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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Visit us on: www.steelcogujarat.com **E-mail:** sgl@steelcogujarat.com **CIN:** L27110GJ1989PLC011748

SGL/PLJ/CS/2019-20/60
July 19, 2019

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

Through: BSE Listing Centre

Sub: Submission of Financial Results for the quarter / year ended 31st March, 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 19/07/2019 have:

- Considered and approved standalone Audited Financial Results with Independent Auditors' Report along with Statement on Impact of Audit Qualifications (for audit report with modified opinion), for the quarter / year ended 31st March, 2019 is 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.

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

Thanking you,

Yours Faithfully,
For Steelco Gujarat Limited

STEELCO GUJARAT LIMITED PALEJ

ACHAL S. THAKKAR
Company Secretary & Compliance Officer

Corporate Office:
4th Floor, Marble Arch, Race Course Circle, Vadodara – 390 007, Gujarat. Phone: 0265-2333484, Fax: 2333483

KEDIA & KEDIA ASSOCIATES
Chartered Accountants

205, KALING, 2nd Floor, Near Mount Carmel School, B/h B. J. House, Off Ashram Road, Ahmedabad 380 009
Telephone : 2658 99 41, 4030 46 10
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Pramod Kedia Bcom LLB FCA ACS
Subodh Kedia Bcom LLB FCA AICWA DISA(ICAI) CISA(ISACA, usa) CIPFA (Affil, uk)

Independent Auditors' Report on 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

1. **Disclaimer of Conclusion**

   We were engaged to audit the financial results of Steelco Gujarat Limited ['the Company'], for the year ended 31 March 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. Attention is drawn to Note 2 to the financial results regarding the figures for the quarter ended 31 March 2019 as reported in these financial results, which are the balancing figures between audited figures in respect of the full financial year and the published year to date figures up to the end of the third quarter of the financial year. Also, the figures up to the end of the third quarter had only been reviewed and not subjected to audit.

   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.

2. **Basis for Disclaimer of Conclusion**

   a. As stated in Note 6 to the financial results, which indicates that the Company has incurred a net loss of INR 9,741.34 Lakhs during the year ended 31 March 2019, and the accumulated losses aggregating INR 33,390.70 Lakhs have resulted in erosion of its net worth in entirety. Further, as of 31 March 2019, the Company's current liabilities exceed its current assets by INR 30,404.90 Lakhs.

   b. (i) As stated in Note 7(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 14762.93 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

KEDIA & KEDIA ASSOCIATES CHARTERED ACCOUNTANTS AHMEDABAD 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. Subsequent to the balance sheet date, the initial deposit has been deposited with SBI by Spica Business Corp., Panama (the ultimate holding company).

(ii) As stated in Note 7(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 but disclosed the same as contingent liabilities.

(iii) As stated in Note 7(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 7(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 7(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 2(a) and 2(b) 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.

c. As stated in Note 8 to the financial results, which indicates that the trade receivables of INR 6,720.96 lakhs include trade receivables of INR 6,372.39 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. 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.

d. As stated in Note 9 to the financial results, which indicates that the Company has not ascertained and capitalized the borrowing costs in accordance with the requirements of 'Ind AS 23: Borrowing Costs' with respect to ERP (Oracle) System shown under capital

Kedia & Kedia Associates Chartered Accountants Ahmedabad work in progress. Since the amount required to be capitalized is not ascertained by the Management, we are unable to comment on the consequent impact, if any, on the financial results.

e. As stated in Note 10 to the financial results, which indicates that the in accordance with 'Ind AS 8: Accounting Policies, Changes In Accounting Estimates And Errors', prior period errors / omissions aggregating INR 1,330.33 lakhs (net) are corrected retrospectively by restating the comparative amounts for prior periods presented in which the error occurred or if the error occurred before the earliest period presented, by restating the opening statement of financial position. Further, in view of the material weaknesses identified in the internal financial controls over financial reporting (with reference to financial statements) as at 31st March, 2019, we are unable to comment on the possibility of material misstatement, due to errors and omissions, remaining undetected and its possible impact, if any, on the financial results.

3. **Emphasis of Matter:**

We draw attention to:

a. Note 11 and note 12 to the financial results, regarding the delays in receipt of foreign currency receivables aggregating INR 8,326.67 Lakhs and payment of foreign currency payables aggregating INR 14,695.93 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 13 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.

c. Note 14 to the financial results, regarding recognition of probable estimated liability (net of input tax credit receivable) of INR 967.41 lakhs towards import duty on materials imported under advance licence benefit scheme against which export obligation have not been fulfilled before the period stipulated under the Licence, which is shown as exceptional items.

