



REGD. OFFICE & WORKS: Plot No. 2, G.I.D.C. Estate, Palej, Dist. Bharuch – 392 220, Gujarat, India.  
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Visit us on : [www.steelcogujarat.com](http://www.steelcogujarat.com) E-mail : [sgl@steelcogujarat.com](mailto:sgl@steelcogujarat.com) CIN No.: 27110GJ1989PLC011748

**SGL/PLJ/CS/2018-19/165**

**December 12, 2018**

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

**Sub: Submission of Financial Results for the quarter & half year ended 30<sup>th</sup> September, 2018.**

**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 SEBI's circular (CIR/CFD/FAC/62/2016) dated 5<sup>th</sup> July, 2016, we would like to inform you that the Board of Directors at their adjourned meeting held on 12/12/2018 have approved Unaudited Financial Results along with Limited Review by Auditors for the quarter and half year ended 30<sup>th</sup> September, 2018.

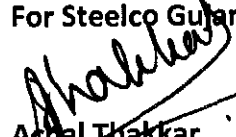
We would like to further reiterate that the Unaudited Financial Results for the subjected quarter have been approved with delay, i.e. after the prescribed timelines, due to non-finalization of the results by the Company within the prescribed time.

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

  
Achal Thakkar  
Company Secretary

**Corporate Office:**

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

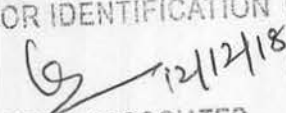


**Steelco Gujarat Limited**  
Registered Office : Plot No.2, G.I.D.C. Estate, National Highway No.8, Palej - 392 220.  
Tel No. : 91-2642-277 479 / 480 / 481 Fax No. :91-2642-277 307 Website : www.steelcogujarat.com  
CIN No.: L27110GJ1989PLC011748

**PART I**

**STATEMENT OF UNAUDITED FINANCIAL RESULTS FOR THE QUARTER 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	<b>Income</b>						
	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	15.60	9.13	327.98	24.73	552.21	812.72
	<b>Total Revenue from operations</b>	<b>2,067.86</b>	<b>3,182.48</b>	<b>15,487.13</b>	<b>5,250.34</b>	<b>28,424.90</b>	<b>47,660.85</b>
	b) Other income	11.29	26.00	16.06	37.29	25.99	260.74
	<b>Total Income (a+b)</b>	<b>2,079.15</b>	<b>3,208.48</b>	<b>15,503.19</b>	<b>5,287.63</b>	<b>28,450.89</b>	<b>47,921.59</b>
2	<b>Expenses</b>						
	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
	<b>Total expenses</b>	<b>4,259.29</b>	<b>4,952.33</b>	<b>17,048.50</b>	<b>9,211.62</b>	<b>31,053.00</b>	<b>52,890.57</b>
3	<b>Loss before exceptional items (1-2)</b>	<b>(2,180.14)</b>	<b>(1,743.85)</b>	<b>(1,545.31)</b>	<b>(3,923.99)</b>	<b>(2,602.11)</b>	<b>(4,968.98)</b>
4	<b>Exceptional items (Refer note 12)</b>	<b>(967.41)</b>	<b>(92.22)</b>	<b>-</b>	<b>(1,059.63)</b>	<b>-</b>	<b>(291.82)</b>
5	<b>Loss before Tax (3-4)</b>	<b>(3,147.55)</b>	<b>(1,836.07)</b>	<b>(1,545.31)</b>	<b>(4,983.62)</b>	<b>(2,602.11)</b>	<b>(5,260.80)</b>
6	<b>Tax expense/ (benefit)</b>						
	a) Current Tax	-	-	-	-	-	-
	b) Deferred Tax	-	-	-	-	-	-
7	<b>Loss after tax for the period (5-6)</b>	<b>(3,147.55)</b>	<b>(1,836.07)</b>	<b>(1,545.31)</b>	<b>(4,983.62)</b>	<b>(2,602.11)</b>	<b>(5,260.80)</b>
8	<b>Other Comprehensive Income/ (Loss) (OCI):</b>						
	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)	-	-	-	-	-	-
	<b>Total Other Comprehensive Income/ (Loss) (net of tax)</b>	<b>(12.48)</b>	<b>(3.51)</b>	<b>(31.56)</b>	<b>(15.99)</b>	<b>(32.23)</b>	<b>(19.00)</b>
9	<b>Total Comprehensive Loss for the period, net of tax (7+8)</b>	<b>(3,160.03)</b>	<b>(1,839.58)</b>	<b>(1,576.87)</b>	<b>(4,999.61)</b>	<b>(2,634.34)</b>	<b>(5,279.80)</b>
10	<b>Paid-up equity share capital (Face value INR 10 each)</b>	<b>4,256.18</b>	<b>4,256.18</b>	<b>4,256.18</b>	<b>4,256.18</b>	<b>4,256.18</b>	<b>4,256.18</b>
11	<b>Other Equity (excluding revaluation reserves)</b>						<b>(21,512.83)</b>
12	<b>Basic and diluted earnings per share (of INR 10 each) (not annualised) (in INR)</b>	<b>(7.40)</b>	<b>(4.31)</b>	<b>(3.63)</b>	<b>(11.71)</b>	<b>(6.11)</b>	<b>(12.36)</b>
	See accompanying notes to the financial results						

