

SATHAVAHANA ISPAT LIMITED

Regd. Off. : 505, Block 1, Divyashakti Complex, Ameerpet, Hyderabad - 500 016.
 Phones : 23730812,3,4 Fax : +91-40-23730566 E-mail : info@sathavahana.com
 web : www.sathavahana.com

12th February, 2021

To BSE Limited, Corporate Relationship Department, P. J Towers, Dalal Street, Mumbai - 400001	To National Stock Exchange of India Limited,, Listing Department, Regd. Office: "Exchange Plaza", Bandra Kurla Complex, Mumbai - 400051
SCRIP CODE:526093	SCRIP CODE: SATHAISPAT

Dear Sir,

Sub: Outcome of the Board Meeting**Ref: Regulation 30 of the SEBI (listing Obligations and Disclosure Requirements) Regulations, 2015 ('listing Regulations')**

With reference to the above mentioned subject, please note that the Board of Directors in their just concluded Board Meeting has inter-alia transacted the following business:

1. Approved the Un-Audited Financial Results for the Quarter and Nine months ended 31.12.2020.
2. Taken note of the Limited Review Report on Un -Audited Financial Results for the Quarter and nine months ended 31.12.2020.

The aforesaid Board Meeting commenced at 3 :30 P.M . and concluded at 4:35 P.M.

Kindly take the above information on record and acknowledge.

Thanking You,

For SATHAVAHANA ISPAT LIMITED




NARESH KUMAR ADUSUMILLI
Managing Director
(DIN: 00112566)

SATHAVAHANA ISPAT LIMITED
CIN :L27109TG1989PLC010654

Regd. Office: Flat No. 505, 5th Floor, Block-I, Divyashakthi Complex, Ameerpet, Hyderabad - 500 016
Email: cfo@sathavahana.com www.sathavahana.com



Statement of Unaudited financial results for the Quarter and Nine Months Ended December 31, 2020

(Rs. In Lakhs, except as stated)

S.No	Particulars	Quarter ended			Nine Months Ended		Year ended
		31.12.2020 (Unaudited)	30.09.2020 (Unaudited)	31.12.2019 (Unaudited)	31.12.2020 (Unaudited)	31.12.2019 (Unaudited)	31.03.2020 (Audited)
1	INCOME						
	Revenue from operations	547.41	655.48	4916.53	2259.08	23106.72	27289.63
	Other income	17.23	30.90	14.10	54.41	214.05	915.92
	Total income	564.64	686.38	4930.63	2313.49	23320.77	28205.55
2	EXPENSES:						
	a) Cost of raw materials consumed	395.29	38.12	5015.25	743.95	23894.34	28263.91
	b) Changes in inventories of finished goods, work-in-progress and stock-in-trade	(4.56)	183.96	190.74	680.94	1851.06	2361.62
	c) Employee benefits expense	210.76	213.56	463.59	637.92	1547.16	1861.71
	d) Finance costs	5379.54	5216.08	4939.05	15664.81	14284.09	19177.73
	e) Depreciation and amortisation expense	1048.87	1076.87	1129.13	3220.58	3377.63	4481.39
	f) Other expenses	287.62	398.19	486.71	843.09	1884.33	3135.31
	Total expenses	7317.52	7126.78	12224.47	21791.29	46838.61	59281.67
3	Loss before Exceptional items and tax (1-2)	(6752.88)	(6440.40)	(7293.84)	(19477.80)	(23517.84)	(31076.12)
4	Exceptional item	-	-	-	-	-	-
5	Loss before tax (3-4)	(6752.88)	(6440.40)	(7293.84)	(19477.80)	(23517.84)	(31076.12)
6	Tax expense						
	Current tax	-	-	-	-	-	-
	Deferred tax	-	-	-	-	-	-
	Total tax expense	-	-	-	-	-	-
7	Loss for the period from continuing operations (5-6)	(6752.88)	(6440.40)	(7293.84)	(19477.80)	(23517.84)	(31076.12)
8	Profit/(loss) from discontinued operations	-	-	-	-	-	-
9	Tax expenses of discontinued operations	-	-	-	-	-	-
10	Profit/(Loss) from discontinued operations after tax	-	-	-	-	-	-
11	Profit/(Loss) for the Period (7+10)	(6,752.88)	(6,440.40)	(7,293.84)	(19,477.80)	(23,517.84)	(31,076.12)
12	Other Comprehensive Income / (Expense)						
A							
	a) (i) Items that will not be reclassified to profit or loss	60.64	60.65	21.55	181.93	64.66	242.57
	(ii) Income tax relating to items that will not be reclassified to profit or loss	-	-	-	-	-	-
B							
	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	60.64	60.65	21.55	181.93	64.66	242.57
13	Total Comprehensive Income for the year (11+12) (Comprising Profit / (Loss) and other comprehensive Income for the year)	(6692.24)	(6379.75)	(7272.29)	(19295.87)	(23453.18)	(30833.55)
14	Paid Up Equity Share Capital (Ordinary shares of Rs 10/- each)	5090.00	5090.00	5090.00	5090.00	5090.00	5090.00
15	Other Equity Excluding Revaluation Reserve						(73456.96)
16	Loss Per Equity Share(Not Annualised) in Rs. (from discontinued operations and Continuing Operations)						
	Basic	(13.27)	(12.65)	(14.33)	(38.27)	(46.20)	(61.05)
	Diluted	(13.27)	(12.65)	(14.33)	(38.27)	(46.20)	(61.05)

