



Steelco Gujarat Limited
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CIN No.: L27110GJ1989PLC011748

PART I
STATEMENT OF AUDITED FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED 31 MARCH 2018

Sr. No.	Particulars	(Rupees in lakhs, unless otherwise stated)				
		Quarter ended			Year ended	
		31 March 2018 (Unaudited) [Refer Note 4]	31 December 2017 (Unaudited)	31 March 2017 (Unaudited) [Refer Note 4]	31 March 2018	31 March 2017
1	Income					
	a) Revenue from operations (Refer note 3)	10,841.02	8,394.93	12,396.07	47,660.85	54,967.35
	b) Other income	190.24	44.51	294.74	260.74	375.29
	Total Income	11,031.26	8,439.44	12,690.81	47,921.59	55,342.64
2	Expenses					
	a) Cost of materials consumed	9,050.49	6,244.38	10,797.97	37,986.75	43,287.55
	b) Changes in inventories of finished goods and work-in-progress	262.45	383.90	(136.48)	2,006.75	(49.30)
	c) Excise duty on sales (Refer note 3)	-	-	318.45	844.65	1,851.69
	d) Employee benefits expense	468.24	485.42	458.60	1,825.60	1,701.73
	e) Finance costs	517.02	600.04	1,091.62	2,123.59	2,552.10
	f) Depreciation and amortisation expense	481.14	83.28	778.83	716.24	970.04
	g) Other expenses	1,277.88	1,985.30	1,930.22	7,386.99	8,765.00
	Total expenses	12,055.22	9,782.32	15,239.21	52,890.57	59,078.81
3	Loss before exceptional items (1-2)	(1,023.96)	(1,342.88)	(2,548.40)	(4,968.98)	(3,736.17)
4	Exceptional items (Refer note 15)	541.78	(833.60)	-	(291.52)	-
5	Loss before tax (3-4)	(482.18)	(2,176.48)	(2,548.40)	(5,260.80)	(3,736.17)
6	Tax expense/ (benefit)					
	a) Current Tax	-	-	-	-	-
	b) Deferred Tax	-	-	-	-	-
7	Loss after tax for the period (5-6)	(482.18)	(2,176.48)	(2,548.40)	(5,260.80)	(3,736.17)
8	Other Comprehensive Income / (Loss) (OCI):					
	a) Items that will not be reclassified to profit or loss (net of tax)	14.71	(1.48)	11.49	(19.00)	(2.68)
	b) Items that will be reclassified to profit or loss (net of tax)	-	-	-	-	-
	Total Other Comprehensive Income / (Loss) (net of tax)	14.71	(1.48)	11.49	(19.00)	(2.68)
9	Total Comprehensive Loss for the period, net of tax (7+8)	(467.47)	(2,177.96)	(2,536.91)	(5,279.80)	(3,738.85)
10	Paid-up equity share capital (Face value INR 10 each)	4,256.18	4,256.18	4,256.18	4,256.18	4,256.18
11	Other equity (excluding revaluation reserves)				(21,512.83)	(18,233.01)
12	Basic and diluted earnings per share (of INR 10 each) (not annualised) (in INR)	(1.13)	(5.11)	(5.99)	(12.36)	(8.78)
	See accompanying notes to the financial results					

