STEELCO GUJARAT LIMITED
We do Great Things together.

REGD. OFFICE & WORKS: Plot No. 2, G.I.D.C. Estate, Palej, Dist. Bharuch – 392 220, Gujarat, India.
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SGL/PLJ/CS/2017-18/118
March 30, 2018

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

Through: BSE Listing Center & e-mail- corp.relations@bseindia.com

Sub: **Submission of Financial Results for the quarter ended 31st December, 2017.**

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 5th July, 2016, we would like to inform you that the Board of Directors at their adjourned meeting held on 30/03/2018 have:

1) Considered and approved standalone Unaudited Financial Results along with Limited Review by Auditors for the quarter ended 31st December, 2017.

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.

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

Thanking you.

Yours Faithfully
For Steelco Gujarat Limited

Amal Thakkar
Company Secretary

STEELCO GUJARAT LIMITED PALEJ

Corporate Office:
4th 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

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STATEMENT OF UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED 31 DECEMBER 2017

Sr. No.	Particulars	(Rupees in lakhs, unless otherwise stated)				
		Quarter ended			Nine months ended	
		31.12.2017	30.09.2017	31.12.2016	31.12.2017	31.12.2016
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
1	**Income**					
	a) Revenue from operations (Refer note 3)	8,394.93	15,487.13	14,311.82	36,819.83	42,571.28
	b) Other income	44.51	16.06	42.79	70.50	80.55
	Total Income	**8,439.44**	**15,503.19**	**14,354.61**	**36,890.33**	**42,651.83**
2	**Expenses**					
	a) Cost of materials consumed	6,244.38	12,769.56	11,124.19	28,936.25	32,489.57
	b) Changes in inventories of finished goods and work-in-progress	383.90	1,061.32	(172.17)	1,744.30	87.18
	c) Excise duty on sales (Refer note 3)	-	-	483.33	844.65	1,533.24
	d) Employee benefits expense	485.42	437.97	398.09	1,359.36	1,243.13
	e) Finance costs	600.04	517.55	339.26	1,606.57	1,460.48
	f) Depreciation and amortisation expense	83.28	83.03	63.96	235.10	191.21
	g) Other expenses	1,985.30	2,179.07	2,381.58	6,109.09	6,834.78
	Total expenses	**9,782.32**	**17,048.50**	**14,618.24**	**40,835.32**	**43,839.59**
3	**Loss before exceptional items (1-2)**	**(1,342.88)**	**(1,545.31)**	**(263.63)**	**(3,944.99)**	**(1,187.76)**
4	Exceptional items (Refer note 7 and note 15)	833.60	-	-	833.60	-
5	**Loss before tax (3-4)**	**(2,176.48)**	**(1,545.31)**	**(263.63)**	**(4,778.59)**	**(1,187.76)**
6	**Tax expense/ (benefit)**					
	a) Current Tax	-	-	-	-	-
	b) Deferred Tax	-	-	-	-	-
7	**Loss after tax (5-6)**	**(2,176.48)**	**(1,545.31)**	**(263.63)**	**(4,778.59)**	**(1,187.76)**
8	**Other Comprehensive Income (OCI):**					
	a) Items that will not be reclassified to profit or loss (net of tax)	(1.48)	(31.56)	(4.72)	(33.71)	(14.17)
	b) Items that will be reclassified to profit or loss (net of tax)	-	-	-	-	-
	Total Other Comprehensive Income (net of tax)	**(1.48)**	**(31.56)**	**(4.72)**	**(33.71)**	**(14.17)**
9	**Total Comprehensive Income (7+8)**	**(2,177.96)**	**(1,576.87)**	**(268.35)**	**(4,812.30)**	**(1,201.93)**
10	**Paid-up equity share capital (Face value INR 10 each per share)**	4,256.18	4,256.18	4,256.18	4,256.18	4,256.18
11	**Basic and diluted earnings per share (of INR 10) (not annualised) (in INR)**	(5.11)	(3.63)	(0.62)	(11.23)	(2.79)
	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 30 March 2018. The statutory auditors of the Company have carried out limited review of these Unaudited Financial Results.

2 The Company adopted Indian Accounting Standard ("Ind AS") from 1 April 2017 and accordingly these financial results have been prepared in accordance with the recognition and measurement principles laid down in the Ind AS 34 "Interim Financial Reporting" prescribed under Section 133 of the Companies Act, 2013 read with the relevant rules issued thereunder and the other accounting principles generally accepted in India. Consequently, the financial results for the quarter and nine months ended 31 December 2016 have been restated as per the principles of Ind AS 34 to make them comparable.

