Steelco Gujarat Limited
Registered Office : Plot No 2, G.I.D.C. Estate, National Highway No 8, Palej - 392 220
Tel No. : 91-2642-277 479 / 480 / 481 Fax No. 91-2642-277 307 Website : www.steelcogujarat.com
CIN No : L27110GJ1989PLC011748

PART I

STATEMENT OF UNAUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED 30 JUNE 2018

(Rupees in lakhs, unless otherwise stated)

Sr. No.	Particulars	Quarter ended			Year ended
		30 June, 2018 (Unaudited)	31 March, 2018 (Unaudited) [Refer Note 13]	30 June, 2017 (Unaudited)	31 March, 2018 (Audited)
1	Income				
	a) Revenue from operations (Refer note 2)				
	(i) Gross sales (Products)	3,064.28	10,719.92	12,713.54	46,716.69
	(ii) Jobwork sales	109.07	10.55	-	131.44
	(iii) Other operating income	9.13	110.55	224.23	812.72
	Total revenue from operations	**3,182.48**	**10,841.02**	**12,937.77**	**47,660.85**
	b) Other income	26.00	190.24	9.93	260.74
	Total income (a+b)	3,208.48	11,031.26	12,947.70	47,921.59
2	Expenses				
	a) Cost of materials consumed	1,659.85	9,050.49	9,922.31	37,986.75
	b) Changes in inventories of finished goods and work-in-progress	1,088.63	262.45	299.08	2,006.75
	c) Excise duty on sales (Refer note 2)	-	-	844.65	844.65
	d) Employee benefits expense	441.94	468.24	414.82	1,825.60
	e) Finance costs	643.48	517.02	488.98	2,123.59
	f) Depreciation and amortisation expense	136.26	481.14	68.79	716.24
	g) Other expenses	982.37	1,277.88	1,965.87	7,386.99
	Total expenses	**4,952.33**	**12,055.22**	**14,004.50**	**52,890.57**
3	Loss before exceptional Items (1-2)	(1,743.85)	(1,023.96)	(1,056.80)	(4,968.98)
4	Exceptional items (Refer note 12)	(92.22)	541.78	-	(291.82)
5	**Loss before tax (3-4)**	**(1,836.07)**	**(482.18)**	**(1,056.80)**	**(5,260.80)**
6	**Tax expense/ (benefit)**				
	a) Current Tax	-	-	-	-
	b) Deferred Tax	-	-	-	-
7	Loss after tax for the period (5-6)	(1,836.07)	(482.18)	(1,056.80)	(5,260.80)
8	**Other Comprehensive Income / (Loss) (OCI):**				
	a) Items that will not be reclassified to profit or loss (net of tax)	(3.51)	14.71	(0.67)	(19.00)
	b) Items that will be reclassified to profit or loss (net of tax)	-	-	-	-
	Total Other Comprehensive Income / (Loss) (net of tax)	**(3.51)**	**14.71**	**(0.67)**	**(19.00)**
9	Total Comprehensive Loss for the period, net of tax (7+8)	(1,839.58)	(467.47)	(1,057.47)	(5,279.80)
10	Paid-up equity share capital (Face value INR 10 each)	4,256.18	4,256.18	4,256.18	4,256.18
11	Other equity (excluding revaluation reserves)				(21,512.83)
12	Basic and diluted earnings per share (of INR 10 each) (not annualised) (in INR)	(4.31)	(1.13)	(2.48)	(12.36)
	See accompanying notes to the financial results				

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Notes:

1. The above results were reviewed by the Audit Committee and then approved by the Board of Directors at their respective meetings held on 17th September 2018. The statutory auditors of the Company have carried out a review of the aforesaid results for the quarter ended 30th June 2018.

2. Excise duty on sales was included under Revenue from operations and disclosed separately under Expenses for reporting period ending 30th June 2017. Post implementation of Goods and Services Tax (GST) effective 1st July 2017, revenue from operations is reported net of GST and hence to that extent is not comparable

3. The Company has only one manufacturing unit at Palej, to produce steel products i.e. cold rolled, galvanized and pre-painted steel and hence there is only one reportable operating segment as per Ind AS 108 - Operating Segment

4. The manufacturing operations of the plant, is suspended for the majority period during the quarter ended 30th June, 2018 due to shortage of Raw Material / Constrained Working Capital Funds position of the company. However, the manufacturing facilities of the company have been utilized during last fortnight of June 2018 for the out sourcing work / Job Work. The matter is disclosed under basis of disclaimer of conclusion in the Independent auditor's limited review report.