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

4. **Other Matter:**

The audit of the financial results for the year ended 31 March 2018 was carried out and reported by predecessor statutory auditor vide their modified report dated 5 July 2018 whose audit report has been furnished to us and which has been relied upon by us for the purpose of our report.

KEDIA & ASSOCIATES CHARTERED ACCOUNTANTS AHMEDABAD

5. **Management's Responsibility for the financial results**

These financial results are based on the financial statements for the year ended 31 March 2019 prepared in accordance with the accounting principles generally accepted in India, including Indian Accounting Standards ['Ind AS'] specified under Section 133 of the Companies Act, 2013 ['the Act'] and published year to date figures up to the end of the third quarter of the financial year prepared in accordance with the recognition and measurement principles laid down in 'Ind AS 34: Interim Financial Reporting', specified under Section 133 of the Act, and SEBI Circulars CIR/CFD/CMD/15/2015 dated 30 November 2015 and CIR/CFD/FAC/62/2016 dated 5 July 2016, which are the responsibility of the Company's management and has been approved by the Board of Directors.

6. **Auditor's Responsibility for the audit of financial results**

Our responsibility is to issue a report on these financial results based on our audit conducted in accordance with Standards on Auditing generally accepted in India. However, 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.

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

Pramod Kedia
Partner
M. No. 042309

UDIN: 19042309 AAAAAG1194

Ahmedabad; 19 July 2019

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 AUDITED FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED 31 MARCH 2019

(INR in Lakhs, unless otherwise stated)

Sr. No.	Particulars	Quarter ended			Year ended	
		31.03.2019	31.12.2018	31.03.2018*	31.03.2019	31.03.2018*
		(Unaudited) [Refer note 2]	(Unaudited)	(Unaudited) [Refer note 2]	(Audited)	(Audited)
1	**Income**					
	a) Revenue from operations (Refer note 3)					
	(i) Gross sales (Products)	12.19	247.55	10,060.47	4,627.69	46,880.30
	(ii) Jobwork revenue	863.74	904.16	120.89	2,625.56	120.89
	(iii) Other operating income	(20.67)	-	309.01	4.06	309.01
	Total Revenue from operations	**855.26**	**1,151.71**	10,490.37	**7,257.31**	**47,310.20**
	b) Other income	23.25	84.11	191.11	144.65	261.61
	Total Income (a+b)	**878.51**	**1,235.82**	**10,681.48**	**7,401.96**	**47,571.81**
2	**Expenses**					
	a) Cost of materials consumed	142.47	686.31	8,476.48	3,706.50	37,412.73
	b) Changes in inventories of finished goods and work-in-progress	(38.30)	203.93	262.45	1,289.19	2,006.75
	c) Excise duty on sales (Refer note 3)	-	-	-	-	844.65
	d) Employee benefits expense	385.07	426.95	425.17	1,656.10	1,784.53
	e) Finance costs	473.17	796.48	657.88	2,646.01	2,264.45
	f) Depreciation and amortisation expense	124.51	182.60	482.68	614.44	717.78
	g) Provision for doubtful debts	2,038.62	102.72	-	2,038.62	-
	h) Other expenses	820.91	526.61	1,846.23	4,132.81	7,955.32
	Total expenses	**3,946.45**	**2,925.60**	**12,150.89**	**16,083.67**	**52,986.21**
3	**Loss before exceptional items (1-2)**	**(3,067.94)**	**(1,689.78)**	**(1,469.41)**	**(8,681.71)**	**(5,414.40)**
4	Exceptional items (Refer note 18)	-	-	541.78	(1,059.63)	(291.82)
5	**Loss before Tax (3-4)**	**(3,067.94)**	**(1,689.78)**	**(927.63)**	**(9,741.34)**	**(5,706.22)**
6	**Tax expense/ (benefit)**					
	a) Current Tax	-	-	-	-	-
	b) Deferred Tax	-	-	-	-	-
7	**Loss after tax for the period (5-6)**	**(3,067.94)**	**(1,689.78)**	**(927.63)**	**(9,741.34)**	**(5,706.22)**
8	**Other Comprehensive Income/ (Loss) (OCI):**					
	a) Items that will not be reclassified to profit or loss (net of tax)	(8.42)	(7.66)	14.71	(32.07)	(19.00)
	b) Items that will be reclassified to profit or loss (net of tax)	-	-	-	-	-
	Total Other Comprehensive Income/ (Loss) (net of tax)	(8.42)	(7.66)	14.71	(32.07)	(19.00)
9	**Total Comprehensive Loss for the period, net of tax (7+8)**	**(3,076.36)**	**(1,697.44)**	**(912.92)**	**(9,773.41)**	**(5,725.22)**
10	**Paid-up equity share capital (Face value INR 10 each)**	4,256.18	4,256.18	4,256.18	4,256.18	4,256.18
11	**Other Equity (excluding revlauation reserves)**					
12	**Basic and diluted earnings per share (of INR 10 each) (not annualised) (in INR)**	(7.21)	(3.97)	(2.18)	(22.89)	(13.41)
	See accompanying notes to the financial results					
	* Restated					

