



STEELCO
GUJARAT
LIMITED
We do Great Things together

Steelco Gujarat Limited

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CIN No.: L27110GJ1989PLC011748

PART I

STATEMENT OF UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND HALF YEAR ENDED 30 SEPTEMBER 2017

Sr. No.	Particulars	(Rupees in lakhs, unless otherwise stated)				
		Quarter ended			Half year ended	
		30.09.2017 (Unaudited)	30.06.2017 (Unaudited)	30.09.2016 (Unaudited) (Refer note 3)	30.09.2017 (Unaudited)	30.09.2016 (Unaudited) (Refer note 3)
1	Income					
	a) Revenue from operations (Refer note 4)	15,487.13	12,937.77	13,264.80	28,424.90	28,259.46
	b) Other income	16.06	9.93	11.11	25.99	37.76
	Total Income	15,503.19	12,947.70	13,275.91	28,450.89	28,297.22
2	Expenses					
	a) Cost of materials consumed	12,769.56	9,922.31	10,224.95	22,691.87	21,365.38
	b) Changes in inventories of finished goods and work-in-progress	1,061.32	299.08	267.58	1,360.40	259.35
	c) Excise duty on sales (Refer note 4)	-	844.65	476.73	844.65	1,049.91
	d) Employee benefits expense	416.82	414.82	404.78	831.64	807.24
	e) Finance costs	517.55	488.98	510.70	1,006.53	1,121.22
	f) Depreciation and amortisation expense	83.03	68.79	63.88	151.82	127.25
	g) Other expenses	2,200.22	1,965.87	2,061.70	4,166.09	4,491.00
	Total expenses	17,048.50	14,004.50	14,010.32	31,053.00	29,221.35
3	Profit/(Loss) before tax (1-2)	(1,545.31)	(1,056.80)	(734.41)	(2,602.11)	(924.13)
4	Tax expense / (benefit)					
	a) Current Tax	-	-	-	-	-
	b) Deferred Tax	-	-	-	-	-
5	Profit/(Loss) after tax (3-4)	(1,545.31)	(1,056.80)	(734.41)	(2,602.11)	(924.13)
6	Other Comprehensive Income (OCI):					
	a) Items that will not be reclassified to profit or loss (net of tax)	(31.56)	(0.67)	(12.30)	(32.23)	(9.45)
	b) Items that will be reclassified to profit or loss (net of tax)	-	-	-	-	-
	Total Other Comprehensive Income (net of tax)	(31.56)	(0.67)	(12.30)	(32.23)	(9.45)
7	Total Comprehensive Income (5+6)	(1,576.87)	(1,057.47)	(746.71)	(2,634.34)	(933.58)
8	Paid-up equity share capital (Face value Rs. 10 each per share)	4,256.18	4,256.18	4,256.18	4,256.18	4,256.18
9	Basic and diluted earnings per share (of Rs. 10) (not annualised) (in Rs.)	(3.63)	(2.48)	(1.73)	(6.11)	(2.17)

