



INDEPENDENT AUDITOR'S REPORT

The Resolution Professional

(Appointed Under Insolvency & Bankruptcy Code, 2016 ["IBC" or "Code"])

Steelco Gujarat Limited

Report on the Audit of the Standalone Financial Statements

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, 2022, 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.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2022, and its profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date except for points mentioned in Emphasis of Matters.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the standalone financial statements.

Emphasis of Matter

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



2. The company was admitted in the Corporate Insolvency Resolution Process (CIRP) on 31st December 2020 and CA Nirav Anupam Tarkas was appointed as Resolution Professional (RP) by the Hon'ble National Company Law Tribunal Ahmedabad Bench (Court no. II) ('Hon'ble NCLT'). Subsequently, Hon'ble NCLT vide its order no. IA No. 763/(AHM)/2022 in CP(IB)/342/(AHM)2020 pronounced on 31st July 2023 ('the order') approved the Resolution Plan submitted by M/s Next Orbit Growth Fund-III ('successful Resolution Applicant') in respect of the company. However, during the financial year 2021-22, the company was under CIRP and accordingly powers of the Board of Directors continued to be suspended.
3. We draw attention to Note No. 22 to standalone financial statements, which amounts to Liabilities towards custom duty/ clearing & forwarding associated with assets held for sale. According to the information available evidence is not been received for sale from the customs department. It pertains to the past years. Hence in the absence of any information, it has been written off amounting to Rs.732 lakhs. It is assumed customs has sold these items and sale value has been adjusted against demurrage by the authorities. The remaining amount is against the provision of LTA, DGFT Composition fees, advance licenses of Custom dept, etc. amounting to Rs.143 lakhs which are not required for the reasons mentioned above in the footnote of Note no. 22. Hence written off. We are unable to form any opinion on this matter.
4. Write-offs of abnormal items due to the operation of law. Viz. Creditors who have not filed their claims, whose claims were rejected, and whose claims are beyond the limitation period as per the Limitation Act, and those items directly related to the above items such as Foreign Exchange Fluctuation provision, etc. have been written off as per statutory requirements. Refer to the footnote of Note No. 16.
5. Accounts have been declared on based on the provision of IBC relating to claims admitted. Claims which were not admitted and beyond the limitation period have been written off.
6. Contingent Assets and Liabilities from serial no. (i), (ii)a, (ii)b, (ii)c, (ii)d, (ii)f, (ii)g, (ii)h, (ii)i, of Note no. 40 are not being reviewed because of the moratorium period under sec 14 of the IBC Act 2016.
7. In view of cyclone Tautake during the year substantial property was destroyed and legal proceedings were initiated against the insurance company for compensation.



8. During the year lease with GIDC authorities is not renewed with effect from July 2019. Non-renewal may affect the going concern of the company.
9. The company works on proprietary software under the DOS system which is outdated. MIS and audit evidence models do not exist in the software for verification.

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 the total assets of the Company as at March 31, 2022. Such inventories are held at the 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 the 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 the 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 matters.	During our Audit review: • We have relied upon the Inventory Valuation report of the Independent Valuer appointed by IBBI under the regulation of the IBC Act.

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

The Company's Resolution Professional 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 have nothing to report in this regard.

Management's and Resolution Professional's Responsibilities for the Standalone Financial Statements

The Company's Resolution Professional 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 gives 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.

The Resolution Professional is also responsible for overseeing the company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management and Resolution Professional.
- Conclude on the appropriateness of the Management and Resolution Professional use of the going concern basis of accounting in the preparation of standalone financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report

unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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.
 - A. As required by Section 143(3) of the Act, based on our audit, we report that:
 - a) We have sought and obtained all the information and explanations subject to the matters described in the Emphasis of Matter section above, 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 Emphasis of Matter 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 Emphasis of Matter 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) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act.
 - e) The matter described in the Emphasis of Matter section above, in our opinion, may have an unfavorable effect on the functioning of the Company.
 - f) The company was admitted in the Corporate Insolvency Resolution Process (CIRP) on 31st December 2020 and CA Nirav Anupam Tarkas was appointed as Resolution Professional (RP) by the Hon'ble National Company Law Tribunal Ahmedabad Bench (Court no. II) ('Hon'ble NCLT'). Subsequently, Hon'ble NCLT vide its order no. IA No. 763/(AHM)/2022 in CP(IB)/342/(AHM)2020 pronounced on 31st July 2023 ('the order') approved the Resolution Plan submitted by M/s Next Orbit Growth Fund-III ('successful Resolution Applicant') in respect of the company. However, during the financial year 2021-22, the company was under CIRP and accordingly powers of the Board of Directors continued to be suspended. Hence terms of Section 164(2) of the Act are not applicable to the company.



