

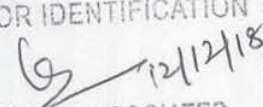


Steelco Gujarat Limited
Registered Office : Plot No.2, G.I.D.C. Estate, National Highway No.8, Palej - 392 220.
Tel No. : 91-2642-277 479 / 480 / 481 Fax No. :91-2642-277 307 Website : www.steelcogujarat.com
CIN No.: L27110GJ1989PLC011748

PART I

STATEMENT OF UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND HALF YEAR ENDED 30 SEPTEMBER 2018


| Sr. No. | Particulars | (Rupees in lakhs, unless otherwise stated) | | | | | |
|---------|--|--|-------------------|-------------------|-------------------|-------------------|--------------------|
| | | Quarter ended | | | Half year ended | | Year Ended |
| | | 30.09.2018 | 30.06.2018 | 30.09.2017 | 30.09.2018 | 30.09.2017 | 31.03.2018 |
| | | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) | (Audited) |
| 1 | Income | | | | | | |
| | a) Revenue from operations (Refer note 2) | | | | | | |
| | (i) Gross Sales (Products) | 1,303.67 | 3,064.28 | 15,159.15 | 4,367.95 | 27,872.69 | 46,716.69 |
| | (ii) Jobwork Sales | 748.59 | 109.07 | - | 857.66 | - | 131.44 |
| | (iii) Other operating income | 15.80 | 9.13 | 327.98 | 24.73 | 552.21 | 812.72 |
| | Total Revenue from operations | 2,067.86 | 3,182.48 | 15,487.13 | 5,250.34 | 28,424.90 | 47,660.85 |
| | b) Other income | 11.29 | 26.00 | 16.06 | 37.29 | 25.99 | 260.74 |
| | Total Income (a+b) | 2,079.15 | 3,208.48 | 15,503.19 | 5,287.63 | 28,450.89 | 47,921.59 |
| 2 | Expenses | | | | | | |
| | a) Cost of materials consumed | 1,218.07 | 1,659.65 | 12,769.56 | 2,877.72 | 22,691.87 | 37,986.75 |
| | b) Changes in inventories of finished goods and work-in-progress | 34.93 | 1,088.63 | 1,061.32 | 1,123.56 | 1,360.40 | 2,006.75 |
| | c) Excise duty on sales (Refer note 2) | - | - | - | - | 844.65 | 844.65 |
| | d) Employee benefits expense | 402.14 | 441.94 | 416.82 | 844.08 | 831.64 | 1,825.60 |
| | e) Finance costs | 732.88 | 643.48 | 517.55 | 1,376.36 | 1,006.53 | 2,123.59 |
| | f) Depreciation and amortisation expense | 171.07 | 136.26 | 83.03 | 307.33 | 151.82 | 716.24 |
| | g) Other expenses | 1,700.20 | 982.37 | 2,200.22 | 2,682.57 | 4,166.09 | 7,386.99 |
| | Total expenses | 4,259.29 | 4,952.33 | 17,048.50 | 9,211.62 | 31,053.00 | 52,890.57 |
| 3 | Loss before exceptional items (1-2) | (2,180.14) | (1,743.85) | (1,545.31) | (3,923.99) | (2,602.11) | (4,968.98) |
| 4 | Exceptional items (Refer note 12) | (967.41) | (92.22) | - | (1,059.63) | - | (291.82) |
| 5 | Loss before Tax (3-4) | (3,147.55) | (1,836.07) | (1,545.31) | (4,983.62) | (2,602.11) | (5,260.80) |
| 6 | Tax expense/ (benefit) | | | | | | |
| | a) Current Tax | - | - | - | - | - | - |
| | b) Deferred Tax | - | - | - | - | - | - |
| 7 | Loss after tax for the period (5-6) | (3,147.55) | (1,836.07) | (1,545.31) | (4,983.62) | (2,602.11) | (5,260.80) |
| 8 | Other Comprehensive Income/ (Loss) (OCI): | | | | | | |
| | a) Items that will not be reclassified to profit or loss (net of tax) | (12.48) | (3.51) | (31.56) | (15.99) | (32.23) | (19.00) |
| | b) Items that will be reclassified to profit or loss (net of tax) | - | - | - | - | - | - |
| | Total Other Comprehensive Income/ (Loss) (net of tax) | (12.48) | (3.51) | (31.56) | (15.99) | (32.23) | (19.00) |
| 9 | Total Comprehensive Loss for the period, net of tax (7+8) | (3,160.03) | (1,839.58) | (1,576.87) | (4,999.61) | (2,634.34) | (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 | 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) | (7.40) | (4.31) | (3.63) | (11.71) | (6.11) | (12.36) |
| | See accompanying notes to the financial results | | | | | | |