SEGMENT REVENUE, RESULTS, SEGMENT ASSETS AND SEGMENT LIABILITIES

S.No	Particulars	Quarter ended			Nine Months Ended		Year ended
		31.12.2020 (Unaudited)	30.09.2020 (Unaudited)	31.12.2019 (Unaudited)	31.12.2020 (Unaudited)	31.12.2019 (Unaudited)	31.03.2020 (Audited)
1	Segment Revenue						
	Ferrous Products	-	-	37.52	-	168.37	168.37
	Metallurgical Coke with Co-generation Power	556.79	665.74	4899.61	2289.53	23011.34	27212.00
	Total	556.79	665.74	4937.13	2289.53	23179.71	27380.37
	Less: Inter/Intra Segment Revenue	9.38	10.26	20.60	30.45	72.99	90.74
	Sales/ Revenue from Operations	547.41	655.48	4916.53	2259.08	23106.72	27289.63
2	Segment Results						
	Ferrous Products	-772.31	(982.98)	(1062.34)	(2569.94)	(3584.26)	(4354.14)
	Metallurgical Coke with Co-generation Power	-616.23	(281.36)	(1303.09)	(1302.33)	(5669.24)	(7776.57)
	Total	(1388.54)	(1264.34)	(2365.43)	(3872.27)	(9253.50)	(12130.71)
	Less: Other non-allocable expenditure	-14.69	(39.54)	(10.64)	(57.79)	(19.75)	(23.45)
	Total segment results before interest and tax	(1373.85)	(1224.80)	(2354.79)	(3814.48)	(9233.75)	(12107.26)

Finance Costs (Net of interest income)	5,379.03	5215.60	4939.05	15663.32	14284.09	18968.86
Loss before exceptional item and tax	(6752.88)	(6440.40)	(7293.84)	(19477.80)	(23517.84)	(31076.12)
Exceptional item	-	-	-	-	-	-
Loss before tax	(6752.88)	(6440.40)	(7293.84)	(19477.80)	(23517.84)	(31076.12)
Tax	-	-	-	-	-	-
Loss after tax	(6752.88)	(6440.40)	(7293.84)	(19477.80)	(23517.84)	(31076.12)
Other Comprehensive Income (Net of Tax)	60.64	60.65	21.55	181.93	64.66	242.57
Total Comprehensive Income	(6692.24)	(6379.75)	(7272.29)	(19295.87)	(23453.18)	(30833.55)

S.No	Particulars	Quarter ended			Nine Months Ended		Year ended
		31.12.2020	30.09.2020	31.12.2019	31.12.2020	31.12.2019	31.03.2020
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
3	Segment Assets						
	Ferrous Products	51304.92	51809.69	54405.72	51304.92	54405.72	53223.67
	Metallurgical Coke with Co-generation Power	26935.76	28102.79	31764.48	26935.76	31764.48	29637.66
	Total (A)	78240.68	79912.48	86170.20	78240.68	86170.20	82861.33
	Segment Liabilities						
	Ferrous Products	118347.13	113107.61	98961.04	118347.13	98961.04	103068.40
	Metallurgical Coke with Co-generation Power	47809.09	48027.62	48557.78	47809.09	48557.78	48529.59
	Total (B)	166156.22	161135.23	147518.82	166156.22	147518.82	151597.99
	Unallocated (Net) (C)	252.71	252.17	362.02	252.71	362.02	369.70
	Total (A-B+C)	(87662.83)	(80970.58)	(60986.60)	(87662.83)	(60986.60)	(68366.96)