3 Excise duty on sales was included under Revenue from operations and disclosed separately under Expenses upto all reporting periods ending 30 June 2017. Post implementation of Goods and Services Tax (GST) from quarter ended 30 September 2017, revenue from operations is reported net of GST and hence to that extent is not comparable.

4 Reconciliation of the Net loss as previously reported on account of transition from the previous Indian GAAP to Ind AS for the quarter and nine months ended 31 December 2016.

(INR in lakhs)

Particulars	Quarter ended 31.12.2016 (Unaudited)	Nine months ended 31.12.2016 (Unaudited)
Net loss as per previous GAAP	**(157.84)**	**(870.16)**
Add: Adjustments in statement of profit and loss		
Actuarial loss on employee defined benefit plan recognised in OCI	4.72	14.17
Other adjustments	(110.51)	(331.77)
Net loss before OCI as per Ind AS	**(263.63)**	**(1,187.76)**
Less: Adjustments in OCI		
Actuarial loss on defined benefit plan transferred from statement of profit and loss	(4.72)	(14.17)
Total Comprehensive Income as per Ind AS	**(268.35)**	**(1,201.93)**

5 The Company has only one manufacturing unit at Palej, to produce steel products i.e cold rolled and galvanised steel and hence there is only a single business segment.

6 The Company has incurred a net loss of INR 4,778.59 lakhs during the nine-month period ended 31 December 2017, and as of that date, the accumulated losses aggregating INR 19,687.60 lakhs have resulted in erosion of its net worth. Further, as of that date, the Company's current liabilities exceeded its current assets by INR 11,707.97 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 by purchase of new machinery and achieving higher output and efficiencies. The Company is in the process of further negotiating the restructuring of its debts and has submitted debt resolution proposal to the bankers. The Ultimate Holding Company has committed to provide necessary support, including financial support, for smooth operations of the Company and the management has committed to effective utilization of the same. The appropriateness of the basis of going concern basis is interalia 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.The matter is disclosed under basis of disclaimer of conclusion in the independent auditor's limited review report.

7 The Company has imported certain machinery amounting to INR 1,045.85 lakhs which has not been cleared from the sea-port, despite having received notices from the competent authorities. The management has estimated demurrage and detention charges of INR 548.11 lakhs to be paid towards the non-clearance of the machinery till 31 December 2017 and which has been provided in the books. Further, the management has given clearance on auction of such machinery and written off 75% of the total value of the machinery and the estimated loss of INR 784.39 lakhs, which could arise out of such auction has been classified under "exceptional items' in the results.

8 The trade receivables include balances aggregating INR 7,619.04 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 the 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 6,495.19 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 Exchange Management Act, 1999. Further, there are balance payables to same parties aggregating to the extent of INR 5,432.12 lakhs. The Company has filed necessary applications with the appropriate authority for condonation of such delays except for the amount aggregating INR 45.64 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. The matter is emphasised in the independent auditor's limited review report.

10 The Company has defaulted in repayment of dues to the banks during the three months and nine months ended 31 December 2017, aggregating INR 167.82 lakhs and INR 505.05 lakhs, respectively, including accrued interest thereon. The total amounts overdue, including accrued interest thereon, aggregate INR 2,176.79 lakhs, as at 31 December 2017. 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 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 favor 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 favor of the consortium of Bankers and corporate guarantee of Spica Business Corp., Panama, the Ultimate Holding Company. The Company is currently under the Corporate Debt Restructuring scheme. While the Company is in breach of the related covenants, as mentioned in note 6, the Company is currently in the process of re-negotiating the restructuring of these debts with the lenders under the Joint lender forum scheme and expects the process to result in a favorable outcome, whereby, it will be able to meet the renegotiated terms. The matter is emphasised in the independent auditor's limited review report.

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11 The Company has paid excess managerial remuneration to the managing director, amounting to INR 43.16 lakhs, which was recognised as an expense in the financial year 2016-17 (INR 15.12 lakhs for the nine months ended 31 December 2016). 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 thereunder. 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 likely to be obtained, this has been emphasised in the independent auditors limited review report. Further the Company has paid managerial remuneration of INR 62.99 lakhs and INR 120.19 lakhs during the quarter and nine months period ended 31 December 2017 respectively, which is subject to no objection certificate to be received from certain bankers of the Company, this matter has been disclosed under basis of disclaimer of conclusion in the independent auditor's limited review report.

