



SATHAVAHANA ISPAT LIMITED

CIN : L27109TG1989PLC010654

Regd. Office: 314, Sri Rama Krishna Towers, Nagarjuna Nagar, Hyderabad - 500 073

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Statement of Audited Financial Results for the Quarter and year ended 31st March, 2018

S.NO.	PARTICULARS	Quarter Ended			Year Ended	
		31/03/2018	31/12/2017	31/03/2017	31/03/2018	31/03/2017
		Unaudited	Unaudited	Unaudited	Audited	Audited
1	INCOME:					
	a) Revenue From Operations	5006.54	3949.01	31070.55	24873.08	113159.76
	b) Other Income	255.86	133.60	603.89	810.27	1191.02
	c) Total Income	5262.40	4082.61	31674.44	25683.35	114350.78
2	EXPENSES:					
	a) Cost of Materials Consumed	4486.08	3438.15	11817.87	14012.67	50503.73
	b) Purchase of Stock in Trade	34.62	242.52	11330.68	502.60	37950.68
	c) Changes in inventory of Finished goods, Work in progress and Stock in trade	(666.12)	1390.55	4881.76	10316.26	(3493.09)
	d) Excise duty	0.00	0.00	804.93	494.34	3599.64
	e) Employee Benefits Expense	654.66	780.91	960.17	3112.70	3972.44
	f) Finance Costs	4192.66	3649.92	2087.08	14055.98	11692.15
	g) Depreciation and Amortisation expense	1215.97	1286.90	1248.92	5053.10	4820.32
	h) Other Expenses (Refer Note No.4)	4087.95	1717.36	3218.22	8772.13	11726.97
	i) Total Expenses	14005.82	12506.31	36349.63	56319.78	120772.84
3	Profit/ (Loss) before Exceptional items and tax (1-2)	(8743.42)	(8423.70)	(4675.19)	(30636.43)	(6422.06)
4	Exceptional Items	0.00	0.00	0.00	0.00	0.00
5	Profit/ (Loss) before tax (3-4)	(8743.42)	(8423.70)	(4675.19)	(30636.43)	(6422.06)
6	Tax Expense					
	Current Tax	0.00	0.00	0.00	0.00	0.00
	Deferred Tax	0.00	0.00	0.00	0.00	0.00
	Total Tax Expense	0.00	0.00	0.00	0.00	0.00
7	Profit/ (Loss) for the period from continuing operations (5-6)	(8743.42)	(8423.70)	(4675.19)	(30636.43)	(6422.06)
8	Profit / (Loss) from discontinued operations	0.00	0.00	0.00	0.00	0.00
9	Tax expenses of discontinued operations	0.00	0.00	0.00	0.00	0.00
10	Profit/(Loss) from discontinued operations after tax (8+9)	0.00	0.00	0.00	0.00	0.00
11	Profit/ (Loss) for the year (7+10)	(8743.42)	(8423.70)	(4675.19)	(30636.43)	(6422.06)
12	Other Comprehensive Income / (Expense)					
A	(i) Items that will not be reclassified to profit or loss	87.45	14.13	35.31	129.83	56.50
	(ii) Income tax relating to items that will not be reclassified to profit or Loss	0.00	0.00	0.00	0.00	0.00
B	(i) Items that will be reclassified to profit or loss	0.00	0.00	0.00	0.00	0.00
	(ii) Income tax relating to items that will be reclassified to profit or Loss	0.00	0.00	0.00	0.00	0.00
	Total Other Comprehensive Income / (Expense)	87.45	14.13	35.31	129.83	56.50
13	Total Comprehensive Income for the year (11+12) (Comprising Profit / (Loss) and other comprehensive Income for the year)	(8655.97)	(8409.57)	(4639.88)	(30506.60)	(6365.56)
14	Paid Up Equity Share Capital (Ordinary shares of Rs 10/- each)	5090.00	5090.00	5090.00	5090.00	5090.00
15.i.	Earnings / (Loss) Per Equity Share for continuing operations (Not Annualised) in Rs.					
	Basic	(17.18)	(16.55)	(9.19)	(60.19)	(12.62)
	Diluted	(17.18)	(16.55)	(9.19)	(60.19)	(12.62)
15.ii.	Earnings Per Equity Share for discontinued operations (Not Annualised) in Rs.					
	Basic	0.00	0.00	0.00	0.00	0.00
	Diluted	0.00	0.00	0.00	0.00	0.00
15.iii.	Earnings/ (Loss) Per Equity Share for discontinued and continuing operations (Not Annualised) in Rs.					
	Basic	(17.18)	(16.55)	(9.19)	(60.19)	(12.62)
	Diluted	(17.18)	(16.55)	(9.19)	(60.19)	(12.62)



