



SATHAVAHANA ISPAT LIMITED

CIN: L27109AP1989PLC010654
Regd. Office: 314, Sri Rama Krishna Towers, Nagarjuna Nagar, Hyderabad - 500 073
email: sathavahana@eth.net

AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED 31ST MARCH 2014

PART I

PARTICULARS	Quarter ended			(Rs. in Lakhs)	
				Current year ended	Previous year ended
	31.03.2014 (Unaudited)	31.12.2013 (Unaudited)	31.03.2013 (Unaudited)	31.03.2014 (Audited)	31.03.2013 (Audited)
1 Income from operations					
(a) Net Sales / Income from operations (net of excise duty)	17428.39	23041.20	16562.96	93806.96	75136.05
(b) Other Operating Income	0.05	0.00	0.00	0.07	0.02
Total Income from operations (net)	17428.44	23041.20	16562.96	93807.03	75136.07
2 Expenses					
a) Cost of Materials consumed	18297.91	17422.57	15617.18	67409.82	59605.14
b) Purchase of stock-in-trade	0.00	0.00	0.00	7290.27	304.91
c) Changes in inventories of finished goods, work-in-progress and stock-in-trade.	(3740.86)	1720.80	(2572.98)	5353.07	(890.40)
d) Employee benefits expense	512.22	470.20	461.27	1814.90	1442.67
e) Depreciation and amortisation expense	591.57	473.79	616.25	2317.51	2325.06
f) Foreign exchange fluctuations (other than considered as finance cost)	0.00	0.00	0.00	3563.91	776.85
g) Other expenses	1582.73	1530.65	1977.26	5561.64	5126.98
h) Total expenses	17243.57	21618.01	16098.98	93311.12	68691.21
3 Profit / (Loss) from Operations before Other Income, finance costs & Exceptional Items (1-2)	184.87	1423.19	463.98	495.91	6444.86
4 Other Income	2390.71	1722.37	2046.43	884.76	1284.54
5 Profit / (Loss) from ordinary activities before finance costs and exceptional items (3+4)	2575.58	3145.56	2510.41	1380.67	7729.40
6 Finance costs					
a) Interest and other borrowing costs	984.80	1493.06	1048.21	5040.59	4339.03
b) Net loss on foreign currency transactions and translation	114.49	649.95	1090.76	1780.64	2811.16
7 Profit / (Loss) from ordinary activities after finance costs but before Exceptional Items (5-6)	1476.29	1002.55	371.44	(5440.56)	579.21
8 Exceptional Items	0.00	0.00	0.00	0.00	0.00
9 Profit/(+) / Loss (-) from Ordinary activities before tax (7+8)	1476.29	1002.55	371.44	(5440.56)	579.21
10 Tax expense	364.28	131.70	227.37	362.11	359.27
11 Net Profit/(+) / Loss (-) from Ordinary activities after Tax (9-10)	1112.01	870.85	144.07	(5802.67)	219.94
12 Extraordinary items (net of tax expense Rs.Nil)	0.00	0.00	0.00	0.00	0.00
13 Net Profit (+) / Loss (-) for the period/ year (11-12)	1112.01	870.85	144.07	(5802.67)	219.94
14 Paid-up equity share capital (Face value of the share Rs.10/- each)	5090.00	3840.00	3840.00	5090.00	3840.00
15 Reserve excluding Revaluation Reserves as per balance sheet	--	--	--	12774.71	15327.37
16 Earnings / (Loss) Per Share before extraordinary items of Rs.10/- each (not annualised) in Rs.					
(a) Basic	2.78	2.26	0.38	(14.50)	0.59
(b) Diluted	2.18	2.26	0.38	(14.50)	0.57
17 Earnings / (Loss) Per Share after extraordinary items of Rs.10/- each (not annualised) in Rs.					
(a) Basic	2.78	2.26	0.38	(14.50)	0.59
(b) Diluted	2.18	2.26	0.38	(14.50)	0.57
Please see accompanying notes to the financial results					
PART II: Select information for the quarter / year ended 31st March 2014					
A PARTICULARS OF SHAREHOLDING:					
1 Public Shareholding:					
- Number of shares	32089910	22109910	22109910	32089910	22109910
- percentage of shareholding	63.05	57.58	57.58	63.05	57.58
2 Promoters and promoter group Shareholding:					
a) Pledged / Encumbered :					
- Number of Shares	--	--	--	--	--
- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	--	--	--	--	--
- Percentage of shares (as a % of the total share capital of the Company)	--	--	--	--	--
b) Non-encumbered:					
- Number of Shares	18810090	16290090	16290090	18810090	16290090
- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	100.00	100.00	100.00	100.00	100.00
- Percentage of shares (as a % of the total share capital of the Company)	36.95	42.42	42.42	36.95	42.42