Notes :

- The above unaudited financial results for the quarter and nine months ended December 31, 2020, as reviewed by the audit committee, has been considered and approved by the Board of Directors at its meeting held on February 12, 2021. A qualified audit report on this statement has been issued by the auditors of the company.
- 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 and in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.
- The Company's business consists of two reportable segments viz., Ferrous Products and Metallurgical coke with co-generation of Power.
- As at December 31 2020, the company had negative other equity of Rs.92752.83 lakhs and the company incurred losses during the preceding four years. The company has defaulted in 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 Forty five 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 the audit report for the year ended March 31, 2020.
- In response to Qualifications of audit report:**
 - Trade receivables as at December 31, 2020 include Rs.3548.22 lakhs (March 31, 2020 Rs. Rs.3579.03 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 was no uncertainty at present on recoverability of these receivables and legal cases were preferred where required to ensure recoverability. With regard to other long outstanding capital advances of Rs.173.63 Lakhs (March 31, 2020 Rs. 173.63 Lakhs) , supplier advances of Rs.500.88 lakhs (March 31, 2020 Rs. 501.55 Lakhs) and other financial assets of Rs. 157.02 lakhs (March 31, 2020 Rs. 157.02 Lakhs), management is confident of recoverability and no provision at present is required to be made. (This was also subject matter of qualification in the audit report for the year ended March 31, 2020.)
 - Statutory liabilities as at December 31, 2020 amounting to Rs. 998.57 Lakhs (March 31, 2020 Rs. 1083.39 Lakhs) related to Income tax, Employee's provident fund, Employee state insurance act, Gratuity and professional tax, have become overdue and remaining unpaid. This is because of the tight working capital situation faced by the company. This was also subject matter of qualification in the audit report for the year ended March 31, 2020.
 - Since shut down of the operations Haresamudram plant from 12th June 2017, no major movement have happened in Inventories amounting to Rs. 1982.98 Lakhs/- (As at 31st March 2020: Rs.2118.90 Lakhs) . Management regularly monitored, maintained and ensured same in usable/ saleable condition and assessed the stated value was fully recoverable and no provision is required as on the date of balance sheet.
 - Creditors for capital works as at December 31,2020 includes overdue payables of Rs.222.45 lakhs (March 31, 2020: Rs. 228.16 lakhs) which is owed by the Company to a non-resident company for more than three years. The Company is required to obtain approvals from consent authorities to condone such delay in payment of foreign currencies, which is presently not obtained and the Company intends to take the necessary approvals in this regard, pending which any penalties that may be levied by consent authorities and impact in the aforesaid liabilities in the financial statements are not presently ascertainable.
- On March 11, 2020, the World Health Organization characterized the outbreak of a strain of the new coronavirus ("COVID-19") as a pandemic. This outbreak is causing significant disturbance and slowdown of economic activity. The company's operations were significantly impacted in the Financial Year 2020-21, following nationwide lockdown announced by the Government of India. The management has assessed the impact of COVID-19 pandemic on the financial statements, business operations, liquidity position, cash flow and has concluded that based on the current estimates no material adjustments are required in the carrying amount of assets and liabilities as at 31st December, 2020. The impact of the pandemic may be different from that estimated as at the date of approval of these financial statements and the Company will continue to closely monitor any material changes to future economic conditions.



- 7 Capital work in progress mainly consist of cost incurred for the New Boiler at Kudithini Plant located in Karnataka on which company already spent Substantial portion of budget of the total cost and pending capitalisation due to present tight cash flows faced by the company and plan to capitalise once restructuring of borrowings as mentioned in above note no 4.
- 8 Difference in Interest accrued and due under "other financial liabilities" between Balance confirmation obtained (as on 31/03/2020) from a scheduled bank and Balance as per books amounted to Rs.6802.83 lakhs which was not accounted. Presently, Interest accounted in the Books as per Agreement with respect to Interest and penal interest due to non payment of borrowings and cash credit balances, and the company in the process of the reconciliation with banker in respect of excess charge.
- 9 The figures for the corresponding previous period have been reclassified / regrouped wherever necessary to conform to current period classification.

