



SATHAVAHANA ISPAT LIMITED

Regd. Off. : 505, Block 1, Divyashakti Complex, Ameerpet, Hyderabad - 500 016.

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REF: SIL/SEC/2019

August 14th, 2019

To, Bombay Stock Exchange Limited, Corporate Relationship Department, P J Towers, New Trading Ring Rotunda Building, Dalal Street, <u>MUMBAI – 400 001.</u>	To, National Stock Exchange of India Limited, Listing Department, Regd. Office: “Exchange Plaza”, Bandra Kurla Complex, <u>MUMBAI -400 051.</u>
STOCK CODE: 526093	STOCK CODE: SATHAISPAT

Dear Sir,

- SUB: 1) Submission of Unaudited Financial Results For The Quarter Ended 30th June, 2019.
2). Re-appointment of SN Rao (DIN-00116021) as Independent Director for a Second Term.
3.).Approval of Notice , Directors’ Report, Report on Corporate Governance and Related Annexures of Annual Report for F.Y 2018-19.
4.) 30th Annual General Meeting of the Company to be held on 30th September 2019.

- 1.) Pursuant to Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, we are herewith filing a statement of Unaudited Financial Results of the Company for the quarter ended 30th June, 2019 as approved and taken on record by the Board of Directors of the Company at its meeting held on 14th August, 2019.

Also enclosed a copy of the “Limited Review” report dated 14th August, 2019, issued by the Statutory Auditors of the Company.

- 2.) Re-appointment of SN Rao (DIN-00116021) as Independent Director for a Second Term.
3.) The Board has approved Notice, Directors’ Report, and Report on Corporate Governance, Management Discussion & Analysis and related Annexures of Annual Report for F.Y 2018-19.
4.) The 30th Annual General Meeting of the shareholders of the Company will be held at Sri Sagi Ramakrishnam Raju Community Hall, Madhura Nagar, Hyderabad – 500 038 on Monday, the 30th September, 2019 at 3.00 P.M.

Please take the above on record.

Yours faithfully

For SATHAVAHANA ISPAT LIMITED

(A SAINATH)
COMPANY SECRETARY
ACS.57553



Encl: As above.



SATHAVAHANA ISPAT LIMITED

CIN :L27109TG1989PLC010654

Regd.Office: Flat No. 505, 5th Floor, Block-I, Divyashakthi Complex, Ameerpet,Hyderabad - 500 016

Email: sathavahana@eth.net. www.sathavahana.com

Statement of unaudited financial results for the Quarter ended June 30, 2019

(Rs. in lakhs, except as stated)

S.No	Particulars	Quarter ended			Year ended
		30.06.2019 (Unaudited)	31.03.2019 (Refer note 7)	30.06.2018 (Unaudited)	31.03.2019 (Audited)
1	INCOME:				
	Revenue from operations	9628.97	13807.34	7491.69	49853.69
	Other Income	148.20	310.78	79.00	817.87
	Total income	9777.17	14118.12	7570.69	50671.56
2	EXPENSES:				
	a) Cost of raw materials consumed	11442.34	14685.50	5877.30	44800.59
	b) Changes in inventories of finished goods, work-in- progress and stock-in-trade	(1348.39)	(1563.12)	652.62	(2404.42)
	c) Employee benefits expense	544.52	566.11	715.80	2608.03
	d) Finance costs	4560.56	4635.24	3892.44	17438.49
	e) Depreciation and amortisation expense	1118.33	1107.80	1251.01	4738.65
	f) Other expenses	582.98	868.25	669.13	3284.00
	Total expenses	16900.34	20299.78	13058.30	70465.34
3	Loss before Exceptional items and tax (1-2)	(7123.17)	(6181.66)	(5487.61)	(19793.78)
4	Exceptional items	-	2,983.98	-	2,983.98
5	Loss before tax (3-4)	(7123.17)	(9165.64)	(5487.61)	(22777.76)
6	Tax expense				
	Current tax	-	-	-	-
	Deferred tax	-	-	-	-
	Total tax expense	-	-	-	-
7	Loss for the year (5-6)	(7,123.17)	(9,165.64)	(5,487.61)	(22,777.76)
8	Other Comprehensive Income / (Expense)				
	a) (i) Items that will not be reclassified to profit or loss	21.55	(11.16)	32.46	86.21
	(ii) Income tax relating to items that will not be reclassified to profit or loss	-	-	-	-
	b) (i) Items that will be reclassified to profit or loss	-	-	-	-
	(ii) Income tax relating to items that will be reclassified to profit or loss	-	-	-	-
	Total other comprehensive income for the period	21.55	(11.16)	32.46	86.21
9	Total Comprehensive Income for the year (7+8) (Comprising Profit / (Loss) and other comprehensive Income for the year)	(7101.62)	(9176.80)	(5455.15)	(22691.55)
10	Paid Up Equity Share Capital (Ordinary shares of Rs 10/- each)	5090.00	5090.00	5090.00	5090.00
11	Other equity excluding revaluation reserve as per audited balance sheet of previous year				(42623.42)
12	Loss Per Equity Share (Not Annualised) in Rs.				
	Basic	(13.99)	(18.01)	(10.78)	(44.75)
	Diluted	(13.99)	(18.01)	(10.78)	(44.75)