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KEDIA & KEDIA ASSOCIATES AHMEDABAD

STEELCO GUJARAT LIMITED INDIA

Steelco Gujarat Limited		
PART II		
STATEMENT OF ASSETS AND LIABILITIES		
Particulars	(INR in lakhs, unless otherwise stated)	
	As at 31 March 2019	As at 31 March 2018*
	(Audited)	(Audited)
I ASSETS		
1 Non-current assets		
a) Property, plant and equipment	5,883.99	6,225.98
b) Capital work-in-progress	171.23	623.49
c) Investment property	56.46	57.52
d) Intangible assets	16.10	20.70
e) Financial assets		
(i) Loan	45.80	31.13
(ii) Deferred tax Assests	-	-
f) Income tax assets (net)	208.15	230.06
g) Other non current assets	360.65	370.14
	6,742.38	**7,559.02**
2 Current assets		
a) Inventories	1,571.30	3,170.12
b) Financial assets		
(i) Trade receivables	6,720.96	9,143.69
(ii) Cash and cash equivalents	71.33	72.04
(iii) Other bank balances	69.81	440.20
(iv) Loan	177.61	134.76
(v) Other financial assets	37.79	664.82
c) Other current assets	286.50	1,581.47
d) Assets classified as held for sale	350.00	350.00
	9,285.30	**15,557.10**
TOTAL ASSETS	**16,027.68**	**23,116.12**
II EQUITY AND LIABILITIES		
1 Equity		
a) Equity share capital	4,256.18	4,256.18
b) Other equity	(32,616.56)	(22,843.14)
Total equity	**(28,360.38)**	**(18,586.96)**
2 Liabilities		
2.1 Non-current liabilities		
a) Financial liabilities		
(i) Borrowings	4,264.96	4,653.73
(ii) Others financial liabilities	3.60	4.41
b) Provisions	429.13	377.20
c) Other non-current liabilities	0.17	0.35
	4,697.86	**5,035.69**
2.2 Current liabilities		
a) Financial liabilities		
(i) Borrowings	8,265.13	7,631.25
(ii) Trade payables	15,458.57	16,640.70
(iii) Other financial liabilities	12,805.10	10,031.46
b) Other current liabilities	953.64	1,050.19
c) Provisions	1,332.08	351.26
d) Current tax liabilities (net)	-	86.85
e) Liabilities assigned to assets held for sale	875.68	875.68
	39,690.20	**36,667.39**
Total Liabilities	**44,388.06**	**41,703.08**
TOTAL EQUITY AND LIABILITIES	**16,027.68**	**23,116.12**

The disclosure of the statement of assets and liabilities form as per Regulation 33(3)(f) of SEBI (LODR) Regulations, 2015 is an integral part of these results.

See accompanying notes to the financial results

* Restated

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KEDIA & KEDIA ASSOCIATES
AHMEDABAD

STEELCO GUJARAT LIMITED
INDIA

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 19 July 2019.

2. The figures for the quarters ended 31 March 2019 and 31 March 2018 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. 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.

4. The Company has identified manufacture of steel products (including on jobwork basis) as its sole business segment.

5. The manufacturing operations of the plant were adversely affected during the year ended 31 March 2019 due to constrained working capital funds position of the Company. During the current year, the business operations mainly comprised of manufacturing on the jobwork basis as against own manufacturing and sale of manufactured goods.

6. The Company has incurred a net loss of INR 9,741.34 Lakhs during the year ended 31 March 2019, and the accumulated losses aggregating INR 33,390.70 Lakhs have resulted in erosion of its net worth in entirety. Further, as of 31 March 2019, the Company's current liabilities exceed its current assets by INR 30,404.90 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 audit report.

7. (a) The aggregate amount outstanding to all consortium member banks as per the books of accounts of the company (including accrued interest) is INR 14,762.93 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

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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. Subsequent to the balance sheet date, the initial deposit has been deposited with SBI by Spica Business Corp., Panama (the ultimate holding company).

(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 but disclosed the same as contingent liabilities by way of note.