Segment Revenue, Results, Segment Assets And Segment Liabilities					
					(Rs. in lakhs)
		Quarter Ended		Year Ended	
		31/03/2018	31/12/2017	31/03/2018	31/03/2017
		Unaudited	Unaudited	Audited	Audited
1	Segment Revenue				
	Ferrous Products	4.33	1447.86	17707.94	15439.39
	Metallurgical Coke with Co-generation Power	5413.06	2525.23	18141.97	11991.86
	Total	5417.39	3973.09	35849.91	27431.25
	Less: Inter Segment Revenue	410.85	24.08	4779.36	2558.17
	Sales/Revenue From Operations	5006.54	3949.01	31070.55	24873.08
2	Segment Results				
	Ferrous Products	(3594.11)	(3144.46)	(1222.64)	(11184.35)
	Metallurgical Coke with Co-generation Power	(914.46)	(1614.95)	(1341.33)	(5335.09)
	Total	(4508.57)	(4759.41)	(2563.97)	(16519.44)
	Less : Other un-allocable expenditure	42.19	14.38	24.14	61.01
	Total Segment results before interest and tax	(4550.76)	(4773.79)	(2588.11)	(16580.45)
	Finance Costs	4192.66	3649.91	2087.08	14055.98
	Profit/(Loss) before tax	(8743.42)	(8423.70)	(4675.19)	(30636.43)
	Tax	0.00	0.00	0.00	0.00
	Net Profit/(Loss) after tax	(8743.42)	(8423.70)	(4675.19)	(30636.43)
	Other Comprehensive Income (Net of Tax)	(87.45)	(14.13)	(35.31)	(129.83)
	Total Comprehensive Income	(8655.97)	(8409.57)	(4639.88)	(30506.60)
3	Segment Assets				
	Ferrous Products	59297.16	44996.32	85708.33	59297.16
	Metallurgical Coke with Co-generation Power	41764.60	63703.30	45026.96	41764.60
	Total	101061.76	108699.62	130735.29	101061.76
	Segment Liabilities				
	Ferrous Products	64891.37	63378.98	64920.69	64891.37
	Metallurgical Coke with Co-generation Power	51376.46	51922.13	50567.32	51376.46
	Total	116267.83	115301.11	115488.01	116267.83
	Unallocated	364.20	383.03	417.45	364.20
	Total	(14841.87)	(6218.45)	15664.73	(14841.87)
Notes:					
1	The above Audited Financial Results for the quarter and year ended 31st March, 2018, as reviewed by the Audit Committee, have been considered and approved by the Board of Directors at its meeting held on 30th May 2018.				
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. Effective from April 1, 2017, the Company has, for the first time, adopted Ind AS with transition date April 1, 2016.				
3	As at 31st March 2018, the company had negative other equity of Rs.19931.87 lakhs and the company incurred losses during the preceding two 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 partially on job work basis 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. Presently lead banker of consortium in-principally agreeable to the request of the company for restructuring of the debt and its sanction is awaited. Management believes remaining banks will take same view as decided in the lender meetings. 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 Audit Report for the year in this regard.				
4	Trade receivables as at March 31, 2018 include Rs 4671.24 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. Based on the review during the year Rs 1571.24 lakhs, were written off as bad debts, Rs 1540.65 lakhs were written of as bad advances. Also provisions were made against debtors for Rs 794.62 lakhs, against capital advances Rs 97.55 lakhs, and other deposits Rs 270.90 lakhs wherever management believes doubtful of recovery. with regard to other long outstanding capital and supplier advances 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, 2018				
5	The Company's business consists of two reportable segments viz., Ferrous Products and Metallurgical coke with co-generation of Power.				
6	The Government of India introduced Goods and Services Tax (GST) with effect from 1st July 2017. Revenue from operations for the quarter ended 31st December 2017 and quarter/year ended 31st March 2018 is presented net of GST. Accordingly revenue for operations for the year ended 31st March 2018 includes excise duty up to 30th June 2017 of Rs.494.34 lakhs. Revenue from operations of earlier periods includes excise duty which is now subsumed in GST.				