SEGMENT REVENUE, RESULTS, SEGMENT ASSETS AND SEGMENT LIABILITIES

(Rs. In Lakhs)

S.No	Particulars	Quarter ended			Year ended
		30.06.2019 (Unaudited)	31.03.2019 (Refer note 7)	30.06.2018 (Unaudited)	31.03.2019 (Audited)
1	Segment Revenue				
	Ferrous Products	110.48	213.51	371.71	1216.73
	Metallurgical Coke with Co-generation Power	9548.40	13742.07	7201.91	49041.67
	Total	9658.88	13955.58	7573.62	50258.40
	Less: Inter/Intra Segment Revenue	29.91	148.24	81.93	404.71
	Sales/ Revenue from Operations	9628.97	13807.34	7491.69	49853.69
2	Segment Results				
	Ferrous Products	(1200.25)	(1396.44)	(1461.12)	(5412.22)
	Metallurgical Coke with Co-generation Power	(1510.11)	(351.13)	(189.99)	2643.17
	Total	(2710.36)	(1747.57)	(1651.11)	(2769.05)
	Less: Other un-allocable expenditure/ income (net)	(19.47)	5.30	13.43	44.95
	Total segment results before interest and tax	(2690.89)	(1752.87)	(1664.54)	(2814.00)
	Finance Costs (Net of interest income)	4432.28	4428.79	3823.07	16979.79
	Loss before exceptional item and tax	(7123.17)	(6181.66)	(5487.61)	(19793.79)
	Exceptional item	-	2983.98	-	2983.98
	Loss before tax	(7123.17)	(9165.64)	(5487.61)	(22777.76)
	Tax	-	-	-	-
	Net Profit/ (Loss) after tax	(7123.17)	(9165.64)	(5487.61)	(22777.76)
	Other Comprehensive Income (Net of Tax)	21.55	(11.16)	32.46	86.21
	Total Comprehensive Income	(7101.62)	(9176.80)	(5455.15)	(22691.55)




S.No	Particulars	Quarter ended			Year ended
		30.06.2019 (Unaudited)	31.03.2019 (Audited)	30.06.2018 (Unaudited)	31.03.2019 (Audited)
3	Segment Assets (A)				
	Ferrous Products	55946.07	56862.28	61510.64	56862.28
	Metallurgical Coke with Co-generation Power	37010.78	38646.51	41263.17	38646.51
	Total	92956.85	95508.79	102773.81	95508.79
	Segment Liabilities (B)				
	Ferrous Products	89742.44	77194.11	74398.17	77194.11
	Metallurgical Coke with Co-generation Power	48285.12	56271.78	49041.51	56271.78
	Total	138027.56	133465.89	123439.68	133465.89
	Unallocated (Net) (C)	435.68	423.68	368.83	423.68
	Total (A-B-C)	(44635.03)	(37533.42)	(20297.04)	(37533.42)

Notes :