SIGNED FOR IDENTIFICATION
BY 
KEDIA & KEDIA ASSOCIATES
AHMEDABAD



| Steelco Gujarat Limited | | |
|---------------------------------------|--|----------------------------|
| PART II | | |
| STATEMENT OF ASSETS AND LIABILITIES | | |
| Particulars | (Rupees in lakhs, unless otherwise stated) | |
| | As at | As at |
| | 30 September 2018 (Unaudited) | 31 March 2018 (Audited) |
| I ASSETS | | |
| 1 Non-current assets | | |
| a) Property, plant and equipment | 6,237.21 | 6,188.33 |
| b) Capital work-in-progress | 569.14 | 652.66 |
| c) Investment property | 56.67 | 57.52 |
| d) Intangible assets | 18.54 | 20.70 |
| e) Financial assets | | |
| (i) Loan | 36.93 | 30.54 |
| (ii) Deferred tax Assets | - | - |
| f) Non-current tax assets (net) | 224.05 | 209.49 |
| g) Other non current assets | 1,688.61 | 627.72 |
| | 8,831.15 | 7,796.96 |
| 2 Current assets | | |
| a) Inventories | 1,465.98 | 3,170.12 |
| b) Financial assets | | |
| (i) Trade receivables | 9,564.27 | 9,173.07 |
| (ii) Cash and cash equivalents | 4.45 | 72.04 |
| (iii) Other bank balances | 349.02 | 440.20 |
| (iv) Other financial assets | 1,011.89 | 1,211.45 |
| c) Other current assets | 1,425.37 | 1,588.16 |
| | 13,820.98 | 16,655.04 |
| d) Assets classified as held for sale | 350.00 | 350.00 |
| TOTAL ASSETS | 23,002.13 | 23,802.00 |
| II EQUITY AND LIABILITIES | | |
| 1 Equity | | |
| a) Equity share capital | 4,256.18 | 4,256.18 |
| b) Other equity | (26,512.42) | (21,512.81) |
| Total equity | (22,256.24) | (17,256.63) |
| 2 Liabilities | | |
| 2.1 Non-current liabilities | | |
| a) Financial liabilities | | |
| (i) Borrowings | 4,458.27 | 4,653.72 |
| (ii) Others financial liabilities | 4.52 | 3.86 |
| b) Provisions | 392.60 | 377.20 |
| c) Other non-current liabilities | - | 0.35 |
| | 4,855.39 | 5,035.13 |
| 2.2 Current liabilities | | |
| a) Financial liabilities | | |
| (i) Borrowings | 11,132.08 | 7,631.25 |
| (ii) Trade payables | 17,847.80 | 16,703.50 |
| (iii) Other financial liabilities | 8,249.48 | 10,640.02 |
| b) Other current liabilities | 3,065.53 | 950.58 |
| c) Provisions | 21.44 | 11.30 |
| d) Current tax liabilities (net) | 86.65 | 86.85 |
| | 40,402.98 | 36,023.50 |
| Total Liabilities | 45,258.37 | 41,058.63 |
| TOTAL EQUITY AND LIABILITIES | 23,002.13 | 23,802.00 |

See accompanying notes to the financial results

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BY  12/12/18
KEDIA & KEDIA ASSOCIATES
AHMEDABAD

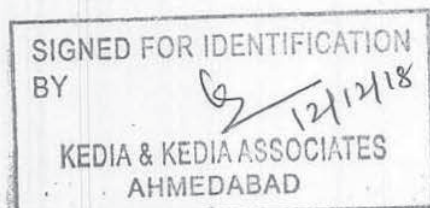


Notes:

1. The above results were reviewed by the Audit Committee and then approved by the Board of Directors at their respective adjourned meetings held on 12th December, 2018. The statutory auditors of the Company have carried out a limited review of the aforesaid unaudited results for the quarter and half year ended 30 September 2018.
2. Excise duty on sales was included under Revenue from operations and disclosed separately under Expenses for the period of three months (1 April 2017 to 30 June 2017). Post implementation of Goods and Service Tax (GST) effective 1 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 IndAS 108 - Operating Segment.
4. The manufacturing operations of the plant were adversely affected during the period of six months ended 30 September 2018 due to constrained working capital funds position of the Company. The manufacturing facilities of the Company have been utilized since mid of the month 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 4,983.62 Lakhs during the six months ended 30 September 2018, and as of that date, the accumulated losses aggregating INR 27,270.58 Lakhs have resulted in erosion of its net worth in entirety. Further, as of 30 September 2018, the Company's current liabilities exceed its current assets by INR 26,232.00 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 including interest to its bankers. Three out of four consortium member banks (State Bank of India (SBI), Federal Bank, Canara Bank) have issued notices under section 13(2) of the Securitization & Reconstruction of Financial Assets & Enforcement of Security Interest Act, 2002 (SARFAESI Act). These bankers have recalled entire facilities granted to the company including interest/ penal interest, etc. The aggregate amount outstanding to such bankers as per the books of accounts of the company (including accrued interest) is INR 12,824 Lakhs. The notices also states that if the Company does not pay the amount as mentioned in the notices, the respective 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.