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Unaudited

PART II		
STATEMENT OF ASSETS AND LIABILITIES		
	Rupees in Lakhs	
	As at 30 September 2017 (Unaudited)	30.09.2016
I ASSETS		
1 Non-current assets		
a) Property, plant and equipment	5,503.12	4,561.10
b) Capital work-in-progress	1,635.00	169.75
c) Intangible assets	22.89	10.80
d) Financial assets		
(i) Non Current Investments	5.00	5.00
(ii) Other financial assets	94.39	
e) Other non - current assets	1,065.08	1,359.44
f) Assets for current tax (Net)	208.24	
Total of non-current assets	8,533.72	6,106.09
2 Current assets		
a) Inventories	8,607.77	8,836.99
b) Financial assets		
(i) Trade receivables	10,424.47	11,074.08
(ii) Cash and cash equivalents	56.45	564.55
(iii) Bank Balances other than (ii) above	358.40	
(iv) Short Term Loans and Advances	8.00	1,699.93
(v) Other financial assets	1,177.14	
c) Other current assets	1,775.96	2,053.97
Total of current assets	22,408.19	24,229.52
Total Assets	30,941.91	30,335.61
II EQUITY AND LIABILITIES		
1 Equity		
a) Equity share capital	4,256.18	7,913.22
b) Other equity	(16,735.06)	(11,797.57)
Total of equity	(12,478.88)	(3,884.34)
2 Liabilities		
(i) Non-current liabilities		
a) Financial liabilities		
(i) Borrowings	6,027.47	2,809.51
(ii) Other financial liabilities	3,785.49	
b) Provisions	365.86	3,624.79
Total of non-current liabilities	10,178.82	6,440.49
(ii) Current liabilities		
a) Financial liabilities		
(i) Borrowings	9,174.68	10,111.76
(ii) Trade payables	18,512.92	15,606.26
(iii) Other financial liabilities	4,386.72	
b) Other current liabilities	1,070.67	1,936.02
c) Provisions	10.10	125.43
d) Current tax liabilities (net)	86.88	
Total of current liabilities	33,241.97	27,779.46
Total liabilities	43,420.79	34,219.95
Total Equity and Liabilities	30,941.91	30,335.61

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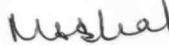
Notes :

- The above results were reviewed by the Audit Committee and then approved by the Board of Directors at their respective meetings held on 28 December 2017. The statutory auditors of the Company have carried out a limited review of the Unaudited Financial Results for the quarter and half year ended 30 September 2017 and quarter ended 30 June 2017.
- The Company adopted Indian Accounting Standard ("Ind AS") from 1 April 2017 and accordingly these financial results have been prepared in accordance with the recognition and measurement principles laid down in the Ind AS 34 "Interim Financial Reporting" prescribed under Section 133 of the Companies Act, 2013, read with the relevant rules issued thereunder and the other accounting principles generally accepted in India. Financial results for the quarters presented have been prepared in accordance with the recognition and measurement principles of Ind AS 34.
- The financial results for the quarter and half year ended 30 September 2016 have not been reviewed or audited by the Statutory Auditors. However, the management has exercised necessary due diligence to ensure that the financial results provide a true and fair view of the Company's affairs.
- Excise duty on sales was included under Revenue from operations and disclosed separately under Expenses upto all reporting periods ended 30 June 2017. Post implementation of Goods and Services Tax (GST) from quarter ended 30 September 2017, revenue from operations is reported net of GST and hence to that extent is not comparable.
- Reconciliation of the Net profit as previously reported on account of transition from the previous Indian GAAP to Ind AS for the quarter and half year ended 30 September 2016.

Particulars	(INR in lakhs)	
	Quarter ended 30.09.2016 (Unaudited)	Half year ended 30.09.2016 (Unaudited)
Net loss as per previous GAAP	(637.07)	(712.32)
Add: Adjustments in statement of profit and loss		
Actuarial loss on employee defined benefit plan recognised in OCI	12.30	9.45
Other adjustments	(109.64)	(221.26)
Net loss before OCI as per Ind AS	(734.41)	(924.13)
Less: Adjustments in OCI		
Actuarial loss on defined benefit plan transferred from statement of profit and loss	(12.30)	(9.45)
Total Comprehensive Income as per Ind AS	(746.71)	(933.58)

