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# IMPLEMENTATION OF IFRS 7 AND DISCLOSURE PRACTICES OF INDIAN STEEL INDUSTRY

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## Abstract

The IFRS-7 Financial instrument was implemented in India as per the notification by ministry of corporate affairs with the name of Ind.AS-108. The IFRS has a long history of implementation in various part of the world. This paper will discuss the both type of disclosure required as IFRS-7 namely significance of financial instruments and nature and extent of risks arising from financial instruments. Both the type of information is required to be disclosed in quantitative and qualitative form. The top 5 steel companies selected for the purpose of the current study and after analysing their annual reports it was found the out of 5 selected steel companies 3 have provided a little details about the required disclosures while rest two have not provided any disclosure. Thus, the paper finally concluded that the requirements of IFRS must be fulfilled.

**Keywords:** *IFRS-7, Disclosure requirement, Steel Companies, Financial instrument, Risk.*

IFRS-7 Financial Instruments: Disclosures requires disclosure of information about the significance of financial instruments to an entity, and the nature and extent of risks arising from those financial instruments, both in qualitative and quantitative terms. Specific disclosures are required in relation to transferred financial assets and a number of other matters. The IFRS 7 was originally issued in August 2005 and applies to annual periods beginning on or after 1 January 2007. But Exposure Draft ED 7 (Financial Instruments: Disclosures) was published on 22 July 2004 with Comment deadline 14 September 2009. 25 September 2014. It was amended by Improvements to IFRSs 2014 (servicing contracts and applicability of the amendments to IFRS 7 to condensed interim financial statements) and Effective for annual periods beginning on or after 1 January 2016.

## REVIEWS OF LITERATURE

As noted earlier, some recent studies compare IAS accounting measures to those under other GAAPs. Hung and Subramanyam (2007) compare the financial statement effects of using IAS to those using German GAAP for a sample of German companies that elected to adopt IAS by examining these companies' restatements of prior years accounting numbers in the adoption year. They find that the adjustments between the two reporting systems are value relevant for book values of equity, but not for earnings. But they do not find any difference in value relevance of book value of equity and earnings under IAS and German GAAP. They also find that total assets and book value of equity are significantly higher under IAS and that there is a higher variability in book value of equity and earnings under IAS. Finally, they find that IAS adopters exhibit larger loss provisions. Bartov et al. (2005) also examine and compare the value relevance of earnings based US GAAP, IAS and German GAAP. They, on the other hand, find that IAS earnings are more value relevant than those based on German GAAP. The difference in the results of these two studies may be found in that Bartov et al. (2005) exclude loss-firm observations in their estimations while these are included in the Hung Subramanyam (2007) study.

Jermakowicz et al. (2007) examine German companies' adoption of IFRS and US GAAP over the period 1995 to 2004. Specifically, they investigate the usefulness, proxied as value relevance, before and after the adoption of these GAAPs and the perceived benefits and costs related to the process of implementing IFRS among the DAX-30 companies.4 They find a significant increase in the value relevance of earnings after the adoption of these GAAPs. They also find that the key challenges related to the adoption of IFRS are the complexity of IFRS, the costs involved, and the lack of implementation guidance. The challenges related to the adoption of IFRS documented by Jermakowicz et al. (2007) and Soderstrom and Sun (2007) may explain the findings of Christensen et al. (2007). Christensen et al. (2007) investigate the change in earnings management and timely loss recognition among German firms that voluntarily adopt IFRS and those who wait until the adoption of IFRS is mandatory. They find that companies that voluntarily adopt are less prone to earnings management and recognize losses more timely compared to those that resist and wait until the adoption of IFRS becomes mandatory. They interpret their findings as a sign of how certain companies (i.e. insider oriented companies) have less incentive to adopt IFRS since they will not benefit and the challenges involved are considerable.