- g) The reservation relating to the maintenance of accounts and other matters connected therewith are as stated in the Emphasis of Matter 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 2022, in conjunction with our audit of the financial statements of the Company for the year ended on that date and our report dated 15th February 2024, as per "Annexure B".
- B. 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:
- a) The Company has disclosed the impact of pending litigations as at 31 March 2022 on its financial position in its standalone financial statements - Refer to Note 40 to the standalone financial statements.
- b) 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 - Refer Note 35 to the standalone financial statements.
- c)
- i. The management has represented that, to the best of its knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been advanced or loaned, or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall:
- directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Company or
 - provide any guarantee, security, or the like to or on behalf of the Ultimate Beneficiaries.
- ii. The management has represented, that, to the best of its knowledge and belief, no funds have been received by the Company from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall:



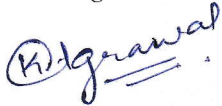
- directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Funding Party or
 - provide any guarantee, security, or the like from or on behalf of the Ultimate Beneficiaries.
- iii. Based on such audit procedures as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (d) (i) and (d) (ii) contain any material misstatement.
- d) 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.
- C. With respect to the matter to be included in the Auditor's Report under Section 197(16) of the Act:

The company was admitted in the Corporate Insolvency Resolution Process (CIRP) on 31st December 2020 and CA Nirav Anupam Tarkas was appointed as Resolution Professional (RP) by the Hon'ble National Company Law Tribunal Ahmedabad Bench (Court no. II) ('Hon'ble NCLT'). Subsequently, Hon'ble NCLT vide its order no. IA No. 763/(AHM)/2022 in CP(IB)/342/(AHM)2020 pronounced on 31st July 2023 ('the order') approved the Resolution Plan submitted by M/s Next Orbit Growth Fund-III ('successful Resolution Applicant') in respect of the company. However, during the financial year 2021-22, the company was under CIRP and accordingly powers of the Board of Directors continued to be suspended. Hence the provisions of Section 197 of the Act are not applicable to the company

For Nevatia & Associates

Chartered Accountants

Firm's Registration No.: 142559W



CA. Khushboo Nevatia

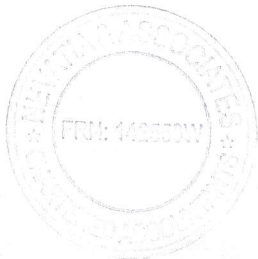
Partner

Membership No.: 165993

UDIN: 24165993BKEDJA8528

Place: Vadodara

Date: 15-02-2024



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)

- i.
 - a)
 - A. The Company has maintained proper records showing full particulars, including quantitative details and the situation of Property, Plant, and Equipment
 - B. The Company has maintained proper records showing full particulars of intangible assets.
 - b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has a regular program of physical verification of its Property, Plant, and Equipment by which all property, plant, and equipment are verified once in three years. In accordance with this program, all property, plant, and equipment were verified during the year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. 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 (other than immovable properties where the Company is the lessee and the lease agreements are duly executed in favor of the lessee) disclosed in the standalone financial statements are held in the name of the Company.
 - d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has revalued its Property, Plant, and Equipment (including Right of Use assets) or intangible assets or both during the year. However, the same is not incorporated in books of accounts during the year under report in view of the non-renewal of the leasehold agreement. The plant and machinery's revalued figures are not incorporated since it is more than 33 years old. An equivalent model make is not available at present to determine the correct market value.
 - e) According to information and explanations given to us and on the basis of our examination of the records of the Company, there are no proceedings initiated or pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.
- ii. In our opinion, the management has last conducted physical verification of inventory in FY 2019-20. The company shut down on 31st October 2020 due to insolvency; hence, inventory is as per the valuation report of Valuers approved by IBBI and verified by

valuer. However, inventories were not physically verified by us and we have relied upon valuation and findings which were reported by the Valuer.