12 The Company had entered into an agreement to sale in relation to a part of its leasehold industrial land with Steelco Color Coating Limited during the financial year ended 31 March 2016 for a total consideration of INR 1,500 lakhs out of which INR 518.93 lakhs was received in advance as at 31 March 2016. The balance consideration of INR 981.07 lakhs is outstanding as at 31 December 2017. The final sale deed and registration of titles in favor of the buyer was subject to clearances from regulatory and other requisite authorities mentioned in the agreement to sale. However, the lenders in the Joint Lender Meeting (JLM) held on the 15 December 2017 expressed their concern on the transaction carried out and expressed their view to consider the transaction as null and void and forfeit the advance received by the Company. The matter is disclosed under basis of disclaimer of conclusion in the independent auditor's limited review report.

13 The trade payables include balances aggregating INR 3,599.13 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 emphasised in the independent auditor's limited review report.

14 During the quarter ended 31 December 2016, the Company had not provided the bank interest in respect of certain banks, as the account of the Company had been classified as Non-Performing Assets (NPA) since the banks could not recover the interest, as a result of which loss during the quarter ended on 31 December 2016 is understated by INR 206.60 lakhs and INR 332.45 lakhs for the period ended 31 December 2016. The matter was qualified by the predecessor auditor in their limited review report.

15 There was an incident of fire which occurred on 16 December 2017 in the factory premises of the Company. The plant activities which had been discontinued were revived and resumed on 29 December 2017. The management has estimated loss of INR 49.21 lakhs till 31 December 2017 and disclosed under 'exceptional items' in the results and currently in the process of estimating further losses, if any, and lodging the claim as at date.

16 In view of the various clarifications issued and being issued by the Ind AS Transition Facilitation Group (ITFG) constituted by the Accounting Standards Board of the Institute of Chartered Accountants of India, it may be possible that the interim financials may undergo adjustments on finalisation of full year Ind AS financial statements as at and for the year ended 31 March 2018, due to treatments/methods suggested by ITFG on applicability of various Ind AS.

17 The Company has availed exemption under circular no. CIR/CFD/FAC/62/2016 dated 5 July 2016 issued by SEBI, for not submitting the Ind AS compliant Financial Results for the previous year ended 31 March 2017.

For and on behalf of the Board of Directors

Mumbai
30 March 2018

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STEELCO GUJARAT LIMITED

Mitesh H. Shah
Managing Director

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Independent Auditor's Review Report on Quarterly Financial Results and Year to Date Results of Steelco Gujarat Limited Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

To the Board of Directors of Steelco Gujarat Limited

1. We were engaged to review the accompanying statement of unaudited financial results ('Statement') of Steelco Gujarat Limited ('the Company') for the quarter ended 31 December 2017 and year to date results for the period 1 April 2017 to 31 December 2017, being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. This Statement is the responsibility of the Company's Management and has been approved by the Board of Directors.

2. Our responsibility is to issue a report on the Statement based on our review conducted in accordance with the 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. Because of the matters described in the Basis for Disclaimer of Conclusion paragraph, we were not able to obtain sufficient appropriate evidence to provide a basis for our conclusion on the Statement.

3. **Basis for Disclaimer of Conclusion**

   a. As stated in Note 6 to the Statement, which indicates that the Company has incurred a net loss of INR 4,778.59 lakhs during the nine-month period ended 31 December 2017, and as of that date, its accumulated losses aggregating INR 19,687.60 lakhs, having resulted in erosion of its net worth. Further, as of that date, the Company's current liabilities exceeded its current assets by INR 11,707.97 lakhs and the Company is under negotiations with the lenders as further discussed in paragraph 5(b) below. These conditions, along with other matters explained in Note 6, 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 of Company's assessment of going concern, we are unable to comment on the ability of the Company to continue as a going concern.

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b. As stated in Note 8 to the Statement, the Company's trade receivables include balances aggregating INR 7,619.04 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 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 were unable to comment on the recoverability of these balances and the consequential impact, if any, on the provision thereon and the loss for the quarter and nine-month period ended 31 December 2017. Further, these balances are subject to the confirmations and reconciliations. Consequently, the impact of the adjustments, if any, on the financial statements is presently not ascertainable.

c. As stated in Note 11 to the Statement, the Company has paid managerial remuneration of INR 62.99 lakhs and INR 120.19 lakhs during the quarter and nine months period ended 31 December 2017, respectively, without obtaining prior approval from the relevant lenders and we are therefore unable to comment on the possible impact, if any, on the accompanying financial results.