5. The Company has incurred a net loss of INR 1,836.07 Lakhs during the quarter ended 30 June 2018, and as of that date, the accumulated losses aggregating INR 24123.03 Lakhs have resulted in erosion of its net worth. Further as of 30 June 2018, the Company's current liabilities exceed its current assets by INR 20938.10 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. The appropriateness of the said basis is inter-alia further 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 as well as on financial support by the holding / ultimate holding company. The matter is disclosed under basis of disclaimer of conclusion in the Independent auditor's limited review report.

6. The Company has defaulted in repayment of dues to the banks during the quarter ended 30 June 2018 aggregating INR 506.78 Lakhs, including accrued interest thereon. The cumulative amount of arrears, including accrued interest, aggregate to INR 3010.70 Lakhs as at 30 June 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

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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 has received a notice dated 10.07.2018 from State Bank of India (SBI) (Consortium Leader), under section 13(2) of Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002, recalling all the facilities including amount sacrificed during CDR package (INR 630.00 Lakhs + interest) and demanding repayment of dues aggregating INR 11512.10 Lakhs within 60 days of the notice. The notice also states that if the Company does not pay the amount as mentioned in the notice, the Bank will exercise all or any of the rights detailed under Sub-Section (4) of Section 13 and other applicable provisions of the said Act. Such right includes, right to take possession of the secured assets etc. The Company has not provided for the demand of SBI of recalling of sacrifice made by the bank under CDR package mentioned above.

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 Company has submitted proposal on 7 September 2018, for One Time Settlement (OTS) of the entire outstanding debt exposure amounting to INR 13752 Lakhs as on 31st March 2018.

The matter is disclosed under basis of disclaimer of conclusion in the Independent auditor's limited review report.

7. The trade receivables include balances aggregating INR 8,787.35 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 limited review report.

8. The trade receivables include balances aggregating INR 6,995.99 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 under the Foreign Exchange Management Act, 1999. Further, there are balances payable to the same parties and aggregating INR 5,106.51 Lakhs. The Company has filed necessary applications with the appropriate authority for condonation of such delays, except for the amount

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aggregating INR 127.70 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. This has been emphasized in the independent auditor's limited review report.

9. The trade payables include balances aggregating INR 4,535.36 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 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. This has been emphasized in the independent auditor's limited review report.

10. The Company has paid managerial remuneration of INR 151.60 Lakhs during the year ended 31 March, 2018 and INR 32.40 Lakhs during the quarter ended 30 June, 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 under process and likely to be obtained. The matter is disclosed under basis of disclaimer of conclusion in the Independent auditor's limited review report.

11. The Company has paid excess managerial remuneration to the managing director, amounting to INR 43.16 Lakhs, which was recognized 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 there under. 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 under process and likely to be obtained. This has been emphasized in the independent auditor's limited review report.

12. Exceptional items represent the following:

Particulars	Quarter ended 30 June 2018	Quarter ended 31 March 2018	Quarter ended 30 June 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)	-	695.85
Impairment of software licence and implementation expenses	92.22	-	-	-
Loss due to fire	-	65.76	-	114.97
Total (gain) / loss	92.22	(541.78)	-	291.82

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13. The figures of the quarter ended 31 March 2018 are the balancing figures between the audited figures in respect of the full financial year and published year to date figures up to third quarter of the relevant financial year.

14. Effective April 1, 2018, the company has adopted Ind AS 115 "Revenue from contracts with customer". The application of Ind AS 115 did not have any material impact on the financial results of the company.

15. Previous period/year figures have been re-grouped/ re-classified wherever necessary.

For and on behalf of the Board of Directors

Place: Palej, Bharuch

Date: September 17, 2018

Mitesh H. Shah

Managing Director

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