As per the terms of CDR package dated 27 June 2012, the lenders have right to reverse waivers amounting to INR 1,273 Lakhs in the event of non-compliance of the terms of CDR package. Of the lenders, SBI has demanded (vide SARFAESI notice) repayment of CDR sacrifice of INR 630 Lakhs (included in INR 1,273) and additional interest thereon of INR 548 Lakhs. The Company has not provided for these liabilities in the books of account.

Further, these loans/ facilities 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 the immovable properties 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



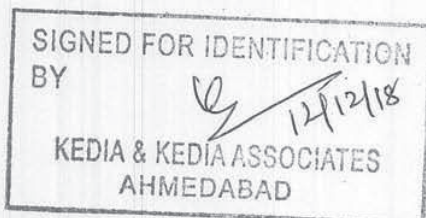
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secured by way of pledge in favour of the consortium of bankers of 31,921,366 Equity Shares held by the promoters and corporate guarantee of Spica Business Corp., Panama, the ultimate Holding Company.

The Company has submitted its replies to the notices under SARFAESIA to all three banks, and in view of the OTS proposal of the entire fund based outstanding liabilities of all the banks, the Company has requested them to keep such notice in abeyance and not to take any further action in the matter. 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. Further the consortium leader SBI, has also appointed independent auditors for forensic audit for the periods 2013-14, 2014-15 and 2015-16 as well as for determining the enterprise valuation. The Company has not yet received any report from such auditors.

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

7. The Company has paid managerial remuneration of INR 151.60 Lakhs during the year ended 31 March 2018, INR 32.15 Lakhs during the three months and INR 64.55 Lakhs for six months ended 30 September 2018, which are subject to prior approval of the bankers of the Company. The Management is of the view that such approvals are 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.
8. The trade receivables aggregating to INR 9,564.27 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.
9. The trade receivables include balances aggregating INR 8,086.97 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 5,461.90 Lakhs. The Company has filed necessary applications with the appropriate authority for condonation of such delays, except for the amount aggregating INR 140.36 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.
10. The trade payables include balances aggregating INR 13,241.72 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.
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 now identified that out of the said amount, INR 5.21 Lakhs pertains to the period prior to the Notification No. S. O. 2922 dated 12 September 2016 and the same is shown as recoverable from the managing director. Further, in view of Notification No. S.O. 4823 dated 12 September 2018, for the balance amount of INR 37.95 Lakhs, now, the Company is required to obtain approval from bankers. The Company has currently not shown such excess remuneration as recoverable from the managing director. The management is of the view that such approvals are under process and likely to be obtained. This has been emphasized in the independent auditor's limited review report.



12. The outstanding export obligation of the Company under duty free advance authorization import as on 30 September 2018 is 22,104 MT, out of which period for fulfillment of obligation for 2,504 MT has lapsed. The company has applied for extension for export obligation period (EOP) with the regulatory authorities. The estimated liability towards duty payable on imports amounting to INR 967.41 Lakhs (net of input credit receivable) is provided for and shown as exceptional items. This has been emphasized in the independent auditor's limited review report.

13. Exceptional items represent the following:

| Particulars | Quarter ended 30/09/18 | Quarter ended 30/06/18 | Quarter ended 30/09/17 | Half Year ended 30/09/18 | Half Year ended 30/09/17 | Year ended 31/03/18 |
|--|------------------------|------------------------|------------------------|--------------------------|--------------------------|---------------------|
| Forfeiture of advance money on sale of land | - | - | - | - | - | (519.00) |
| Impairment of plant and machinery held for sale | - | - | - | - | - | 695.85 |
| Impairment of software license and implementation expenses | - | 92.22 | - | 92.22 | - | - |
| Loss due to fire | - | - | - | - | - | 114.97 |
| Estimated liability towards duty payable on Imports (Net of Input Credit receivable) | 967.41 | - | - | 967.41 | - | - |
| Total (gain) / loss | 967.41 | 92.22 | - | 1059.63 | - | 291.82 |

14. Effective 1 April 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

Mitshah

Mitsh H. Shah
Managing Director

Place: Vadodara

Date: 12th December 2018

