL
Regn No IBBI/IP-002/IP-N00776/2018-19/12375

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 another 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 amortization is provided from the date the assets are ready to be put to use, using the straight-line method over the estimated useful life of the assets.

Leasehold land is being amortized 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 have been identified on the basis of technical opinion obtained. Depreciation on additions to and disposals of the property, plant, equipment, and intangible assets during the period has been provided on a 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 an integral part of that asset is provided on a 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 backup rolls' are calculated based on their proportionate usage which is technically evaluated by the company management.

Depreciation methods, 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.

FRN: 142559W
CHARTERED ACCOUNTANTS

STEELCO GUJARAT LIMITED (UNDER INSOLVENCY)
CA NIRAV TARKAS
INTERIM RESOLUTION PROFESSIONAL
Regn. No. IBBI/IP-002/IP-N00778/2018-19/12375

D. Intangible Assets:

Intangible assets include computer software which is stated at cost less accumulated amortization.
On transition to Ind AS, the Company has opted to continue with the carrying values measured under the previous GAAP as of 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 capitalized 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 recognized 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 an incremental borrowing rate.

(B) Right-of-use assets

Initially recognized 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

The company measures the lease liability by (a) increasing the carrying amount to reflect interest on the lease liability, and (b) reducing the carrying amount to reflect the lease payments made, and (c) remeasuring the carrying amount to reflect any reassessment or lease modifications.

FRN: 142538W
CHARTERED ACCOUNTANTS

STEELCO GUJARAT LIMITED (UNDER INSOLVENCY)
CA NIRAV TARKAS
INTERIM RESOLUTION PROFESSIONAL
Regn No IBBI/IP-002/IP-N00776/2018-19/12375

(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 underlying 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 elects to apply for a short-term lease, the lessee shall recognize 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 are classified as finance or operating lease. Whenever the terms of the lease transfer 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 recognized in the statement of profit and loss on a straight-line basis overthe 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 is immediately recognized 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:

FRN: 142559W

CA NIRAV TARKAS
INTERIM RESOLUTION PROFESSIONAL
Regn No. IBBI/IP-002/IP-N00776/2018-19/12375
STEELCO GUJARAT LIMITED (UNDER INSOLVENCY)

- 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 derecognized when the obligation under the liability is discharged or canceled 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 amortized cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Debt instruments, derivatives, and equity instruments at fair value through profit orloss (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 amortized cost

A 'debt instrument' is measured at the amortized 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 amortized 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.

Amortized 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 amortization is included in finance income in the statement of profit and loss. The losses arising from impairment are recognized 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 the FVOCI category.

Debt instruments at fair value through profit or loss

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

CA NIRAV TARKAS INTERIM RESOLUTION PROFESSIONAL Regn No IBBI/ IP-002/ IP-N00776/2018-19/ 12375
STEELCO GUJARAT LIMITED (UNDER INSOLVENCY)

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

Equity instruments

All equity investments in the scope of Ind AS 109 are measured at fair value. Equity instruments that 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 an 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 the 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 recognized initially at their 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 amortized cost

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

Gains and losses are recognized in the statement of profit and loss when the liabilities are derecognized.

Amortized 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 amortization 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.

CA NIRAV TARKAS
INTERIM RESOLUTION PROFESSIONAL
Regn No IBBI/IP-002/IP-N00776/2018-19/12375
STEELCO GUJARAT LIMITED (UNDER CIRP AGENCY)

CHARTERED ACCOUNTANTS

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 a '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 recognizes 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 whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, a 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, the 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 recognizing impairment loss allowance based on a 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 that results from default events that are possible within 12 months after the reporting date.

ECL impairment loss allowance (or reversal) recognized during the period is recognized 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.

FRN 132653W
CHARTERED ACCOUNTANTS

STEELCO GUJARAT LIMITED (UNDER INSOLVENCY)
CA NIRAV TARKAS
INTERIM RESOLUTION PROFESSIONAL
Regn No IBBI/IP-002/IP-N00776/2018-19/12375

Deferred tax is recognized with respect to 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, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized 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:

STEELCO GUJARAT LIMITED (UNDER INSOLVENCY)
CA NIRAV TARKAS
INTERIM RESOLUTION PROFESSIONAL
Regn. No. IBBI/IP-002/IP-N00776/2018-19/12375

- 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 a 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 a 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 a 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 the 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.

FRN 142950W
CHARTERED ACCOUNTANTS

STEELCO GUJARAT LIMITED (UNDER INSOLVENCY)
CA NIRAV TARKAS
INTERIM RESOLUTION PROFESSIONAL
Regn No. IBBI/IP-002/IP-N00776/2018-19/12375

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 an 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's end, which is calculated using the 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 recognized 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 the 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 capitalized 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 capitalization.

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

O. Provisions and Contingencies:

A provision is recognized 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 requiredto settle the obligation; and
- A reliable estimate can be made of the amount of the obligation.

FRN 112539W CHARTERED ACCOUNTANTS

CA NIRAV TARKAS INTERIM RESOLUTION PROFESSIONAL Regn No IBBI/ IP-002/ IP-N00776/2018-19/ 12375
STEELCO GUJARAT LIMITED (UNDER INSOLVENCY)

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 recognized as finance costs.

The Company does not recognize 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 recognized 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 equities shares outstanding during the financial year.

Diluted earnings per share adjust 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 is 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 a defined benefit plan is determined on the basis of actuarial assumptions. Key actuarial assumptions include the 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 the 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 the case of financial assets/liabilities which are required to be subsequently measured at amortized cost, interest is accrued using the effective interest method.

FRN: 142559W
CHARTERED ACCOUNTANTS

STEELCO GUJARAT LIMITED (UNDER INSOLVENCY)
CA NIRAV TARKAS
INTERIM RESOLUTION PROFESSIONAL
Regn No IBBI/IP-002/IP-N00776/2018-19/12375