SIGNED FOR IDENTIFICATION  
BY  12/12/18  
**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)
<b>I ASSETS</b>		
<b>1 Non-current assets</b>		
a) Property, plant and equipment	6,237.21	6,198.33
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
	<b>8,831.15</b>	<b>7,796.96</b>
<b>2 Current assets</b>		
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
	<b>13,820.98</b>	<b>16,655.04</b>
d) Assets classified as held for sale	350.00	350.00
<b>TOTAL ASSETS</b>	<b>23,002.13</b>	<b>23,802.00</b>
<b>II EQUITY AND LIABILITIES</b>		
<b>1 Equity</b>		
a) Equity share capital	4,256.18	4,256.18
b) Other equity	(26,512.42)	(21,512.81)
<b>Total equity</b>	<b>(22,256.24)</b>	<b>(17,256.63)</b>
<b>2 Liabilities</b>		
<b>2.1 Non-current liabilities</b>		
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
	<b>4,855.39</b>	<b>5,035.13</b>
<b>2.2 Current liabilities</b>		
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
	<b>40,402.98</b>	<b>36,023.50</b>
<b>Total Liabilities</b>	<b>45,258.37</b>	<b>41,058.63</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>23,002.13</b>	<b>23,802.00</b>

See accompanying notes to the financial results

SIGNED FOR IDENTIFICATION  
BY

KEDIA & KEDIA ASSOCIATES  
AHMEDABAD

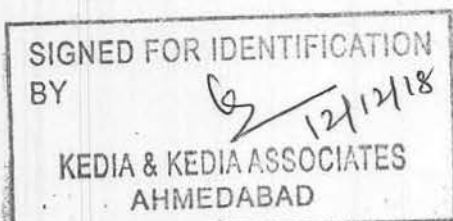


**Notes:**

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 12<sup>th</sup> 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 (SARFAESIA). 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 SARFAESIA 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



*[Handwritten initials]*



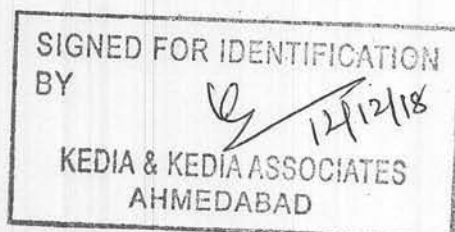
secured by way of pledge in favour of the consortium of bankers of 31,921,366 Equity Shares held by the promoters and corporate guarantee of Spica Business Corp., Panama, the ultimate Holding Company.

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.

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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	-	-
<b>Total (gain) / loss</b>	<b>967.41</b>	<b>92.22</b>	<b>-</b>	<b>1059.63</b>	<b>-</b>	<b>291.82</b>

14. Effective 1<sup>st</sup> 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.

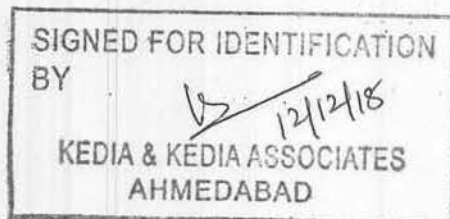
For and on behalf of the Board of Directors

*Mitesh H. Shah*

Mitesh H. Shah  
Managing Director

Place: Vadodara

Date: 12<sup>th</sup> December 2018





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

**Independent Auditors' Limited Review Report on Unaudited Quarterly Financial Results and Year to Date 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