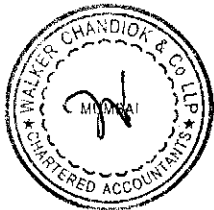


Steelco Gujarat Limited

**PART II
STATEMENT OF ASSETS AND LIABILITIES**

	Rupees in Lakhs As at 31 March 2018	Rupees in Lakhs As at 31 March 2017
I ASSETS		
1 Non-current assets		
a) Property, plant and equipment	6,198.33	5,233.22
b) Capital work-in-progress	652.66	987.86
c) Investment property	57.52	58.67
d) Intangible assets	20.70	11.52
e) Financial assets		
Loans	30.54	12.50
f) Income tax assets (net)	209.49	205.29
g) Other non current assets	627.72	1,062.58
Total non-current assets	7,796.96	7,571.65
2 Current assets		
a) Inventories	3,170.12	8,767.17
b) Financial assets		
(i) Trade receivables	9,173.07	10,654.29
(ii) Cash and cash equivalents	72.04	133.49
(iii) Other bank balances	440.20	424.47
(iv) Other financial assets	1,211.45	1,045.30
c) Other current assets	1,588.16	1,536.61
Total current assets	15,655.04	22,561.33
Assets classified as held for sale	350.00	13.02
TOTAL ASSETS	23,802.00	30,146.00
II EQUITY AND LIABILITIES		
1 Equity		
a) Share capital	4,256.18	4,256.18
b) Other equity	(21,512.81)	(16,233.01)
Total equity	(17,256.63)	(11,976.83)
2 Liabilities		
(i) Non-current liabilities		
a) Financial liabilities		
(i) Borrowings	4,653.72	4,925.43
(ii) Other long-term liabilities	3.86	5.94
b) Provisions	377.20	295.49
c) Other non-current liabilities	0.35	-
Total non-current liabilities	5,035.13	5,226.86
(ii) Current liabilities		
a) Financial liabilities		
(i) Borrowings	7,631.25	9,723.72
(ii) Trade payables	16,703.50	17,722.04
(iii) Other financial liabilities	10,640.02	7,517.98
b) Other current liabilities	950.58	1,796.46
c) Provisions	11.30	48.92
d) Current tax liabilities (net)	86.85	86.85
Total current liabilities	36,023.50	36,895.97
Total liabilities	41,058.63	42,122.83
TOTAL EQUITY AND LIABILITIES	23,802.00	30,146.00

See accompanying notes to the financial results



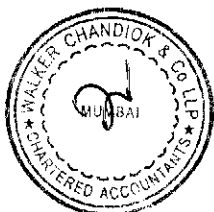
Notes :

- The above results were reviewed by the Audit Committee and then approved by the Board of Directors at their respective meetings held on 05 July 2018. The statutory auditors of the Company have carried out a review / audit of the aforesaid results.
- 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. Consequently, the financial results for the quarter and year ended 31 March 2017 have been restated as per the principles of Ind AS 34 to make them comparable.
- Excise duty on sales was included under Revenue from operations and disclosed separately under Expenses upto all reporting periods ending 30 June 2017. Post implementation of Goods and Services Tax (GST) effective 1 July 2017, revenue from operations is reported net of GST and hence to that extent is not comparable.
- The figures for the quarters ended 31 March 2018 and 31 March 2017 are balancing figures between the audited figures in respect of the full financial year and the published year to date figures up to the figures for the third quarter of the relevant financial year.
- Reconciliation of the net loss and equity as previously reported on account of transition from the previous Indian GAAP to Ind AS for the year ended 31 March 2017.

Particulars	(Rupees in lakhs)	
	Year ended 31 March 2017	
Loss after tax as per previous GAAP	(3,074.21)	
<u>Impact of restatements not identified earlier:</u>		
Impact of items of inventory being recognised at value above costs under previous Indian GAAP	(32.03)	
Restated balance as per IGAAP	(3,106.24)	
Adjustments:		
Impact of financial assets being recognised at fair value at inception, and subsequently at amortised cost	(0.05)	
Impact of long term land leases being accounted for as finance lease	0.58	
Impact of cumulative redeemable preference being classified as liabilities and accounted for at amortised cost	(414.45)	
Impact of financial liabilities being recognised initially at fair value and subsequently at amortised cost	(12.53)	
Impact of certain spare parts being classified as property, plant and equipment as per Ind AS	(195.35)	
Impact of remeasurement on post employment employee benefit plants	2.68	
Impact of prior period errors under previous GAAP, that are retrospectively restated under Ind AS	(10.81)	
Total adjustments	(629.93)	
Loss after tax as reported under Ind AS	(3,736.17)	
Other Comprehensive Income (OCI) (net of tax):		
Remeasurement of defined benefit obligations	(2.68)	
Total Comprehensive loss under IND-AS	(3,738.85)	

Particulars	As at 31	
	March 2017	April 2016
Total equity (shareholder's funds) as per previous Indian GAAP	(10,806.96)	(7,732.75)
<u>Impact of restatements not identified earlier:</u>		
Impact of reversing sale of land that was recognised under previous Indian GAAP	(1,488.84)	(1,488.84)
Impact of items of inventory being recognised at value above costs under previous Indian GAAP	(32.03)	-
Total impact of restatements	(1,520.87)	(1,488.84)
Restated balance as per IGAAP	(12,327.83)	(9,221.59)
Adjustments:		
Impact of financial assets being recognised at fair value at inception, and subsequently at amortised cost	(0.10)	(0.06)
Impact of long term land leases being accounted for as finance lease	11.93	11.36
Impact of cumulative redeemable preference being classified as liabilities and accounted for at amortised cost	(3,374.32)	(2,959.87)
Impact of financial liabilities being recognised initially at fair value and subsequently at amortised cost	152.59	24.52
Impact of certain spare parts being classified as property, plant and equipment as per Ind AS	(514.04)	(318.69)
Impact of fair valuation of investments in equity instruments	(5.00)	(5.00)
Impact of prior period errors under previous GAAP, that are retrospectively restated under Ind AS	(176.24)	(165.43)
Total adjustments	(3,905.18)	(3,413.17)
Total equity as per Ind AS	(16,233.01)	(12,634.76)