Finally, Barth et al. (2008) also study IAS adopters from a number of countries, whereof Germany is one of the countries with greatest representation in the sample. They find that firms that adopt IAS are less prone to engage in earnings smoothing and recognize losses more timely. There are also other recent studies on the effect of German and other GAAPs' on accounting quality and cost of capital. Leuz and Verrecchia (2000) investigate the bid-ask spreads, trading volume, and stock return volatility as proxies for the information asymmetry part of cost of capital. Comparing the above proxies for German companies which switch from German GAAP to either IAS or US GAAP, as they predict, they find that the bid-asked spread decreases, and the trading volume increases, however they find no reduction in stock return volatility. Daske (2006) builds on Leuz and Verrecchia's (2000) study using data from 1993 and 2002. He, on the other hand, does not find any sign of a lower cost of capital for companies that switch to IAS or US GAAP. On the contrary, Daske (2006) finds an increase in cost of capital for these companies. Finally, Platikanova and Nobes (2006) compare the information asymmetry component of the bid-ask spread among companies before and after EU's adoption of IFRS in 2005. They find a larger volatility in the information asymmetry for UK and German companies. Contrary to expectations, they also find that companies from countries where earnings management is more common exhibit a *lower* information asymmetry component compared to other groups of countries. They interpret this result as income smoothing reduces information asymmetry.

Overall, the results of these studies do not provide clear evidence on how the recent development in the global accounting standards impacts the quality of the accounting amounts. For instance, Barth et al. (2008) and Jermakowicz et al. (2007) cover a period including both IAS and IFRS data, which makes it difficult to interpret their results regarding the impact on accounting quality as the international accounting standards go through changes over time. In addition, the fact that Bartov et al. (2005) exclude loss-firm observations and obtain a result different from Hung and Subramanyam (2005) suggests that certain characteristics of the companies reporting under international accounting standards may drive the results. This notion is supported by the findings of both Jermakowicz et al. (2007) and Christensen et al. (2007). Jermakowicz et al. (2007) results suggests that the value relevance of earnings increases after companies adopt IFRS or US GAAP, a notion that make sense considering the sample used in the study (DAX-30 companies), a set of companies that are most likely to be able to cope with the complexity of implementing these GAAPs. They also find that, in spite of these companies' ability to cope with an adoption to a more complex GAAP, they still find the adoption of IFRS to be a major challenge due to its complexity, high cost, and the lack of implementation guidance. Christensen et al.'s (2007) results suggests that companies that have an incentive to implement a more challenging GAAP are more likely to maintain a higher accounting quality (proxies as earnings management and timely loss recognition) compared to those who do not.

We assume that the recent developments in the international accounting standards have led to changes in the quality of financial reporting over time. Therefore, the question remains whether the accounting quality is higher as a result of the IASB's initiatives and actions. As the IASB reduces the allowable alternative accounting methods and choices and provides a more consistent approach to accounting measurement for the goal of developing a single set of high quality international accounting standards, we predict that these changes in recent years improve the quality of accounting as evidenced by higher value relevance of earnings and book value of equity, less earnings smoothing, and more timely recognition of losses.

## DISCLOSURE REQUIREMENTS OF IFRS 7

IFRS requires certain disclosures to be presented by category of instrument based on the IAS 39 measurement categories. Certain other disclosures are required by class of financial instrument. For those disclosures an entity must group its financial instruments into classes of similar instruments as appropriate to the nature of the information presented. [IFRS 7.6]

The two main categories of disclosures required by IFRS 7 are:

1. Information about the significance of financial instruments.
2. Information about the nature and extent of risks arising from financial instruments.

**Information about the significance of financial instruments**

Statement of financial position

- Disclose the significance of financial instruments for an entity's financial position and performance. [IFRS 7.7] This includes disclosures for each of the following categories: [IFRS 7.8]
    - financial assets measured at fair value through profit and loss, showing separately those held for trading and those designated at initial recognition
    - held-to-maturity investments
    - loans and receivables
    - available-for-sale assets
    - financial liabilities at fair value through profit and loss, showing separately those held for trading and those designated at initial recognition
    - financial liabilities measured at amortised cost
- Other balance sheet-related disclosures:
    - special disclosures about financial assets and financial liabilities designated to be measured at fair value through profit and loss, including disclosures about credit risk and market risk, changes in fair values attributable to these risks and the methods of measurement.[IFRS 7.9-11]
    - reclassifications of financial instruments from one category to another (e.g. from fair value to amortised cost or vice versa) [IFRS 7.12-12A]
    - information about financial assets pledged as collateral and about financial or non-financial assets held as collateral [IFRS 7.14-15]
    - reconciliation of the allowance account for credit losses (bad debts) by class of financial assets[IFRS 7.16]
    - information about compound financial instruments with multiple embedded derivatives [IFRS 7.17]
    - breaches of terms of loan agreements [IFRS 7.18-19]

**Statement of comprehensive income**

- Items of income, expense, gains, and losses, with separate disclosure of gains and losses from: [IFRS 7.20(a)]
    - Financial assets measured at fair value through profit and loss, showing separately those held for trading and those designated at initial recognition.
    - Held-to-maturity investments.
    - Loans and receivables.
    - Available-for-sale assets.
    - Financial liabilities measured at fair value through profit and loss, showing separately those held for trading and those designated at initial recognition.
    - Financial liabilities measured at amortized cost.

