




Steelco Gujarat Limited

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 CIN No.: L27110GJ1989PLC011748

PART I

STATEMENT OF UNAUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED 30 JUNE 2019

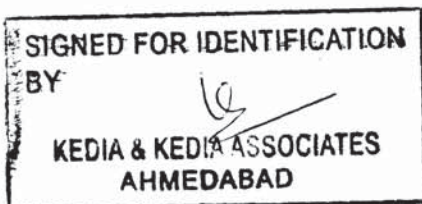
Sr. No.	Particulars	(INR in Lakhs, unless otherwise stated)			
		Quarter ended			Year ended
		30.06.2019	31.03.2019	30.06.2018	31.03.2019
		(Unaudited)	(Unaudited) [Refer note 2]	(Unaudited)	(Audited)
1	Income				
	a) Revenue from operations				
	(i) Gross sales (Products)	80.48	12.19	3,064.28	4,627.69
	(ii) Jobwork revenue	795.21	863.74	109.07	2,625.56
	(iii) Other operating income	-	(20.67)	9.13	4.06
	Total Revenue from operations	875.69	855.26	3,182.48	7,257.31
	b) Other income	33.80	23.25	26.00	144.65
	Total Income (a+b)	909.49	878.51	3,208.48	7,401.96
2	Expenses				
	a) Cost of materials consumed	92.71	142.47	1,659.65	3,706.50
	b) Changes in inventories of finished goods and work-in-progress	49.18	(38.30)	1,088.63	1,289.19
	c) Employee benefits expense	408.93	385.07	441.94	1,656.10
	d) Finance costs	627.00	473.17	643.48	2,646.01
	e) Depreciation and amortisation expense	99.60	124.51	136.26	614.44
	f) Provision for doubtful debts	-	2,038.62	-	2,038.62
	g) Other expenses	795.27	820.91	982.37	4,132.81
	Total expenses	2,072.69	3,946.45	4,952.33	16,083.67
3	Loss before exceptional items (1-2)	(1,163.20)	(3,067.94)	(1,743.85)	(8,681.71)
4	Exceptional items (Refer note 14)	-	-	(92.22)	(1,059.63)
5	Loss before Tax (3-4)	(1,163.20)	(3,067.94)	(1,836.07)	(9,741.34)
6	Tax expense/ (benefit)				
	a) Current Tax	-	-	-	-
	b) Deferred Tax	-	-	-	-
7	Loss after tax for the period (5-6)	(1,163.20)	(3,067.94)	(1,836.07)	(9,741.34)
8	Other Comprehensive Income/ (Loss) (OCI):				
	a) Items that will not be reclassified to profit or loss (net of tax)	14.82	(8.42)	(3.51)	(32.07)
	b) Items that will be reclassified to profit or loss (net of tax)	-	-	-	-
	Total Other Comprehensive Income/ (Loss) (net of tax)	14.82	(8.42)	(3.51)	(32.07)
9	Total Comprehensive Loss for the period, net of tax (7+8)	(1,148.38)	(3,076.36)	(1,839.58)	(9,773.41)
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)				(32,616.56)
12	Basic and diluted earnings per share (of INR 10 each) (not annualised) (in INR)	(2.73)	(7.21)	(4.31)	(22.89)
	See accompanying notes to the financial results				

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KEDIA & KEDIA ASSOCIATES
AHMEDABAD



Notes to Statement of Unaudited Financial Results For The Quarter Ended 30 June 2019:

1. The above results were reviewed by the Audit Committee and then approved by the Board of Directors at their respective meetings held on 12 August 2019.
2. The figures for the quarters ended 31 March 2019 are balancing figures between the audited figures in respect of the full financial year and the published year to date figures up to the third quarter of the relevant financial year.
3. The Company has identified manufacture of steel products (including on jobwork basis) as its sole business segment.
4. The manufacturing operations of the plant continued to be adversely affected during the quarter ended 30 June 2019 due to constrained working capital funds position of the Company. During the current quarter, the business operations mainly comprised of manufacturing on the jobwork basis as against own manufacturing and sale of manufactured goods.
5. The Company has incurred a net loss of INR 1,163.20 Lakhs during the quarter ended 30 June 2019, and the accumulated losses aggregating INR 34,539.09 Lakhs have resulted in erosion of its net worth in entirety. Further, as of 30 June 2019, the Company's current liabilities exceed its current assets by INR 31,107.67 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 acceptance of the company's OTS proposal pending with the bankers, 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. (a) The aggregate amount outstanding to all consortium member banks as per the books of accounts of the company (including accrued interest) is INR 15,225.30 Lakhs. The Company has defaulted in repayment of dues including interest to all of its consortium member banks, who have issued notices under section 13(2) of the Securitization & Reconstruction of Financial Assets & Enforcement of Security Interest Act, 2002 (SARFAESIA). These bankers have classified the accounts as NPAs and recalled entire facilities granted to the company including interest/ penal interest, etc. Virtually the entire properties/assets of the companies and the promoters holding are charged / pledged to the bankers for the due repayment of the bankers' dues. Non-compliance of the notice may entitle bankers to take possession of the secured assets, etc. The Company has responded to the notices under SARFAESIA and has submitted OTS proposal of the entire outstanding liabilities of all the banks and has requested them to keep such notice in abeyance and not to take any further action in the matter. SBI, the lead bank, on 31 December 2018 has issued a letter to the company to deposit 5% Initial deposit of OTS offer in No Lien Account of SBI SAM Branch Ahmedabad, so that all lenders bank can send their proposal to competent authority for the consideration of OTS proposal. The initial deposit has been remitted by Spica Business Corp., Panama (the ultimate holding company). The company is awaiting response from the consortium of banks.



(b) CDR package dated 27 June 2012 stipulates that 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. SBI, one of the lenders, has demanded (vide SARFAESIA notice) repayment of CDR sacrifice of INR 630 Lakhs (included in INR 1,273 Lakhs) and additional interest thereon of INR 548 Lakhs. As the company is negotiating the OTS proposal, the Company has not provided for these liabilities in the books of account.

(c) 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.

(d) Due to defaults in repayment of dues to the bankers, restrictions are placed on the operations in current accounts such that specific approval of State Bank of India (Consortium leader) is required for each individual payment to be made from the current accounts.

(e) Except in case of Canara Bank, the company has not provided for the penal interest on outstanding due of the bankers, the amount of which is not ascertained.

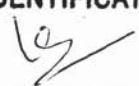
The above matters are disclosed under basis of disclaimer of conclusion in the independent auditor's limited review report.

7. The trade receivables of INR 6,558.08 lakhs, which have significant increase in credit risk, 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 Company has not ascertained the impairment loss in respect of non moving / slow moving items included in stock of INR 976.69 Lakhs of stores and spares and stock of INR 414.77 Lakhs of capital spares in accordance with the requirements of 'Ind AS 36: Impairment of assets'. 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 8,237.39 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. 16/2015-16 under the Foreign Management Act, 1999. Further, there are balances payable to the same parties aggregating INR 5,204.57 lakhs. 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 emphasized in the independent auditor's limited review report.

10. The trade payables include balances aggregating INR 14,490.76 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 emphasized in the independent auditor's limited review report.

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11. The Company has paid / provided for excess remuneration to the managing director during FY: 2016-17, 2017-18 and 2018-19 without obtaining the approvals in accordance with Section 197 of the Act. The detail is given below.

Financial Year	Managerial Remuneration Paid /Provided in the books (INR in Lakhs)	As per limit prescribed u/s 197 of the Act (INR in Lakhs)	Excess Remuneration (INR in Lakhs)	Remarks
2016-17	127.16	84.00	43.16	Reversed in accordance with Ind AS 8 retrospectively
2017-18	151.59	60.00	91.59	Reversed in accordance with Ind AS 8 retrospectively
2018-19	102.86	60.00	42.86	Reversed to Statement of Profit & Loss
TOTAL			177.61	

The excess remuneration reversed is shown as recoverable from the Managing Director. This has been emphasized in the independent auditor's audit report.

12. Confirmation letters have not been obtained from all the parties in respect of Trade Receivable, Other Non Current Assets and Other Current Assets. Accordingly, the balances of the accounts are subject to confirmation, reconciliation and consequent adjustments, if any.

13. Confirmation letters have not been obtained from all the parties in respect of Trade Payable. Accordingly, the balances of the accounts are subject to confirmation, reconciliation and consequent adjustments, if any.

14. Exceptional items represent the following:

Particulars	Quarter Ended			Year Ended
	30/06/19	31/03/19	30/06/18	31/03/19
Impairment of software license and implementation expenses	-	-	92.22	92.22
Probable estimated liability (net of input tax credit receivable) towards import duty - Refer note 13	-	-	-	967.41
Total (gain)/ loss	-	-	92.22	1059.63

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

For and on behalf of the Board of Directorsof
Steelco Gujarat Limited

Mitesh H. Shah

Mitesh H. Shah
Managing Director



Place: Palej

Date: 12 August 2019