d. As stated in Note 12 to the Statement, the Company had entered into an agreement to sale with Steelco Colour Coating Limited, fellow subsidiary, for sale of a part of its leasehold industrial land during the financial year ended 31 March 2016. As per the terms of the agreement, the final sale deed and registration of titles in favour of the buyer were subject to approval of the lenders and Gujarat Industrial Development Corporation. However, the Company had recognized the sale of land in the financial statements for the year ended 31 March 2016, without obtaining such prior approvals. Since the lenders have not granted their approval in respect to this transaction, the same is deemed to be void. Had the Company reversed this transaction, the financial assets, and reserve and surplus would have been lower by INR 981.07 lakhs and INR 970.17 lakhs, respectively, and the carrying value of land and amortisation expense would have been higher by INR 10.9 lakhs and INR 0.26 lakhs, respectively.

4. 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 CIR/CFD/CMD/15/2015 dated 30 November 2015 and CIR/CFD/FAC/62/2016 dated 5 July 2016, and other recognised accounting practices and policies, has not disclosed the information required to be disclosed in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 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.

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5. We draw attention to:

   a. Note 9 to the Statement, regarding the delays in the receipt of receivables in foreign currency against the supply of goods and services, aggregating INR 6,495.19 lakhs, which are outstanding for a period beyond the timelines stipulated vide FED Master Direction No. 16/2015-16 under the Foreign Management Act, 1999. Against these receivables, there are amount payables in foreign currency to the same parties, aggregating INR 5,432.12 lakhs, however, there are no adequate evidences available to correlate the same with the receivables. The Management of the Company has represented that the Company is in the process of regularising these defaults and has filed necessary applications with the appropriate authority for condonation of delays in the receipt of receivables. 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 10 to the Statement, regarding defaults in repayment of dues to the banks by the Company during the three months and nine months ended 31 December 2017 and aggregating INR 167.82 lakhs and INR 505.05 lakhs, respectively, including the accrued interest. The cumulative amount of arrears, including accrued interest, aggregate to INR 2,176.79 lakhs as at 31 December 2017. The Company is currently under the Corporate Debt Restructuring Scheme. While the Company is in breach of the related covenants and as these loans are secured against its assets, the Company is currently in the process of further negotiating the restructuring of these debts with the lenders.

   c. Note 11 to the Statement, regarding excess managerial remuneration paid to the Managing Director of the Company and aggregating INR 43.16 lakhs, in excess of the limits specified under the relevant provisions of the Companies Act, 2013, which was recognised as an expense in the financial results for the period ended 31 March 2017 (INR 15.12 lakhs for the nine-month ended 31 December 2016). The Company has filed an application for seeking approval of the Central Government, as required by the relevant provisions of the Act and rules thereunder, and which is yet to be approved.

   d. Note 13 to the Statement, regarding the delays in the payment of foreign currency payables and aggregating INR 3,599.13 lakhs, against import of goods and services, which are outstanding for a period beyond the timelines stipulated vide FED Master Direction No. 17/2016-17 under the Foreign Management Act, 1999. The Management of the Company has represented that the Company is in the process of regularising these defaults and has filed necessary applications with the appropriate authority for condonation of delays in the payment of such 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.

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

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6. The Company had prepared separate financial results for the quarter ended 31 December 2016 and the year to date results for the period 1 April 2016 to 31 December 2016, in terms of the requirements of regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and in accordance with the applicable accounting standards prescribed earlier under section 133 of the Companies Act, 2013, read with rule 7 of the Companies (Accounts) Rules, 2014 and SEBI Circular CIR/CFD/CMD/15/2015 dated 30 November 2015 and CIR/CFD/FAC/62/2016 dated 5 July 2016, and other accounting principles generally accepted in India which were reviewed by the predecessor auditors, Mukesh M. Shah & Co. Chartered Accountants, who had issued a modified report dated 14 February 2017 on such financial results. These financial results have been adjusted for the differences in the accounting principles adopted by the Company on transition to Ind AS, which have been reviewed by us in respect of financial results for the quarter ended 31 December 2016 and the year to date results for the period 1 April 2016 to 31 December 2016. Our report is not modified in respect of this matter.

Walker Chandiok & Co LLP

For Walker Chandiok & Co LLP
Chartered Accountants
Firm Registration No: 001076N/N500013

WALKER CHANDIOK & Co LLP
MUMBAI
CHARTERED ACCOUNTANTS

per **Khushroo B. Panthaky**
Partner
Membership No. 42423

Place: Mumbai
Date: 30 March 2018