7	The Company has considered fair value for property, viz land admeasuring over 271.51 acres, situated in India, with impact of Rs 5,535.93 Lakhs in accordance with stipulations of Ind AS 101 with the resultant impact being accounted for in the reserves.			
8	The Company along with some other buyers of Iron Ore contested before the Hon'ble High Court of Karnataka (HC) the levy of Forest Development Tax (FDT) by the miners on their sale of Iron Ore. The Hon'ble HC vide its judgement dated 15.02.2016 has granted partial relief to the Company and directed the Government of Karnataka (GOK) to refund the FDT collected earlier. Following the judgement the Company has vide its letter dated 09.03.2016 filed an application for refund of Rs.2325.73 lakhs towards FDT collected in the earlier years. However Government of Karnataka and some mining companies have since gone on appeal before the Hon'ble Supreme Court against the above judgement. Company has also filed a petition before the Hon'ble High Court of Karnataka against collection of Forest Development Fee (FDF) on purchase of Iron Ore and the petition has been held in favour of the Company where an amount of Rs.264.11 lakhs was ordered to be refunded to the company. The Government of Karnataka has appealed before the Hon'ble Supreme Court against the Order of High Court of Karnataka. Pending disposal of the appeals, the Company has not recognised the said refund claims in its books of account.			
9	The reconciliation of net profit or loss reported in accordance with Indian GAAP to total comprehensive income in accordance with Ind AS is given below:			
		(Rs. In Lakhs)		
	Description	For the quarter ended 31-03-2017	For the year ended 31-03-2017	
	Net Profit/ (Loss) as per Previous GAAP (India GAAP)	(4,650.83)	(6,476.95)	
	Ind AS adjustments Add/ (Less) :			
	Actuarial Loss / (Gain) on post employee defined benefit plan recognised in other	(35.31)	(56.50)	
	Loans recognised using effective rate of interest	(6.93)	(86.01)	
	Prior period Adjustments (net)	10.22	167.93	
	Others	7.66	29.47	
	Net Profit/ (Loss) as per In AS	(4,675.19)	(6,422.06)	
	Items that will not be reclassified to Profit or Loss	35.31	56.50	
	Total Comprehensive income for the period	(4,639.88)	(6,365.56)	
10	Figures of the previous period have been rearranged/ regrouped wherever necessary.			
11	The figures for the quarter ended March 31, 2018 and March 31, 2017 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 current and previous financial years i.e. 2017-18 and 2016-17 respectively			
12	Reconciliation of Equity as reported under previous GAAP and Ind AS is as follows:			
	Particulars	As at 31.03.2017	As at 01.04.2016	
	Total Equity (shareholder's funds) as per previous GAAP	10374.01	16850.95	
	Impact on account of Adjustments for prior year errors (net)	32.54	(135.39)	
	Restated balance as at April 01,2016	10406.55	16715.56	
	Adjustments:			
	Impact of measuring investments at Fair Value through Profit or Loss (FVTPL)	19.86	11.90	
	on accounts of borrowings adjustments to property, plant and equipment	(485.31)	(506.81)	
	Fair Value adjustments relating to Property, Plant and Equipment	5535.93	5535.93	
	Financial liabilities at amortised cost using Effective interest rate	246.44	332.45	
	Deferred tax on GAAP adjustments	(58.74)	(58.74)	
	Equity as reported under Ind AS	15664.73	22030.29	
	*(End of period presented under previous GAAP)			





**INDEPENDENT AUDITOR'S REPORT
TO THE BOARD OF DIRECTORS OF
SATHAVAHANA ISPAT LIMITED**

1. We have audited the accompanying Statement of Financial Results of **SATHAVAHANA ISPAT LIMITED** ("the Company"), for the year ended March 31, 2018 ("the Statement"), being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as modified by Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016.
2. This Statement, which is the responsibility of the Company's Management and approved by the Board of Directors, has been compiled from the related Ind AS financial statements which has been prepared in accordance with the Indian Accounting Standards prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder ('Ind AS') and other accounting principles generally accepted in India. Our responsibility is to express an opinion on the Statement based on our audit of such financial statements.
3. 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 Statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Statement, 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 Statement 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 Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the Statement.

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

4. We draw attention to Note no 4 to the Statement of Financial Results where in management has considered outstanding trade receivables, Supplier advances and capital advances Rs. 4,671.25 lakhs, Rs.440.72 lakhs and Rs 270.23 lakhs respectively for period more than one-year as good and fully recoverable as at the balance sheet date. For reasons stated 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 statements.
5. In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matter described in paragraph 4 above, the Statement:
 - (i) is presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as modified by Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016; and
 - (ii) gives a true and fair view in conformity with the aforesaid Indian Accounting Standards and other accounting principles generally accepted in India of the net loss and Total comprehensive loss and other financial information of the Company for the year ended March 31, 2018.