- The Company has only one manufacturing unit at Palej, to produce steel products i.e cold rolled and galvanised steel and hence there is only a single business segment.
- The Company has incurred a net loss of INR 2,634.34 lakhs during the six-month period ended 30 September 2017, and as of that date, the accumulated losses aggregating INR 17,224.75 lakhs have resulted in erosion of its net worth. Further, as of that date, the Company's current liabilities exceeded its current assets by INR 10,833.79 lakhs. The financial results of the Company have been prepared on a going concern basis in view of the management's efforts of recovery and the revival of the operations of the Company by purchase of new machinery and achieving higher output and efficiencies. The Company is in the process of renegotiating the restructuring its debts and has submitted debt resolution proposal to the bankers. The Ultimate Holding Company has committed to provide necessary support, including financial support, for smooth operations of the Company and the management has committed to effective utilization of the same. The appropriateness of the said basis is interalia dependent upon the Company's ability to raise requisite long term finance and/or generate sufficient cash flows in future to meet its commitment of future revival plans and for continuing operations. The matter is emphasised in the independent auditor's limited review report.
- The Company has imported certain machinery amounting to INR 1,254.72 lakhs which has not been cleared from the sea-port, despite having received notices from the competent authorities. The Company is obliged to pay demurrage and detention charges, which have not been provided for in the books, as the same are currently not ascertainable. The matter is qualified in the independent auditor's limited review report.
- The trade receivables include balances aggregating INR 1,308.96 lakhs (net) in respect of which the Company has not made any assessment for expected credit loss in accordance with the requirements of Ind AS 109: Financial Instruments, as the management considers such balances as good and recoverable in the future. The matter is qualified in the independent auditor's limited review report.
- The trade receivables include balances aggregating INR 6,691.48 lakhs in foreign currency and trade payable include aggregating INR , which are pending for settlement and have resulted in delays in receipt beyond the timeline stipulated by the FED Master Direction No. 16/2015-16 under the Foreign Exchange Management Act, 1999. Further, there are balance payable to such parties aggregating to the extent of INR 5,011.24 lakhs, The Company has filed necessary applications with the appropriate authority for condonation of such delays. The matter is emphasised in the
- The Company has defaulted in repayment of dues to the banks during the three months and six months ended 30 September 2017, aggregating INR 173.10 lakhs and INR 341.68 lakhs, respectively, including accrued interest thereon. The total amounts overdue, including accrued interest thereon, aggregate to INR 1,784.80 lakhs, as at 30 September 2017. Further, these loans from banks are secured by way of joint mortgage of immovable properties of the Company situated at Plot No.2, GIDC Estate, Palej, Dist. Bharuch, Gujarat (India), both present and future, and by way of hypothecation of whole of immovable property of the Company, including plant and machinery and other movables, both present and future (save and except inventories and book debts) whether installed or not, or in the course of transit by way of first charge to the lenders subject to the first charge on specified movable assets created in favour of banks providing working capital finance) to rank on " pari- passu basis. The secured borrowings are further secured by way of pledge of 31,921,366 Equity Shares held by the promoters in favour of the consortium of Bankers and corporate guarantee of Spica Business Corp., Panama, the Ultimate Holding Company. The Company is currently under the Corporate Debt Restructuring scheme. While the Company is in breach of the related covenants, as mentioned in note 7, the Company is currently in the process of re-negotiating the restructuring of these debts with the lenders under the Joint lender forum scheme and expects the process to result in a favourable outcome, whereby, it will be able to meet the renegotiated terms. The matter is emphasised in the independent auditor's limited review report.
- The Company has paid excess managerial remuneration to the managing director, amounting to INR 43.16 lakhs, which was recognised as an expense in the financial results for the period 01 April 2016 to 30 September 2016. The Company has filed an application for seeking approval of the Central Government as required under the relevant provisions of the Companies Act, 2013 ('Act') and rules thereunder. The Company has currently not shown such payment as recoverable from the Managing Director. The management is of the view that such an approval is likely to be obtained. The matter is emphasised in the independent auditor's limited review report.
- The Company has availed exemption under circular no. CIR/CFD/FAC/62/2016, dated 5 July 2016, issued by SEBI, for not submitting the IND AS compliant financial results for the previous year ended 31 March 2017 and the Balance Sheet as at that date.
- In view of the various clarifications issued and being issued by the Ind AS Transition Facilitation Group (ITFG) constituted by the Accounting Standards Board of the Institute of Chartered Accountants of India, it is possible that the interim financials may undergo adjustments on the finalisation of full year Ind AS financial statements as at and for the year ended 31 March 2018, due to treatments/methods suggested by ITFG on applicability of various Ind AS.
- Previous period's figures have been regrouped/recast, wherever necessary.

For and on behalf of the Board of Directors


Mitesh H. Shah
Managing Director

Mumbai
28 December 2017

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