

**STEELCO  
GUJARAT  
LIMITED**

Regd. Office & Works: Plot No. 2, G.I.D.C. Estate, Palej, Dist. Bharuch - 392 220, Gujarat, India.  
Phone: (02642) 277479, 277480, 277481, 277317, 277326, 277332, Fax: (02642)277307.  
Visit us on: [www.steelcogujarat.com](http://www.steelcogujarat.com) E-mail: [sgl@steelcogujarat.com](mailto:sgl@steelcogujarat.com) CIN: L27110GJ1989PLC011748

**SGL/PLJ/CS/2019-20/69B**

**August 12, 2019**

To,  
**BSE Limited**  
Listing Compliance,  
Corporate Relationship Department,  
25<sup>th</sup> Floor, P J Tower, Dalal Street,  
Mumbai - 400 001.

Through: BSE Listing Centre

**Sub: Submission of Financial Results for the quarter ended 30<sup>th</sup> June, 2019.**

**Ref: Scrip No. 500399 & Scrip- Steelco**

Dear Sir,

With reference to the above and pursuant to Regulation 33 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and other SEBI circulars as may be applicable, we would like to inform you that the Board of Directors at their meeting held on 12<sup>th</sup> August, 2019 have:

- Considered and approved standalone Unaudited Financial Results with Limited Review Report for the quarter ended 30<sup>th</sup> June, 2019 (copy attached).

We would like to add that this outcome along with necessary attachment is being sent to you by uploading through BSE listing Centre as well as through E-mail @ [corp.relations@bseindia.com](mailto:corp.relations@bseindia.com).

We would request to kindly take the same on record and acknowledge the receipt.

Thanking you,

Yours Faithfully,  
For Steelco Gujarat Limited

*Amal S. Thakkar*  
**AMAL S. THAKKAR**  
Company Secretary &  
Compliance Officer



**Corporate Office:**

4<sup>th</sup> Floor, Marble Arch, Race Course Circle, Vadodara - 390 007, Gujarat. Phone: 0265-2333484, Fax: 2333483



**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 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)
<b>1</b>	<b>Income</b>				
	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
	<b>Total Revenue from operations</b>	<b>875.69</b>	<b>855.26</b>	<b>3,182.48</b>	<b>7,257.31</b>
	b) Other income	33.80	23.25	26.00	144.65
	<b>Total Income (a+b)</b>	<b>909.49</b>	<b>878.51</b>	<b>3,208.48</b>	<b>7,401.96</b>
<b>2</b>	<b>Expenses</b>				
	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
	<b>Total expenses</b>	<b>2,072.69</b>	<b>3,946.45</b>	<b>4,952.33</b>	<b>16,083.67</b>
<b>3</b>	<b>Loss before exceptional items (1-2)</b>	<b>(1,163.20)</b>	<b>(3,067.94)</b>	<b>(1,743.85)</b>	<b>(8,681.71)</b>
<b>4</b>	<b>Exceptional items (Refer note 14)</b>	-	-	(92.22)	(1,059.63)
<b>5</b>	<b>Loss before Tax (3-4)</b>	<b>(1,163.20)</b>	<b>(3,067.94)</b>	<b>(1,836.07)</b>	<b>(9,741.34)</b>
<b>6</b>	<b>Tax expense/ (benefit)</b>				
	a) Current Tax	-	-	-	-
	b) Deferred Tax	-	-	-	-
<b>7</b>	<b>Loss after tax for the period (5-6)</b>	<b>(1,163.20)</b>	<b>(3,067.94)</b>	<b>(1,836.07)</b>	<b>(9,741.34)</b>
<b>8</b>	<b>Other Comprehensive Income/ (Loss) (OCI):</b>				
	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)	-	-	-	-
	<b>Total Other Comprehensive Income/ (Loss) (net of tax)</b>	<b>14.82</b>	<b>(8.42)</b>	<b>(3.51)</b>	<b>(32.07)</b>
<b>9</b>	<b>Total Comprehensive Loss for the period, net of tax (7+8)</b>	<b>(1,148.38)</b>	<b>(3,076.36)</b>	<b>(1,839.58)</b>	<b>(9,773.41)</b>
<b>10</b>	<b>Paid-up equity share capital (Face value INR 10 each)</b>	4,256.18	4,256.18	4,256.18	4,256.18
<b>11</b>	<b>Other Equity (excluding revaluation reserves)</b>				(32,616.56)
<b>12</b>	<b>Basic and diluted earnings per share (of INR 10 each) (not annualised) (in INR)</b>	(2.73)	(7.21)	(4.31)	(22.89)
	See accompanying notes to the financial results				

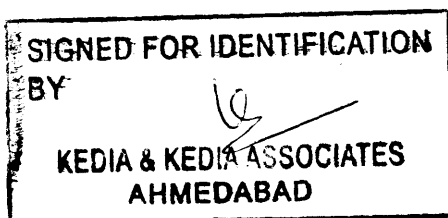
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BY**

**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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BY**

**KEDIA & KEDIA ASSOCIATES  
AHMEDABAD**



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.

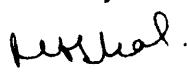
13. Confirmation letters have not been obtained from all the parties in respect of Trade Payable. Accordingly, the balances of the accounts are subject to confirmation, reconciliation and consequent adjustments, if any.