- 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 5,260.80 lakhs during the year ended 31 March 2018, and as of that date, the accumulated losses aggregating INR 22,286.96 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 20,018.48 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 of 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 inter-alia 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 disclosed under basis of disclaimer of conclusion in the independent auditor's audit report.
- The trade receivables include balances aggregating INR 9,173.07 lakhs in respect of which the Company has not made any assessment for expected credit loss, in accordance with the requirements of Ind AS 109: Financial Instruments, as the management considers such balances as good and recoverable in future. The matter is disclosed under basis of disclaimer of conclusion in the independent auditor's audit report.



- 9 The trade receivables include balances aggregating INR 6,845.46 lakhs in foreign currency, which are pending for settlement and have resulted in delays in receipt beyond the timeline stipulated by the FED Master Direction No. 18/2015-16 under the Foreign Management Act, 1999. Further, there are balances payable to the same parties and aggregating INR 4,810.96 lakhs. The Company has filed necessary applications with the appropriate authority for condonation of such delays, except for the amount aggregating INR 56.43 lakhs. The management is of the view that the possible penalties etc. which may be levied for such irregularities are likely to be condoned by the regulatory authorities. The matter is emphasized in the independent auditor's audit report.
- 10 The Company has defaulted in repayment of dues to the banks during the year ended 31 March 2018 and aggregating INR 1,358.51 lakhs, including accrued interest thereon. The total amounts overdue, including accrued interest thereon, aggregate to INR 2,503.92 lakhs, as at 31 March 2018. 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 31,921,386 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 has appointed a financial advisor for devising a suitable debt resolution plan for the Company, which will enable the Company to come out of the present stressed liquidity situation and honour the bank liabilities either by way of negotiated settlement or deep restructuring over the years. The matter is emphasized in the independent auditor's audit report.
- 11 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 year 2016-17. 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 made 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 This has been emphasised in the independent auditors audit report.
- 12 The trade payables include balances aggregating INR 4,309.43 lakhs in foreign currency, which are pending for settlement and have resulted in delays in payment beyond the timeline stipulated by the FED Master Direction No. 17/2016-17 under the Foreign Exchange Management Act, 1999. The Company has filed necessary applications with the appropriate authority for condonation of such delays. The management is of the view that the possible penalties etc. which may be levied for such irregularities are likely to be condoned by the regulatory authorities. The matter is emphasised in the independent auditor's audit report.
- 13 The Company has paid managerial remuneration of INR 31.40 lakhs and INR 151.60 lakhs during the quarter and year ended 31 March 2018, respectively, which is subject to no objection certificate to be received from certain bankers of the Company. The management is of the view that such an approval is likely to be obtained. This matter has been disclosed under basis of disclaimer of conclusion in the independent auditor's audit report.
- 14 During the year ended 31 March 2018, the Company has restated the opening reserves as at 01 April 2016, in accordance with the requirements of Ind AS 8 – 'Accounting Policies, Change in accounting estimates and errors' on account of reversing the impact of the sale of land to Color Coating Limited pertaining to prior years. The restatement adjustment resulted in a net decrease of INR 1,488.84 to the previously reported opening retained earnings as at 01 April 2016 and increased the gross block of land under property, plant and equipment as at that date. Retained earnings as at 1 April 2017 within the statement of changes in equity has been considered after adjusting the impact of such adjustments relating to prior years.

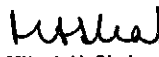
15 Exceptional items represent the following:

Particulars	(Rupees in lakhs)		
	Quarter ended 31 March 2018	Quarter ended 31 December 2017	Year ended 31 March 2018
Forfeiture of advance money on sale of land	(519.00)	-	(519.00)
Impairment of plant and machinery held for sale	(88.54)	784.39	695.85
Loss due to fire	65.76	49.21	114.97
Total (gain) / loss	(541.78)	833.60	291.82

- 16 The disclosure of statement of assets and liabilities form as per Regulation 33(3)(f) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is an integral part of these results.

Mumbai
05 July 2018

For and on behalf of the Board of Directors


Mitesh H. Shah
Managing Director