- Other income statement-related disclosures:
    - Total interest income and total interest expense for those financial instruments that are not measured at fair value through profit and loss [IFRS 7.20(b)]

- Fee income and expense [IFRS 7.20(c)]
- Amount of impairment losses by class of financial assets [IFRS 7.20(e)]
- Interest income on impaired financial assets [IFRS 7.20(d)]

**Other disclosures**

- Accounting policies for financial instruments [IFRS 7.21]
- Information about hedge accounting, including: [IFRS 7.22]
  - Description of each hedge, hedging instrument, and fair values of those instruments, and nature of risks being hedged
  - For cash flow hedges, the periods in which the cash flows are expected to occur, when they are expected to enter into the determination of profit or loss, and a description of any forecast transaction for which hedge accounting had previously been used but which is no longer expected to occur
  - If a gain or loss on a hedging instrument in a cash flow hedge has been recognised in other comprehensive income, an entity should disclose the following: [IAS 7.23]
  - The amount that was so recognised in other comprehensive income during the period
  - The amount that was removed from equity and included in profit or loss for the period
  - The amount that was removed from equity during the period and included in the initial measurement of the acquisition cost or other carrying amount of a non-financial asset or non- financial liability in a hedged highly probable forecast transaction

    Note: Where IFRS 9 *Financial Instruments* (2013) is applied, revised disclosure requirements apply. The required hedge accounting disclosures apply where the entity elects to adopt hedge accounting and require information to be provided in three broad categories: (1) the entity's risk management strategy and how it is applied to manage risk (2) how the entity's hedging activities may affect the amount, timing and uncertainty of its future cash flows, and (3) the effect that hedge accounting has had on the entity's statement of financial position, statement of comprehensive income and statement of changes in equity. The disclosures are required to be presented in a single note or separate section in its financial statements, although some information can be incorporated by reference.
- For fair value hedges, information about the fair value changes of the hedging instrument and the hedged item [IFRS 7.24(a)]
- Hedge ineffectiveness recognised in profit and loss (separately for cash flow hedges and hedges of a net investment in a foreign operation) [IFRS 7.24(b-c)]
- Information about the fair values of each class of financial asset and financial liability, along with: [IFRS 7.25-30]
  - Comparable carrying amounts
  - Description of how fair value was determined
  - The level of inputs used in determining fair value

    - Reconciliations of movements between levels of fair value measurement hierarchy additional disclosures for financial instruments whose fair value is determined using level 3 inputs including impacts on profit and loss, other comprehensive income and sensitivity analysis
    - Information if fair value cannot be reliably measured

The fair value hierarchy introduces 3 levels of inputs based on the lowest level of input significant to the overall fair value (IFRS 7.27A-27B):

- Level 1 – quoted prices for similar instruments
- Level 2 – directly observable market inputs other than Level 1 inputs
- Level 3 – inputs not based on observable market data

Note that disclosure of fair values is not required when the carrying amount is a reasonable approximation of fair value, such as short-term trade receivables and payables, or for instruments whose fair value cannot be measured reliably. [IFRS 7.29(a)]

**Nature and extent of exposure to risks arising from financial instruments**

**Qualitative disclosures [IFRS 7.33]**

- The qualitative disclosures describe:
    - Risk exposures for each type of financial instrument
    - Management's objectives, policies, and processes for managing those risks
    - Changes from the prior period

**Quantitative disclosures**

- The quantitative disclosures provide information about the extent to which the entity is exposed to risk, based on information provided internally to the entity's key management personnel. These disclosures include: [IFRS 7.34]
    - Summary quantitative data about exposure to each risk at the reporting date
    - Disclosures about credit risk, liquidity risk, and market risk and how these risks are managed as further described below
    - Concentrations of risk