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 Directors of  
Steelco Gujarat Limited

  
Mitesh H. Shah  
Managing Director



Place: Palej  
Date: 12 August 2019

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BY   
KEDIA & KEDIA ASSOCIATES  
AHMEDABAD



Pramod Kedia Bcom LLB FCA ACS  
Subodh Kedia Bcom LLB FCA AICWA DISA(ICAI)  
CISA(ISACA, usa) CIPFA (Affil, uk)

**Independent Auditors' Limited Review Report on Quarterly Unaudited Financial Results of Steelco Gujarat Limited pursuant to Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015**

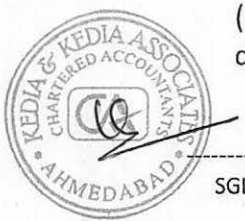
To  
The Board of Directors  
Steelco Gujarat Limited

**Disclaimer of Conclusion**

1. We were engaged to review the unaudited financial results of Steelco Gujarat Limited ['the Company'], for the quarter ended 30 June 2019, being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015, read with SEBI Circular No. CIR/CFD/FAC/62/2016 dated 5 July 2016.
2. We do not express our conclusion on these financial results. Because of the significance of the matters described in the Basis for Disclaimer of Conclusion paragraph, we have not been able to obtain sufficient appropriate evidence to provide a basis for our conclusion, as to whether anything has come to our attention that causes us to believe that the accompanying financial results, prepared in accordance with applicable Indian Accounting Standards specified under section 133 of the Companies Act, 2013 and SEBI Circulars No. CIR/CFD/FAC/62/2016 dated 5 July 2016, and other recognized accounting practices and policies, has not disclosed in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulation 2015, including the manner in which it is to be disclosed, or that it contains any material misstatement.

**Basis for Disclaimer of Conclusion**

3. As stated in Note 5 to the financial results, which indicates that 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.
4. (i) As stated in Note 6(a) to the financial results, which indicates that 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.  
(ii) As stated in Note 6(b) to the financial results, which indicates that the 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 fresh OTS proposal, the Company has not provided for these liabilities in the books of account.

(iii) As stated in Note 6(c) to the financial results, which indicates that 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.

(iv) As stated in Note 6(d) to the financial results, which indicates that 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.

(v) As stated in Note 6(e) to the financial results, which indicates that 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 conditions described in paragraph 3 and 4 above, create multiple material uncertainties that lead to a significant doubt on the Company's ability to continue as a going concern. In the absence of necessary and adequate evidence with respect to Company's assessment of going concern, we are unable to comment on the ability of the Company to continue as a going concern.

5. As stated in Note 7 to the financial results, which indicates that the trade receivables of INR 6,558.08 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. In the absence of such assessment for expected credit loss by the Management and any other evidence to corroborate the Management's assessment, we are unable to comment on the recoverability of these balances and the consequent impact, if any, on the provision thereon and the loss reported in the financial results.
6. As stated in Note 8 to the financial results, which indicates that 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 IndAS 36: 'Impairment of assets'. In absence of assessment for impairment by the management, we are unable to comment on the consequent impact, if any, on the financial results.

**Emphasis of Matter:**

7. We draw attention to Note 9 and note 10 to the financial results, regarding the delays in receipt of foreign currency receivables aggregating INR 8,237.39 Lakhs and payment of foreign currency payables aggregating INR 14,490.76 Lakhs, against the export sales and import of goods and services respectively that are outstanding for a period beyond the timelines stipulated vide FED Master Direction under the Foreign Exchange Management Act, 1999. Management of the Company has represented that the Company is in process of regularizing these defaults and has filed necessary applications with the appropriate authority for condonation of delays in the receipt and payment of foreign currency receivables and payables. The Management is of the view that the possible penalties, etc., which may be levied for this contravention are likely to be condoned by the regulatory authorities.





8. We draw attention to Note 11 to the financial results, regarding excess managerial remuneration paid / provided to the managing director, amounting to INR 43.16 Lakhs, INR 91.59 Lakhs and INR 42.86 Lakhs which were/are recognized as an expense in the financial year 2016-17, 2017-18 and 2018-19 respectively, without obtaining the approvals in accordance with Section 197 of the Act. The excess managerial remuneration has been reversed and is shown as recoverable from the managing director.

Our report is not modified in respect of the above matters.

#### **Management's Responsibility**

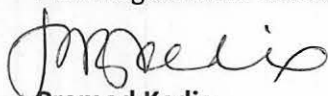
9. Preparation of these financial results in accordance with the recognition and measurement principles laid down in 'Ind AS 34: Interim Financial Reporting', specified under Section 133 of the Companies Act 2013, and SEBI Circulars CIR/CFD/CMD/15/2015 dated 30 November 2015 and CIR/CFD/FAC/62/2016 dated 5 July 2016, is the responsibility of the Company's management and has been approved by the Board of Directors.

#### **Auditor's Responsibility**

10. Our responsibility is to issue a review report on these financial results based on our review conducted in accordance with Standard on Review Engagement (SRE) 2410: 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Institute of Chartered Accountants of India. A review is limited primarily to enquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.
11. Because of the matters described in the Basis of Disclaimer of Conclusion Paragraph, we were not able to obtain sufficient appropriate evidence to provide a basis for our conclusion on these financial results.

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**For Kedia & Kedia Associates**  
Chartered Accountants  
Firm Registration No. 104954W



**Pramod Kedia**  
Partner  
M. No. 042309



UDIN: 19042309AAAAAK1292

Ahmedabad; 12 August 2019