6. We draw attention to Note 3 to the Ind AS financial Results, which indicates that the Company has incurred a net loss of Rs 30,636.43 lakhs during the year and negative other equity of Rs 19,931.87 lakhs as at the balance sheet date, has eroded entire net worth of the company and, as of that date, the Company's current liabilities exceeded its current assets by Rs. 76,154.09 lakhs. Defaults in repayment of loans and interest payments and shut down of the 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 3, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. However, the Ind AS financial statements of the Company have been prepared on a going concern basis for the reasons stated in the said Note.
Our opinion is not modified in respect of this matter.
7. The Statement includes the results for the Quarter ended 31 March 2018 being the balancing figure between audited figures in respect of the full financial year and the published year to date figures up to the third quarter of the current financial year which were subject to limited review by us.
8. The previously issued comparative financial information of the Company for the quarter and year ended 31st March 2017 included in this Statement has been prepared after adjusting previously issued financial information prepared in accordance with the Companies (Accounting Standards) Rules, 2006 to comply with Ind AS. The previously issued comparative financial information were audited by the predecessor auditor whose report for the year ended 31st March 2017 dated 30 May 2017 expressed an unmodified opinion on those comparative financial information. Adjustments made to the previously issued said comparative financial information to comply with Ind AS have been audited by us.
Our report is not modified in respect of these matters.

For MAJETI & CO
Chartered Accountants
Firm's Registration No: 015975S






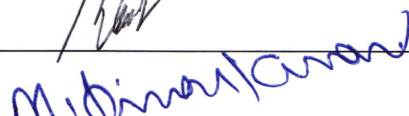
M. Kiran Kumar
Kiran Kumar Majeti
Partner
Membership No: 220354

Place: Hyderabad
Date: May 30, 2018

Statement of impact of Audit Qualification (for audit report with modified opinion) submitted along with Standalone Annual Audited Financial Results

Statement on Impact of Audit Qualification for the Financial Year ended March 31, 2018

(Amount in Rs. Lakhs)

I	Sl. No.	Particulars	Audited Figures (as reported before adjusting for qualifications)	Adjusted figures (audited figures after adjusting for qualifications)
	1	Turnover / Total Income	25683.35	Not applicable
	2	Total Expenditure	56319.78	Not applicable
	3	Net Profit / (Loss)	(30636.43)	Not applicable
	4	Earning Per Share	(60.19)	Not applicable
	5	Total Assets	101447.99	Not applicable
	6	Total Liabilities	116289.87	Not applicable
	7	Net Worth	(14841.87)	Not applicable
	8	Any other financial item(s) (as felt appropriate by the management)	Nil	Not applicable
II	Audit Qualification (each audit qualification Separately)			
	a. Details of Audit Qualification: Note No. <u>35</u> to the standalone financial statements where in the management has considered outstanding trade receivables, supplier advances and capital advances amounting to Rs. <u>4671.25</u> lakhs, Rs. <u>440.72</u> Lakhs and Rs. <u>270.23</u> lakhs respectively for a period more than one year as good and fully recoverable as at the balance sheet date. For reasons stated in the aforesaid note, we are unable to comment on the recoverability of these receivables and its consequential effect on these financial statements.			
	b. Type of Audit Qualification		Qualified opinion	Yes
			Disclaimer of opinion	-
			Adverse opinion	-
	c. Frequency of Qualification		Appeared first time	Yes
			Repetition	-
			Since how long continuing	-
	d. For Audit Qualification(s) where the impact is quantified by the auditor; Management view		Not quantified	
	e. For Audit Qualification(s) where the impact is not quantified by the auditor:			
	(i) Management's estimation on the impact of audit qualification			
	The management assess the recoverability of trade receivables on regular basis and believes there is no uncertainty at present on recoverability these receivables. legal cases were preferred where required to ensure recoverability. Provision will be based on outcome of the legal cases until then the dues are considered good			
	(ii) If management is unable to estimate the impact reasons for the same		Not applicable	
	(iii) Auditor's comments on (i) or (ii) above		Refer to our qualification above.	
III	Signatories:			
	• CEO/Managing Director			
	• CFO			
	• Audit Committee Chairman			
	• Statutory Auditor			

Place: Hyderabad

Date: 30.05.2018