(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 audit report.

8. The trade receivables of INR 6,720.96 lakhs include trade receivables of INR 6,372.39 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 audit report.

9. The Company has not ascertained and capitalized the borrowing costs in accordance with the requirements of 'Ind AS 23: Borrowing Costs' with respect to ERP (Oracle) System shown under capital work in progress. The matter is disclosed under basis of disclaimer of conclusion in the independent auditor's audit report.

10. In accordance with 'Ind AS 8: Accounting Policies, Changes In Accounting Estimates And Errors', prior period errors / omissions aggregating INR 1,330.33 lakhs (net) are corrected retrospectively by restating the comparative amounts for prior periods presented in which the error occurred or if the error occurred before the earliest period presented, by restating the opening statement of financial position. The matter is disclosed under basis of disclaimer of conclusion in the independent auditor's audit report. (Details are given at note 17).

11. The trade receivables include balances aggregating INR 8,326.67 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

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STEELCO GUJARAT LIMITED
INDIA

Management Act, 1999. Further, there are balances payable to the same parties aggregating INR 5,193.35 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 emphasiezed in the independent auditor's audit report.

12. The trade payables include balances aggregating INR 14,695.93 lakhs in foregin 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 audit report.

13. 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.

14. The company has recognised probable estimated liability (net of input tax credit receivable) of INR 967.41 lakhs towards import duty on materials imported under advance licence benefit scheme against which export obligation have not been fulfilled before the period stipulated under the Licence, which is shown as exceptional items. This has been emphasized in the independent auditor's audit report.

15. 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.

16. 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.

STEELCO GUJARAT LIMITED INDIA

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KEDIA & KEDIA ASSOCIATES AHMEDABAD

17. Prior period errors / omissions corrected retrospectively in accordance with Ind AS 8.

Particulars	(₹ lakhs)
(a) Previously reported Retained earnings as at 1 April 2017	(17,007.16)
Reversal of Income	(273.47)
Reversal of expenses / provision	63.70
Expenses / provisions relating to period before 1 April 2017	(675.14)
Restated Retained earnings as at 1 April 2017	**(17,892.07)**
(b) Previously reported Loss for FY: 2017-18	**(5260.80)**
Reversal of Income	(350.64)
Reversal of expenses / provision	192.92
Income recognised relating to FY: 2017-18	0.87
Expenses / provisions relating to FY: 2017-18	(288.57)
Restated Loss for FY: 2017-18	**(5,706.22)**

(c) Consequential effect of matters disclosed at (a) and (b) above on previously reported balance sheet items as at 31 March 2018	Debit adjustments (₹ lakhs)	Credit adjustments (₹ lakhs)
Other Equity	1,330.33	-
Property Plant & Equipment	27.63	-
Capital Work in Progress	-	(29.17)
Financial Assets – Loans	134.76	-
Income Tax Assets (Net)	20.53	-
Other Non Current Assets	-	(257.58)
Other Current Assets	-	(6.68)
Trade Receivables	-	(29.37)
Other Financial Assets – Current	-	(546.63)
Current Liabilities - Other Financial Liabilities	-	(267.10)
Current Liabilities - Provisions	-	(339.93)
Current Liabilities - Other Current Liabilities	-	(99.60)
Trade Payable	62.81	-

Note: Effect of regrouping / reclassification is not included above.

18. Exceptional items represent the following:

Particulars	Quarter Ended			Year Ended	
	31/03/19	31/12/18	31/03/18	31/03/19	31/03/18
Forfeiture of advance money on sale of land	-	-	(519.00)	-	(519.00)
Impairment of plant and machinery held for sale	-	-	(88.54)	-	695.85
Loss due to fire	-	-	65.76	-	114.97
Impairment of software license and implementation expenses	-	-	-	92.22	-
Probable estimated liability (net of input tax credit receivable) towards import duty - Refer note 14	-	-	-	967.41	-
Total (gain)/ loss	-	-	**(541.78)**	**1059.63**	**291.82**

SIGNED FOR IDENTIFICATION
BY

KEDIA & KEDIA ASSOCIATES
AHMEDABAD

STEELCO GUJARAT LIMITED
INDIA

19. Effective 1 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.

20. 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

STEELCO GUJARAT LIMITED INDIA

Place: Mumbai
Date: 19 July 2019

SIGNED FOR IDENTIFICATION
BY

KEDIA & KEDIA ASSOCIATES
AHMEDABAD

ANNEXURE I

Statement on Impact of Audit Qualifications (for audit report with modified opinion) submitted along-with Annual Audited Financial Results

Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2019

[*See* Regulation 33/ 52 of the SEBI (LODR) (Amendment) Regulations, 2016]

(INR in Lakhs)

I.	Sl. No.	Particulars	Audited Figures (as reported before adjusting for disclaimer/ qualifications)	Adjusted Figures (audited figures after adjusting for disclaimer/ qualifications)
	1.	Turnover / Total income	7,401.96	Not ascertainable (Refer II(d)/(e) below)
	2.	Total Expenditure	16,083.67	-do-
	3.	Net Profit/(Loss) after tax	(9,741.34)	-do-
	4.	Earnings/(loss) Per Share (in INR)	(22.89)	-do-
	5.	Total Assets	16,027.69	-do-
	6.	Total Liabilities	44,388.06	-do-
	7.	Net Worth	(28,360.37)	-do-
	8.	Any other financial item(s) (as felt appropriate by the management)	-	-

II. Audit Qualification (each audit qualification separately):

a. **Details of Audit Disclaimer/ Qualification:**

Auditor's disclaimer on the financial results

a. As stated in Note 6 to the financial results, which indicates that the Company has incurred a net loss of INR 9,741.34 Lakhs during the year ended 31 March 2019, and the accumulated losses aggregating INR 33,390.70 Lakhs have resulted in erosion of its net worth in entirety. Further, as of 31 March 2019, the Company's current liabilities exceed its current assets by INR 30,404.90 Lakhs.

b. (i) As stated in Note 7(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 14762.93 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. Subsequent to the balance sheet date, the initial deposit has been deposited with SBI by Spica Business Corp., Panama (the ultimate holding company).

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(ii) As stated in Note 7(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 OTS proposal, the Company has not provided for these liabilities in the books of account but disclosed the same as contingent liabilities.

(iii) As stated in Note 7(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 7(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 7(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 a and b 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.

c. As stated in Note 8 to the financial results, which indicates that the trade receivables of INR 6,720.96 lakhs include trade receivables of INR 6,372.39 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. 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.

d. As stated in Note 9 to the financial results, which indicates that the Company has not ascertained and capitalized the borrowing costs in accordance with the requirements of 'Ind AS 23: Borrowing Costs' with respect to ERP (Oracle) System shown under capital work in progress. Since the amount required to be capitalized is not ascertained by the Management, we are unable to comment on the consequent impact, if any, on the financial results.

e. As stated in Note 10 to the financial results, which indicates that the in accordance with 'Ind AS 8: Accounting Policies, Changes In Accounting Estimates And Errors', prior period errors / omissions aggregating INR 1,330.33 lakhs (net) are corrected retrospectively by restating the comparative amounts for prior periods presented in which the error occurred or if the error occurred before the earliest period presented, by restating the opening statement of financial position. Further, in view of the material weaknesses identified in the internal financial controls over financial reporting (with reference to financial statements) as at 31st March, 2019, we are unable to comment on the possibility of material misstatement, due to errors and omissions, remaining undetected and its possible impact, if any, on the financial results.

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	b.	**Type of Audit Qualification:**	
		Relating to matter stated in II(a)(a) to II(a)(f) – Disclaimer of opinion	
	c.	**Frequency of qualification:**	
		Relating to matter stated in: II(a)(a) - appeared first time II(a)(b) - since FY 2017-18 II(a)(c) - since FY 2017-18 II(a)(d) - since FY 2017-18 II(a)(e) - appeared first time II(a)(f) - appeared first time	
	d.	**For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:**	
		Relating to matter stated in II(a)(a) to II(a)(f) – not applicable	
	e.	**For Audit Qualification(s) where the impact is not quantified by the auditor:**	
		(i) **Management's estimation on the impact of audit qualification:**	Relating to matter stated in II(a)(a) to II(a)(f) – not ascertained
		(ii) **If management is unable to estimate the impact, reasons for the same:**	Relating to matter stated in II(a)(a) to II(a)(f) – Please refer respective management notes in the notes to financial results.
		(iii) **Auditors' Comments on (i) or (ii) above:**	Relating to matter stated in II(a)(a) to II(a)(f) – Included in details of auditor's report.
III.	**Signatories:**		
	Mitesh H. Shah **Managing Director** DIN: 07013137		
	Hament K. Nandawat **Chief Financial Officer**		
	Ajay Pratapray Shanghavi **Audit Committee Chairman** DIN: 00084653		
	Statutory Auditors	**For Kedia & Kedia Associates** Chartered Accountants Firm Registration No. 104954W **Pramod Kedia** Partner M. No. 042309	
	Place: Mumbai Date: 19 July 2019		