B INVESTOR COMPLAINTS:		Quarter ended				
Particulars		31.03.2014				
Pending at the beginning of the quarter		Nil				
Received during the quarter		1				
Disposed during the quarter		1				
Remaining unresolved at the end of the quarter		Nil				
SEGMENT REPORTING:						
				(Rs. In lakhs)		
PARTICULARS		Quarter ended			Current year ended	Previous year ended
		31.03.2014	31.12.2013	31.03.2013	31.03.2014	31.03.2013
		(Unaudited)	(Unaudited)	(Unaudited)	(Audited)	(Audited)
1 Segment Revenue:						
(a) Pig Iron		8445.54	7026.16	4315.28	31938.62	18797.27
(b) Metallurgical Coke with Co-generation Power		14004.10	20926.14	16046.80	80717.75	66508.32
Total		22449.64	27952.30	20362.08	112656.37	85305.59
Less: Inter /Intra Segment Revenue		5021.20	4911.10	3799.12	18849.34	10169.52
Net Sales / Income from Operations		17428.44	23041.20	16562.96	93807.03	75136.07
2 Segment Results (Profit(+) / Loss (-) before Tax and interest:						
(a) Pig Iron		1058.82	(552.72)	(1299.80)	(2592.30)	(3573.12)
(b) Metallurgical Coke with Co-generation Power		1569.74	2761.52	2520.13	1803.54	7589.43
Total		2628.56	2208.80	1220.33	(788.76)	4016.31
Less: (i) Interest (net)		783.01	783.95	688.79	3118.16	2912.97
(ii) Other Un-allocable Expenditure (net)		369.26	422.30	160.10	1533.64	524.13
Total Profit (+) / Loss (-) before Tax		1476.29	1002.55	371.44	(5440.56)	579.21
3 Capital Employed (Segment assets - Segment liabilities)						
(a) Pig Iron		9110.03	5824.65	2445.57	9110.03	2445.57
(b) Metallurgical Coke with Co-generation Power		9900.73	6354.62	18294.13	9900.73	18294.13
(c) Unallocated		1247.67	6633.31	488.70	1247.67	488.70
Total		20258.43	18812.58	21228.40	20258.43	21228.40
STATEMENT OF ASSETS AND LIABILITIES		(Rs. In lakhs)				
Particulars		As at 31.03.2014		As at 31.03.2013		
A EQUITY AND LIABILITIES						
1 Shareholders' funds						
(a) Share capital		5090.00		3840.00		
(b) Reserves and surplus		12774.71		15327.37		
Sub-total - Shareholders funds		17864.71		19167.37		
2 Non-current liabilities						
(a) Long-term borrowings		32779.40		19150.18		
(b) Deferred tax liabilities (net)		2393.73		2061.02		
(c) Other long-term liabilities		704.42		842.99		
(d) Long-term provisions		132.50		179.30		
Sub-total - Non-current liabilities		36010.05		22233.49		
3 Current liabilities						
(a) Short-term borrowings		42761.90		33992.73		
(b) Trade payables		25772.85		21251.91		
(c) Other current liabilities		20498.54		8431.00		
(d) Short-term provisions		220.58		101.50		
Sub-total - Current liabilities		89253.87		63777.14		
TOTAL - EQUITY AND LIABILITIES		143128.63		105178.00		
B ASSETS						
1 Non-current assets						
(a) Fixed Assets		73988.20		50005.41		
(b) Non-current investments		22.15		17.72		
(c) Long-term loans and advances		3937.47		1938.55		
(d) Other non-current assets		978.21		906.64		
Sub-total - Non-current assets		78926.03		52868.32		
2 Current Assets						
(a) Inventories		19006.17		25471.81		
(b) Trade receivables		16692.16		13240.25		
(c) Cash and cash equivalents		22824.33		11149.92		
(d) Short-term loans and advances		5093.19		1986.96		
(e) other current assets		586.75		460.74		
Sub-total - Current assets		64202.60		52309.68		
TOTAL - ASSETS		143128.63		105178.00		