- iii. According to the information and explanations are given to us and on the basis of our examination of the records of the Company, during the year the company has not made investments in, provided any guarantee or security, or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties.
- a. Based on the audit procedures carried on by us and as per the information and explanations given to us, the Company has not provided loans or stood guarantee to any other entity.
 - b. According to the information and explanations given to us and based on the audit procedures conducted by us, in our opinion no investments made, guarantees provided, and the terms and conditions of the grant of loans and guarantees provided during the year are, prima facie, not prejudicial to the interest of the Company.
 - c. According to the information and explanations given to us and on the basis of our examination of the records of the Company, in the case of loans given, in our opinion the repayment of principal and payment of interest has defaulted and financial creditors have filed a petition under section 7 of IBC Act for declaring company as insolvent. Further, the Company has not given any advance in the nature of the loan to any party during the year.
 - d. According to the information and explanations given to us and on the basis of our examination of the records of the Company, there is no overdue amount for more than ninety days in respect of loans given. Further, the Company has not given any advances in the nature of loans to any party during the year. However, the excess managerial remuneration recoverable from the Managing Director is Rs. 201.86 Lakhs. Also, refer to note no. xi (a).
 - e. According to the information and explanations given to us and on the basis of our examination of the records of the Company, in our opinion there are no instances of loans falling due during the year that were renewed or extended, or settled by fresh loans.
 - f. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment.



- iv. 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 is not applicable.
- v. The Company has not accepted any deposits from the public in accordance with the provisions of Sections 73 to 76 of the Act and rules framed there under.
- vi. 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.
- vii. According to the information and explanation given to us, with respect to statutory dues,
- 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.
 - Undisputed amounts payable which was outstanding at the yearend for a period more than six months from the date they became payable are under moratorium as the company was under insolvency as per IBC Act 2016. As per the court under Section 14 all judicial and regulatory processes will be under moratorium.
 - 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 2022 on account of dispute are given below:

Name of the Statute	Nature of Dues	Amount (Rs. In Lakhs)	Amount paid under Protest (In Lakhs)	Period to which the amount relates	Forum where the 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 Aailed	9.74	-	FY 2010-11	Tribunal West Zonal Bench Ahmadabad
Cenvat Credit Rules, 2011	Cenvat Credit Wrongly Aailed	12.46	-	FY 2011-12	Commissioner, Vadodara-II
Cenvat Credit Rules, 2011	Cenvat Credit Wrongly Aailed	3.95	-	FY 2011-12	Tribunal West Zonal Bench Ahmadabad
Cenvat Credit Rules, 2011	Cenvat Credit Wrongly Aailed	5.78	-	FY 2011-12	Dy. Commissioner, Bharuch
Cenvat Credit Rules, 2011	Cenvat Credit Wrongly Aailed	1.18	-	FY 2011-12	Dy. Commissioner, Bharuch
Cenvat Credit Rules, 2012	Cenvat Credit Wrongly Aailed	9.04	-	FY 2012-13	Dy. Commissioner, Bharuch
Cenvat Credit Rules, 2012	Cenvat Credit Wrongly Aailed	11.13	-	FY 2012-13	Tribunal West Zonal Bench Ahmadabad
Cenvat Credit Rules, 2013	Cenvat Credit Wrongly Aailed	3.42	-	FY 2013-14	Asst. Commissioner, Bharuch
Cenvat Credit Rules, 2013	Cenvat Credit Wrongly Aailed	6.83	-	FY 2013-14	Dy. Commissioner appeal, Bharuch
Cenvat Credit Rules, 2013	Cenvat Credit Wrongly Aailed	13.97	-	FY 2013-14	Tribunal West Zonal Bench Ahmadabad

Cenvat Credit Rules, 2015	Cenvat Credit Wrongly Availd	8.05	-	FY 2015-16	Tribunal West Zonal Bench Ahmadabad
Cenvat Credit Rules, 2016	Cenvat Credit Wrongly Availd	25.29	-	FY 2016-17	Tribunal West Zonal Bench Ahmadabad
Cenvat Credit Rules, 2016	Cenvat Credit Wrongly Availd	12.08	-	FY 2016-17	Dy. Commissioner appeal
Cenvat Credit Rules, 2017	Cenvat Credit Wrongly Availd	6.94	-	FY 2017-18	Tribunal West Zonal Bench Ahmadabad

viii. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not surrendered or disclosed any transactions, previously unrecorded as income in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year.

ix.

- The Company has defaulted in repayment of borrowings to the various banks during the year. The consortium of bankers has filed a petition under section 7 of the IBC Act 2016. This matter is considered for Court.
- According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not been declared a willful defaulter by any bank or financial institution or government, or government authority. Since consequent to non-payment. As per the information and explanations given no communication is available from banks declaring the borrowers as willful defaulters.
- According to the information and explanations given to us by the management, the Company has not obtained any term loans during the year. Accordingly, clause 3(ix)(c) of the Order is not applicable.
- According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on a short-term basis have been used for long-term purposes by the Company.