1. We have reviewed the accompanying statement of unaudited financial results ['the Statement'] of Steelco Gujarat Limited ['the Company'], for the quarter ended 30 September 2018 and year to date results for the period 1 April 2018 to 30 September 2018, attached herewith, 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. The preparation of the Statement in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, Interim Financial Reporting [Ind AS 34] specified under section 133 of the Companies Act, 2013, read with Rule 3 of Companies (Indian Accounting Standards) Rules, 2015 and SEBI Circular No. 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 of the Company. Our responsibility is to express conclusion on the Statement based on our review.
3. We conducted our review in accordance with Standards 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. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquire of company personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and accordingly, do not express an audit opinion.
4. Because of the matters described in the Basis for Disclaimer of the Conclusion paragraph, we were not able to obtain sufficient appropriate evidence to provide a basis for our conclusion on the Statement.
5. **Basis for Disclaimer of Conclusion**
  - a. As stated in Note 4 to the Statement, which indicates that 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.





- b. As stated in Note 5 to the Statement, which indicates that 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.
- c. (i) As stated in Note 6 to the Statement, the Company has defaulted in repayment of dues including interest to its bankers. Three out of four consortium member banks have issued notices under section 13(2) of the Securitization & Reconstruction of Financial Assets & Enforcement of Security Interest Act, 2002 (SARFAESIA). 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.
- (ii) Further, 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 SARFAESIA 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.
- (iii) 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 above conditions described in paragraph 5(a), 5(b) and 5(c) 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.

- d. As stated in Note 7 to the Statement, the Company has paid managerial remuneration of INR 151.60 Lakhs for the year ended 31 March 2018 and INR 32.15 Lakhs during the three months and INR 64.55 Lakhs for six months ended 30 September 2018 respectively, without obtaining prior approval from the bankers of the company. The Company is yet to obtain such approvals hence we are unable to comment on the possible impact, if any, on the accompanying Statement.
- e. As stated in Note 8 to the Statement, the Company's trade receivables aggregating INR 9,564.27 Lakhs, in respect of which the Company has not made assessment for expected credit loss, in accordance with the requirements of Ind AS 109 'Financial Instruments', as the Management believes that they are good and recoverable in the future, which is not in accordance with the principles of recognition and





measurement of Ind AS 109. 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 for the three months and six months ended 30 September 2018.

#### 6. Disclaimer of Conclusion

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 Statement, 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. Accordingly, we do not express our conclusion on the Statement.

#### 7. Emphasis of Matter:

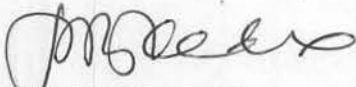
We draw attention to:

- a. Note 9 and note 10 to the Statement, regarding the delays in receipt of foreign currency receivables aggregating INR 8,086.97 Lakhs and payment of foreign currency payables aggregating INR 13,241.72 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.
- b. Note 11 to the Statement, regarding 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. Out of the said amount, the company has now identified INR 5.41 Lakhs and shown the same as recoverable from the managing director. It is represented that, for the balance amount of INR 37.75 Lakhs, not shown as recoverable from the managing director, the Company is required to obtain approval from bankers, which is yet to be obtained.
- c. Note 12 to the Statement, regarding the outstanding export obligation of the Company under duty free advance authorization import as on 30 September 2018, the estimated liability towards duty payable on imports made under free advance authorization amounting to INR 967.41 Lakhs (net of input credit receivable) is provided for as exceptional item.

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



8. The audited financial results for the year ended 31 March 2018, included in the Statement were audited by erstwhile statutory auditors Walker Chandiok & Co. LLP who expressed modified conclusion vide their report dated 5 July 2018. The comparative unaudited financial results for the quarter and half year ended 30 September 2017, included in the Statement were reviewed by erstwhile statutory auditors .Walker Chandiok & Co. LLP, who expressed a modified conclusion vide their report dated 28 December 2017. Above reports have been furnished to us and have been relied upon by us for the purpose of our report.



**PRAMOD KEDIA**

(M. No.: 042309), Partner  
for and on behalf of

**KEDIA & KEDIA ASSOCIATES**

Chartered Accountants

FRN: 104954W



AHMEDABAD; December 12, 2018