NOTES:

1. Company's business consists of two Reportable segments viz., Pig Iron and Metallurgical Coke with Co-generation Power.
2. The above financial results for the quarter / year ended 31st March 2014 were reviewed by the Audit Committee and approved and taken on record at the meeting of the Board of Directors held on 30th May 2014
3. The utilisation of proceeds of preferential issue made in the year 2013-14 as at 31st March 2014 is as under : in Rs. Lakhs:

1.Amount incurred on Project and other related business expenditure	35000
2.Amount in current account with bank	10000
Total amount	45000
4. The capital works on Sinter plant, Ductile Iron Pipe making plant and captive thermal Power plant are in final stages of implementation and expected to be commissioned very shortly.
5. The loss during the year was mainly due to foreign exchange losses, high interest expense and sub dued market conditions.
6. The Company has not declared any dividend for the financial year 2013-14 in view of the loss and funds commitment to the ongoing project.
7. The figures of last quarter ended 31st March 2014 are the balancing figures between audited figures in respect of the full financial year and the published year to date figures upto the third quarter ended 31st December 2013 of the current financial year.
8. The figures have been regrouped / rearranged wherever necessary so as to conform to the quarter / year ended results.



For and on behalf of Board of Directors
SATHAVAHANA ISPAT LIMITED

(Signature)
(NARESH KUMAR A)
MANAGING DIRECTOR

Place: Hyderabad,
Date :30.05.2014



P.V.R.K. Nageswara Rao & Co.,
Chartered Accountants

Independent Auditor's Report

To
The Members of SATHAVAHANA ISPAT LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **SATHAVAHANA ISPAT LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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For Sathavahana Ispat Limited



(K.V. Krishna Rao)
CFO & Company Secretary

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a. in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- b. in the case of the Statement of Profit and Loss, of the loss for the year ended on that date; and
- c. in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order"), issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c. the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d. in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards notified under the Companies Act, 1956 read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013;
 - e. on the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For P.V.R.K. NAGESWARA RAO & CO.,
Chartered Accountants
Firm's Registration Number: 002283S


N. ANKA RAO
Partner
Membership Number: 23939

HYDERABAD
30.05.2014

Annexure to Independent Auditor's Report

Referred to in Paragraph 1 under the heading of 'Report on Other Legal and Regulatory Requirements' of our report of even date

1. (a) The company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets.

(b) As explained to us, the fixed assets have been physically verified by the management according to the phased programme designed to cover all the fixed assets on rotation basis. In respect of fixed assets verified according to this programme, which is considered reasonable, no material discrepancies were noticed on such verification.

(c) The Company has not disposed off substantial part of fixed assets during the year, which affect the going concern.
2. (a) As explained to us, the stock of stores, spare parts, raw materials and finished goods of the company have been physically verified at the year end by the Management except stocks lying with outside warehouses and consignees which have been verified with reference to certificates and other relevant documents where available.

(b) The procedures of physical verification of Inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.

(c) The Company has maintained proper records of inventories and the discrepancies noticed on physical verification of stocks as compared to book records, which in our opinion were not material, have been properly dealt with in the books of account.
3. (a) The Company had granted interest free rent deposits to three parties and Share deposits to two parties listed in the register maintained under section 301 of the Companies Act, 1956. The balance as on 31.03.2014 and maximum amount involved during the year was Rs.1,13,54,000/-

(b) In our opinion the terms and conditions of rent deposits given to parties listed in the register maintained under section 301 of the Companies Act, 1956 are not prima facie prejudicial to the interests of the company.

(c) The Company is regular in receipt of principal amounts as stipulated and restipulated.

(d) The Company has taken unsecured loan from a party listed in the register maintained under section 301 of the Companies Act, 1956. The balance as on 31-03-2014 and maximum amount involved during the year was Rs.88,00,000/-.

(e) In our opinion the rate of interest and other terms and conditions of unsecured loan taken from a party listed in the register maintained under section 301 of the Companies Act, 1956 are not prima facie prejudicial to the interests of the company.