- 1 This Statement has been reviewed by the Audit Committee and approved by the Board of Directors at its meeting held on August 14, 2019 and also been subjected to 'limited review' by the Statutory Auditors of the Company. A qualified report of the company on this statement has been issued by the auditors.
- 2 The statement has been prepared in accordance with the Companies (Indian Accounting Standards) Rules, 2015 (Ind AS) prescribed under Section 133 of the Companies Act, 2013 and other recognised accounting practices and policies to the extent applicable.
- 3 The Company's business consists of two reportable segments viz., Ferrous Products and Metallurgical coke with co-generation of Power.
- 4 As at June 30, 2019, the company had negative other equity of Rs. 49725.03 lakhs and the company incurred losses during the preceding three years. The company has delayed payment of loans and interest and loan accounts have been classified as non-performing assets by banks. Due to tight cash flows and non-availability of working capital limits the operations at ferrous division have been impacted and the plant was under shut down since 12th June 2017. The operations at Kudithini works too were impacted where Metallurgical Coke facility is running at sixty percent capacity and power generation is also partially operated. This impact is likely to continue until the restructuring of the debt is done by the financing institution and banks. Notwithstanding the above, the financial results of the company have been prepared on going concern basis as management believes that the shortage of working capital funds will be temporary and lenders will consider the request for deep restructuring of the debt and arrive at the resolution plan at the earliest. The request of the company with the secured lenders is under process. The Company views that the deep restructuring will help to restart and establish profitable operations of the company and it would be able to meet commitments and reduce debt. The auditors of the company had drawn an emphasis of matter in their limited review report for the quarter in this regard.
- 5 The company has entered into an Operation, Maintenance and Management Agreement with JINDAL SAW LIMITED (CIN : L27104UP1984PLC023979). Under the above Agreement, JINDAL SAW LIMITED has agreed to operate, maintain and manage the manufacturing facilities of SATHAVAHANA ISPAT LIMITED for a period of 3 years which may be extended for a maximum period of 10 years subject to certain conditions as provided in the Agreement. The above arrangement will be effective upon receipt of all necessary statutory and other approvals.
- 6 In response to Qualification of limited review report:
 - (a) Trade receivables as at June 30, 2019 include Rs 4435.73 lakhs due for a period of more than one year for which no provision has been made in the books of account, as the management considers these receivables as good and recoverable. The management assess the recoverability of trade receivables on regular basis and there is no uncertainty at present on recoverability of these receivables. legal cases were preferred where required to ensure recoverability. with regard to other long outstanding capital advances Rs. 223.15 Lakhs , supplier advances Rs. 457.28 lakhs and other financial assets of Rs. 321.63 lakhs, management is confident of recoverability and no provision at present is required to be made. (This is a subject matter of qualification in the audit report for the year ended March 31, 2019).
 - (b) Statutory liabilities as at June 30, 2019 amounting to Rs. 553.65 Lakhs related to Income tax, Employee's Provident fund, Employee state insurance act and professional tax, have become overdue and remaining unpaid. This is because of the tight working capital situation faced by the company.
- 7 The figures for the quarter ended March 31, 2019 are the balancing figures between audited figures in respect of full financial year and the published year to date figures upto the third quarter of the previous financial year 2018-19.
- 8 Figures of previous period have been rearranged / regrouped wherever necessary.

HYDERABAD
August 14, 2019



For and on behalf of Board of Directors
SATHAVAHANA ISPAT LIMITED

(NARESH KUMAR A)
MANAGING DIRECTOR



Independent Auditors' Review Report on the Quarterly Unaudited Financial Results of the Company

Review report to

The Board of Directors
Sathavahana Ispat Limited,

1. We have reviewed the accompanying statement of unaudited financial results of SATHAVAHANA ISPAT LIMITED (the 'Company') for the quarter ended June 30, 2019 (the "Statement") attached herewith, being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Regulation') as amended, read with SEBI Circular No, CIRICFD/CMD1/44/2019 dated March 29, 2019 ('the Circular'), which has been initialed by us for identification purposes.
2. This Statement, which is the responsibility of the Company's Management and approved by the Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013, and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (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 inquiries 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, we do not express an audit opinion.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for qualified conclusion.

4. Basis for Qualified Conclusion:
 - (i) We draw attention to Note 6(a) of the accompanying statement, where in management has considered outstanding trade receivables, supplier advances, capital advances and other financial assets of Rs. 4435.73 Lakhs, Rs. 457.28 lakhs, Rs. 223.15 Lakhs and Rs. 321.63 lakhs respectively due for a period of more than one year as good and recoverable as at June 30, 2019, for which no provision has been made in the books of account. For reasons said in the aforesaid note, and due to confirmations being not available and pending reconciliation adjustments we are unable to comment on the recoverability of these receivables and its consequential effect on these financial results.
 - (ii) Note no: 6(b) to the statement of financial results, Statutory dues related to Income tax, Employee's provident fund, Employee state insurance act and professional tax, amounting to Rs. 553.65 Lakhs have become overdue and remain unpaid, interest, penalty if any in respect of the same has remained unascertained and unaccounted for.

The above matters was also qualified in our report on the financial statements for the year ended March 31, 2019.




5. Based on our review conducted as above, except for the matters described in the Basis for qualified conclusion paragraph above, nothing has come to our attention that causes us to believe that the accompanying Statement prepared in accordance with applicable Accounting Standards i.e. Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other recognised accounting practices and policies has not disclosed the information required to be disclosed in terms 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.
6. We draw attention to:
- i) We draw attention to Note 4 to the accompanied statement, which indicates that the company has incurred a net loss of Rs. 7123.17 Lakhs during the quarter and the company had negative other equity of Rs. 49725.03 Lakhs as at June 30, 2019, has eroded entire networth of the company and, as of that date, the Company's current liabilities exceeded its current assets by Rs. 108283.40 Lakhs. Defaults in repayment of loans and interest payments and shut down of operations at Ferrous division since June 12, 2017 due to non-availability of working capital funds. These events or conditions, along with other matters as set forth in note 4, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. However, the financial results have been prepared on a going concern basis for the reasons stated in the said note.

Our conclusion is not qualified in respect of this matter.

Hyderabad
August 14, 2019



For MAJETI & Co.,
Chartered Accountants
Firm's Registration Number: 015975S


Kiran Kumar Majeti
Partner
Membership Number: 220354
UDIN: 19220354AAAAAS9978