For and on behalf of Board of Directors
Sathavahana Ispat Limited




(A. Naresh Kumar)
Managing Director

HYDERABAD

Friday, February 12, 2021



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 December 31, 2020 and the year to date results the period April 01, 2020 to December 31, 2020 (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.
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 5(a) of the accompanying statement, where in management has considered outstanding trade receivables, supplier advances, capital advances and other financial assets of Rs. 3548.22 Lakhs, Rs. 500.88 lakhs, Rs. 173.63 Lakhs and Rs. 157.02 lakhs respectively due for a period of more than one year as good and recoverable as at December 31, 2020, 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: 5(b) to the statement of financial results, Statutory dues related to Income tax, Employee's provident fund, Employee state insurance act, Gratuity and professional tax, amounting to Rs.998.57 Lakhs have become overdue and remain unpaid, interest, penalty if any in respect of the same has remained unascertained and unaccounted for.



- (iii) We Draw attention to Note 5(c) to the statement regarding non-moving inventories Since shut down of the operations at factory located at Haresamudram amounting to Rs.1982.98 lakhs (As at 31st March 2020: Rs.2118.90 lakhs). There is no substantial movement in the stock since operations closed at factory, as mentioned in aforesaid note Management believes that no adjustments to the carrying value of the inventories is required as those are regularly monitored, maintained and in usable/ saleable condition. As per Indian Accounting Standard - 2'Inventories' are to be Valued at the lower of cost and net realisable value. Due to pending corroborative evidence to assess the net realisable value, we are unable to comment on the realisable value of these Inventories together with consequential impact.
- (iv) We draw your attention to Note no 5(d) to the statement regarding overdue payables aggregating to Rs.222.45 lakhs as at December 31, 2020 (March 31, 2020- Rs.228.16 lakhs), included in 'Creditor for capital works', which is outstanding to a non-resident company for more than three years, and for which the Company is yet to obtain approval from the Authorised Dealer or Reserve Bank of India (RBI) to remit the aforesaid amounts. Any penalties that may be levied by RBI in the aforesaid liabilities in the financial statements are presently not ascertainable.
- (v) The Company has taken advances from customers which were outstanding for more than one year amounting to Rs.86.54 lakhs, in terms of section 73 of Companies Act, 2013 read together with Companies (Acceptance of Deposits) Rules, 2014, (Rule 2(1)(xii)(a)), such advances are liable to be treated as deposits and hence the Company is in violation of the same, consequential effects and penalty if any in respect of the same has remained unascertained and unaccounted for.

The above matters were also qualified in our report on the financial statements for the year ended March 31, 2020.

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. 19477.80 Lakhs during the Nine Months Ended, and the company had negative other equity of Rs. 92752.83 Lakhs as at December 31, 2020, has eroded entire net worth of the company and, as of that date, the Company's current liabilities exceeded its current assets by Rs. 153693.81 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.

7. Emphasis of Matters

- a. We draw your attention to Note 6 of the Financial Results, which describes the management's assessment of the financial impact of the events arising out of Coronavirus (Covid-19) pandemic, for which a definitive assessment of the impact in the subsequent period is dependent upon the circumstances as they evolve.
- b. Capital work in progress amounting to Rs 2885.31 lakhs, is carried forwarded for more than three years pending capitalisation, as mentioned in note no 7 to the statement management Plans to capitalise the same on approval of restructuring of borrowings by banks.
- c. We draw your attention to Note No 8, to the statement with respect to difference in Interest accrued and due under "other financial liabilities" between Balance confirmation obtained by us (year ended 31st March 2020) and Balance as per books amounted to Rs. 6802.83 lakhs, which was not accounted on account of the reasons explained in the said note.

Our opinion is not modified in respect of this matters.



Hyderabad
February 12, 2021

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

Kiran Kumar Majeti
Partner

Membership Number: 220354
UDIN: 21220354AAAAAL7910