**Credit risk**

- Credit risk is the risk that one party to a financial instrument will cause a loss for the other party by failing to pay for its obligation. [IFRS 7. Appendix A]
- Disclosures about credit risk include: [IFRS 7.36-38]
    - Maximum amount of exposure (before deducting the value of collateral), description of collateral, information about credit quality of financial assets that are neither past due nor impaired, and information about credit quality of financial assets whose terms have been renegotiated [IFRS 7.36]

  - For financial assets that are past due or impaired, analytical disclosures are required [IFRS 7.37]
  - Information about collateral or other credit enhancements obtained or called [IFRS 7.38]

**Liquidity risk**

- Liquidity risk is the risk that an entity will have difficulties in paying its financial liabilities. [IFRS 7. Appendix A]
- Disclosures about liquidity risk include: [IFRS 7.39]
  - A maturity analysis of financial liabilities
  - Description of approach to risk management

**Market risk [IFRS 7.40-42]**

- Market risk is the risk that the fair value or cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk reflects interest rate risk, currency risk and other price risks. [IFRS 7. Appendix A]
- Disclosures about market risk include:
  - A sensitivity analysis of each type of market risk to which the entity is exposed
  - Additional information if the sensitivity analysis is not representative of the entity's risk exposure (for example because exposures during the year were different to exposures at year-end).
  - IFRS 7 provides that if an entity prepares a sensitivity analysis such as value-at-risk for management purposes that reflects interdependencies of more than one component of market risk (for instance, interest risk and foreign currency risk combined), it may disclose that analysis instead of a separate sensitivity analysis for each type of market risk

**Transfers of financial assets [IFRS 7.42A-H]**

An entity shall disclose information that enables users of its financial statements:

1. To understand the relationship between transferred financial assets that are not de-recognised in their entirety and the associated liabilities; and
2. To evaluate the nature of, and risks associated with, the entity's continuing involvement in de-recognised financial assets. [IFRS 7 42B]

**Transferred financial assets that are not derecognised in their entirety**

- Required disclosures include description of the nature of the transferred assets, nature of risk and rewards as well as description of the nature and quantitative disclosure depicting relationship between transferred financial assets and the associated liabilities. [IFRS 7.42D]

**Transferred financial assets that are de-recognised in their entirety**

- Required disclosures include the carrying amount of the assets and liabilities recognised, fair value of the assets and liabilities that represent continuing involvement, maximum exposure to loss from the continuing involvement as well as maturity analysis of the undiscounted cash flows to repurchase the de-recognised financial assets. [IFRS 7.42E]
- Additional disclosures are required for any gain or loss recognised at the date of transfer of the assets, income or expenses recognise from the entity's continuing involvement in the de-recognised financial assets as well as details of uneven distribution of proceed from transfer activity throughout the reporting period. [IFRS 7.42G]

**Objective:** The objective of the paper is

1. To analyse the disclosure practices by Indian steel companies as per IFRS-7.

## RESEARCH METHODOLOGY

- **Source of data-** Secondary source of data collection was used for the current study. The data were collected from the annual report of various companies to analyse related reporting for the disclosure as per IFRS-7 which will be examined for Indian steel industry's companies.
- **Sample size-** For this purpose 5 cement companies i.e., Tata Steel, Welspun steel limited, JSW steel Limited, SAIL and RINL were collected through the annual reports of year 2014. Descriptive data were shown as to judge the requirement of IFRS-7 in the study.
- **Sample Characteristics:** Table -1 provides the sample characteristics as under:

**Table-1: Sample Characteristics**

| Name of Company | | Total Assets | Net profit (NOPBT) | Equity share capital |
|---|---|---|---|---|
| TATA STEEL | 2013-14 | 111040.41 | 9713.5 | 61147.49 |
| | 2012-13 | 101876.93 | 7836.6 | 55209.68 |
| | 2011-12 | 95802.99 | 9857.35 | 52621.36 |
| | 2010-11 | 7855.91 | 9776.85 | 46944.63 |
| | 2009-10 | 64232.78 | 7214.3 | 36961.8 |
| SAIL | 2013-14 | 91961.89 | 2265.43 | 4266.63 |
| | 2012-13 | 84218.46 | 3469.98 | 41024.63 |
| | 2011-12 | 76337.02 | 5150.87 | 39821.32 |
| | 2010-11 | 58726.03 | 7194.31 | 37069.7 |
| | 2009-10 | 51242.87 | 10132.03 | 36961.8 |
| VISA STEEL | 2013-14 | 37418.77 | 1478.28 | 3670.14 |
| | 2012-13 | 35170.99 | 1075.72 | 5195.1 |
| | 2011-12 | 33388.22 | 1188.79 | 2344.32 |
| | 2010-11 | 28549.41 | 513.77 | 3532.86 |
| | 2009-10 | 22170.17 | 474.16 | 3146.93 |
| RINL | 2013-14 | 24671.83 | 549.15 | 12140.74 |
| | 2012-13 | 24652.52 | 526.47 | 12477.32 |
| | 2011-12 | 21504.84 | 1110.01 | 13659.29 |
| | 2010-11 | 19053.45 | 981.66 | 13229.22 |
| | 2009-10 | 14215.37 | 1247.65 | 12885 |

## DISCLOSURE AS PER IFRS-7 IN SELECTED STEEL COMPANIES

### 1. Tata Steel

Foreign Currency Transactions (FCT) and forward exchange contracts entered into to hedge FCT are initially recognised at the spot rate on the date of the transaction/contract. Monetary assets and liabilities denominated in foreign currency and forward exchange contracts remaining unsettled at the end of the year are translated at year end rates. The Company and some of its Indian subsidiaries have elected to account for exchange differences arising on reporting of long-term foreign currency monetary items in accordance with Companies (Accounting Standards) Amendment Rules, 2009 pertaining to Accounting Standard 11 (AS-11) notified by Government of India on 31st March, 2009 (as amended on 29th December, 2011). Accordingly, the effect of exchange differences on foreign currency loans of the Company is accounted by addition or deduction to the cost of the assets so far it relates to depreciable capital assets and in other cases by transfer to “Foreign Currency Monetary Item Translation Difference Account” to be amortised over the balance period of the long-term monetary items.

The differences in translation and settlement of FCT and forward exchange contracts used to hedge FCT [excluding the long-term foreign currency monetary items accounted in accordance with Companies (Accounting Standards) Amendment Rules 2009 on Accounting Standard 11 notified by Government of India on 31st March, 2009 as amended on 29th December, 2011] are recognised in the Statement of Profit and Loss. The outstanding derivative contracts at the balance sheet date other than forward exchange contracts used to hedge FCT are valued by marking them to market and losses, if any, are recognised in the Statement of Profit and Loss.

Exchange differences relating to monetary items that are in substance forming part of the Company's net investment in non-integral foreign operations are accumulated in Foreign Exchange Fluctuation Reserve Account. Hedging instruments are initially measured at fair value, and are re-measured at subsequent reporting dates. Changes in the fair value of these derivatives that are designated and effective as hedges of future cash flows are recognised directly in shareholders' funds and the ineffective portion is recognised immediately in the Statement of Profit and Loss. Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in Statement of Profit and Loss as they arise. Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting.

**2. Welspun Steel Limited**

i. Transactions in foreign currency are accounted at the exchange rate prevailing on the date of such transactions. Current monetary assets and liabilities are translated at the exchange rate prevailing at the reporting date. Non-monetary items are carried at cost.
ii. Gains or losses arising on remittance / translations at the year- end are credited / debited to the statement of profit and loss except treatment as per amendment to AS-11 effective till 31March 2020 [Refer Note 29(b)].
iii. Premium / discount on derivative contracts not relating to firm commitments or highly probable forecasted transactions and not intended for trading or speculation purpose is amortized as income or expense over the life of the contract.

**Translation and exchange rates:** Financial statements of overseas non-integral operations are translated as under:

i. Assets and liabilities are translated at the exchange rate prevailing at the end of the year. Depreciation at the same rate at which assets are converted.
ii. Revenues and expenses at yearly average rates (except inventories at opening / closing rates as the case may be). Off balance sheet items at year-end rates.
iii. Exchange differences arising on translation of non-integral foreign operations are accumulated in the Foreign Currency Translation Reserve until the disposal of such operations.