(f) The Company is regular in repaying the principal amounts as stipulated and has been regular in the payment of interest.



4. In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and for the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control systems with regard to purchase of inventory, fixed assets and for the sale of goods.
5. (a) According to the information and explanations given to us and as confirmed by the Chief Financial Officer and Company Secretary of the Company, we are of the opinion that the particulars of contracts or arrangements that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
(b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of Rs. 5,00,000/- in respect of each party have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
6. According to the information and explanations given to us, the Company has not accepted any deposits covered by the directives issued by the Reserve Bank of India and provisions of Section 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed there under where applicable. We are informed that, no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
7. In our opinion and according to the explanations given to us, the Company has an internal audit system commensurate with the size and nature of its business.
8. We have broadly reviewed the books of account maintained by the company in respect of products where, pursuant to the Rules made by the Central Government of India, the maintenance of cost records has been prescribed under clause (d) of sub-section (1) of Section 209 of the Act and are of the opinion that prima facie, the prescribed accounts and records have been maintained and are being made up. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
9. (a) According to the records of the Company and as per the information and explanations given to us, the Company is generally regular in depositing undisputed statutory dues including Investor Education and Protection Fund, Provident Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs duty, Excise duty, Cess and other material statutory dues applicable to it with appropriate authorities though there have been delays in few cases and in respect of these statutory dues, there are no outstanding dues as on 31.3.2014 which are outstanding for a period of more than six months from the date they became payable.



- (b) According to the records of the Company and as per the information and explanations given to us, there are no dues of Wealth Tax, Service Tax, Customs duty and Cess which have not been deposited on account of any dispute as on 31.03.2014 except Income Tax, Sales Tax and Excise Duty and the details of which are as given below:


Sl. No	Name of the Statute	Nature of the dues	Period to which it relates	Amount Rs.	Forum where dispute is pending
1	Central Excise Act, 1944	Excise duty	2007-2008	1,90,301	The Customs, Excise and Service Tax Appellate Tribunal, Bangalore
2.	Central Excise Act, 1944	Excise duty and penalty	February, 2007 to October, 2009	19,07,216	The Customs, Excise and Service Tax Appellate Tribunal, Bangalore
3.	Central Sales Tax Act, 1956	Sales tax	2005-06	46,59,190	Sales Tax Appellate Tribunal, Hyderabad.
4.	Income Tax Act, 1961	Interest on Dividend Distribution Tax	2009-10	13,79,100	Rectification of mistake filed with Deputy Commissioner of Income Tax, Circle 3(1), Hyderabad.

10. As per the information and explanations given to us and on an overall examination of the financial statements, the company's accumulated losses at the end of the financial year are less than fifty percent of its net worth. The company has not incurred any cash losses during the year and in the immediately preceding financial year.
11. According to the records of the Company, during the year the Company has not defaulted in repayment of dues to financial institution or bank or debenture holders.



12. As per the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities to any body during the year.
13. In our opinion, as the Company is not a chit fund or a nidhi or mutual benefit fund or society, the provisions of Clause 4 (xiii) of the Companies (Auditors' Report) Order, 2003 are not applicable to the Company for this year.
14. According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.
15. As per the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
16. According to the records of the Company the term loans raised during the year have been applied for the purposes for which they were raised.
17. According to the records and on an overall examination of the balance sheet of the company, we report that the funds raised on short term basis have not been used for long term purposes.
18. The Company has made preferential allotment of shares to a party covered in the Register maintained under section 301 of the Companies Act, 1956 during the year. In our opinion and according to the information and explanations given to us, the price at which shares have been issued is not prejudicial to the interests of the company.
19. The Company has not issued any debentures during the year, which requires the creation of security or charge.
20. During the year the Company has not made any public issues for which the management has to disclose the end use of money raised through that public issue.
21. During the course of our examination of the books and records of the company carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us we have neither come across any instances of fraud on or by the company, noticed or reported during the year, nor have we been informed of such case by the management.

For P V R K NAGESWARA RAO & CO.,
Chartered Accountants
Firm's Registration Number: 002283S


N. ANKA RAO
Partner

Membership Number: 23939

HYDERABAD
30.05.2014