- e) According to the information and explanations given to us and on an overall examination of the standalone financial statements of the Company, we report that the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures as defined under the Act.
 - f) According to the information and explanations given to us and procedures performed by us, we report that the Company has not raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures, or associate companies (as defined under the Act).
- x.
- a) 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 loan during the year. Accordingly, paragraph 3(ix) of the Order is not applicable.
 - b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, clause 3(x)(b) of the Order is not applicable
- xi.
- a) Based on examination of the books and records of the Company and according to the information and explanations given to us, considering the principles of materiality outlined in Standards on Auditing, we report that frauds has been identified by a forensic auditor appointed by IBBI has resulted in the filing of the petition as required under the law and are under sub judice and intimation to designated authorities is taken up.
 - b) According to the information and explanations given to us, the report under sub-section (12) of Section 143 of the Companies Act, 2013 for matters mentioned above under 'xi(a)' will be filed by the auditors in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government within the prescribed time.
 - c) We have taken into consideration the whistle-blower complaints received by the Company during the year while determining the nature, timing, and extent of our audit procedures.
- xii. According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, clause 3(xii) of the Order is not applicable.
- xiii. According to the Information and explanation given to us and based on our examination of the records of the Company, there are no transactions with the related parties so no compliance is required with Sections 177 and 188 of the Act and details of such



transactions have been disclosed in the financial statement as required by the applicable accounting standard.

xiv.

- a) Based on the information and explanations provided to us and our audit procedures, in our opinion, the internal audit system does not apply to the company given that company operations are closed.
- b) The internal audit reports do not apply to the Company till date for the period under audit

xv. In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected to its directors and hence, provisions of Section 192 of the Act are not applicable to the Company. Except for matters mentioned in point xi(a).

xvi.

- a) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(a) of the Order is not applicable.
- b) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(b) of the Order is not applicable.
- c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, clause 3(xvi)(c) of the Order is not applicable
- d) The Group has no CIC as part of the Group.

xvii. The Company has incurred cash losses in the current and in the immediately preceding financial year.

xviii. The previous Auditor agreement consisted of Two years and it expired last year. Accordingly, clause 3(xviii) of the Order is not applicable.

xix. According to the information and explanations are given to us and on the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, and other information accompanying the standalone financial statements, our knowledge of the Resolution Professional and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the Company is not capable of meeting its liabilities existing at the date of the balance sheet as and when they fall due within a period of one year from

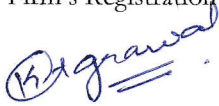
the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

- xx. In our opinion and according to the information and explanations given to us, there is no unspent amount under sub-section (5) of Section 135 of the Act pursuant to any project. Accordingly, clauses 3(xx)(a) and 3(xx)(b) of the Order are not applicable.

For Nevatia & Associates

Chartered Accountants

Firm's Registration No.: 142559W



Place: Vadodara

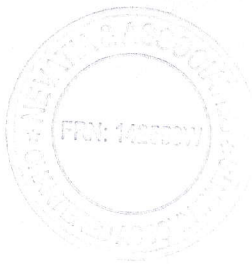
Date: 15-02-2024

CA. Khushboo Nevatia

Partner

Membership No.: 165993

UDIN: 24165993BKEDJA8528



“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, 2022

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”)

(Referred to in paragraph 2(A)(h) under the ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date)

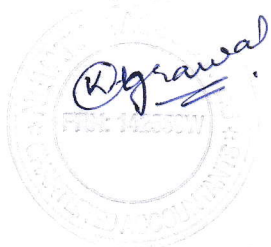
In conjunction with our engagement to audit the financial statements of Steelco Gujarat Limited (“the Company”) as at and for the year ended 31st March 2022, we have audited the internal financial controls over financial reporting (with reference to financial statements) of the Company as at that date.

Management’s Responsibility for Internal Financial Controls

The Company’s Resolution Professional 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 the 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 internal financial control 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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our 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 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.

Opinion

In our opinion and according to the information and explanations given to us, the Company has, in all material respects subject to the matters described in the Emphasis of Matter section above, an adequate internal financial control system over financial reporting, and such internal financial controls over financial reporting were operating effectively as at March 31, 2022, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Nevatia & Associates

Chartered Accountants

Firm's Registration No.: 142559W



CA. Khushboo Nevatia

Partner

Membership No.: 165993

UDIN: 24165993BKEDJA8528

Place: Vadodara

Date: 15-02-2024