**Derivative instruments and hedge accounting:** The Group uses foreign currency forward contracts to hedge its risk associated with foreign currency fluctuations relating to certain firm commitments and forecasted transactions. The Group designates these hedging instruments as cash flow hedges and applying the recognition and measurement principles set out in Accounting Standard 30 "Financial Instruments: Recognition and Measurement" (AS 30). The gain or loss on the effective hedges is recorded in Hedging Reserve Account" until the transaction is complete. The gain or loss is accounted in statement of profit and loss upon completion of the transaction or when the hedge instrument expires or terminates or ceases to qualify for hedge accounting.

**3 JSW steel Limited**

Foreign currency transactions are recorded at the exchange rates prevailing on the date of the transaction. Monetary foreign currency assets and liabilities (monetary items) are reported at the exchange rate prevailing on the balance sheet date. Exchange differences relating to long term monetary items Strategic Review Resilience and Growth Sustainability and Environment Statutory Reports Annual Report 2012-13 are dealt with in the following manner:

i. Exchange differences relating to long-term monetary items, arising during the year, in so far as they relate to the acquisition of a depreciable capital asset are added to / deducted from the cost of the asset and depreciated over the balance life of the asset.

ii. In other cases such differences are accumulated in a "Foreign Currency Monetary Item Translation Difference Account" and amortized in the statement of profit and loss over the balance life of the long-term monetary item, however that the period of amortization does not extend beyond 31 March 2020. All other exchange differences are dealt with in the statement of profit and loss.

iii. Non-monetary items such as investments are carried at historical cost using the exchange rates on the date of the transaction. Also refer note 1-5 In translating the financial statements of subsidiary companies' non-integral foreign operations, for incorporation in the consolidated financial statements the assets and liabilities, both monetary and non-monetary, are translated at the closing rate, the income and expense items of the subsidiary company are translated at the average rate and all resulting exchange differences are accumulated in a foreign currency translation reserve until the disposal of the net investment.

**Derivative instruments and hedge accounting**

The Company enters into derivative financial instruments such as foreign exchange forward contracts, interest rate swaps and currency options to manage its exposure to interest rate and foreign exchange risks. Derivatives are initially recognized at fair value at the date a derivative contract is entered into and are subsequently re-measured to their fair value at each balance sheet date. The Company designates certain derivatives as either hedges of the fair value of recognised assets or liabilities (fair value hedges) or hedges of highly probable forecast transactions or hedges of foreign currency risk of firm commitments (cash flow hedges). The Company does not enter into derivative contracts for trading or speculative purposes. A derivative is presented under "Short term loans and advances" (Refer note 14) or "Other Current Liabilities" (Refer note 10). Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the statement of profit and loss immediately, together with any changes in the fair value of the hedged item that are attributable to the hedged risk. The change in the fair value of the hedging instrument and the change in the hedged item attributable to the hedged risk are recognized in the same line of the profit and loss account relating to the hedged item. Changes in the fair value of derivatives that are designated and qualify as cash flow hedges are deferred in a "Hedging Reserve Account". The gain or loss relating to the ineffective portion is recognised immediately in profit and loss account. Amounts deferred in the Hedging Reserve Account are recycled in the statement of profit and loss in the periods when the hedged item is recognized in the statement of profit and loss, in the same line as the hedged item. Hedge accounting is discontinued when the Company revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. In case of fair value hedges the adjustment to the carrying amount of the hedged item arising from the hedged risk is amortized to the statement of profit and loss from that date. In case of cash flow hedges any cumulative gain or loss deferred in the Hedging Reserve Account at that time is retained and is recognized when the forecast transaction is ultimately recognized in the statement of profit and loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was deferred is recognized immediately in the statement of profit and loss.

4. SAIL: No disclosure
5. RINL: No disclosure
The selected companies are also using other IFRS which is as under:

1. Tata steel uses the IFRS-1 to IFRS-8 with IAS as it has its operations in Europe.
2. Welspun limited uses IFRS-1 to IFRS-8 with IAS as it has its operations outside India.
3. JSW steel limited also uses selected IFRS but mostly uses Indian accounting standards.

## CONCLUSION

AS per the above analysis it can be concluded that the IFRS-7 provides two categories of the information about the significance of financial instruments and Information about the nature and extent of risks arising from financial instruments but the Indian steel sector companies are not following the IFRS-7 as out of 5 companies selected 3 have provided the information required to meet a few points of the disclosure and rest 2 companies have not provided any information. Thus steel companies needs to improve their disclosure as per the requirement of IFRS-7 to cope up as per the standards of the global companies.

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