



SATHAVAHANA ISPAT LIMITED

Regd. Off. : 505, Block 1, Divyashakti Complex, Ameerpet, Hyderabad - 500 016.
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30th June, 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: Submission of Audited Financial Results, Statement of Assets & Liabilities and Cash flow statements etc., as per the provisions of Regulation 33 of SEBI (LODR) Regulations, 2015

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 Audited financial statements for the Fourth Quarter and Financial Year ended on 31st March, 2021.
2. Approved the Statement of Assets and Liabilities as at 31st March, 2021.
3. Approved the Cash flow statements for the year ended on 31st March, 2021.
4. Taken note of the Auditor's Report on Quarterly and Year to Date Financial Results of the Company along with statement on Impact of Modified Opinion thereon for the year ended on March 31, 2021
5. To consider and Approve Re-Appointment of Shri A.S.Rao (Din: 00899415) as Executive Vice Chairman of the company for a further period of three years

The meeting commenced at 12:30 P.M. and concluded at 2:25 P.M.

This is for your information and necessary records.

Thanking You,
 Yours Faithfully,
 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
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Statement of Audited Financial results for the Quarter and Year Ended March 31, 2021

(Rs. In Lakhs, except as stated)

S.No	Particulars	Quarter ended			Year Ended	
		31.03.2021	31.12.2020	31.03.2020	31.03.2021	31.03.2020
		(Refer Note -12)	(Unaudited)	(Refer Note -12)	(Audited)	(Audited)
1	INCOME					
	Revenue from operations	417.01	547.41	4182.91	2676.09	27289.63
	Other income	1009.48	17.23	701.87	1063.89	915.92
	Total income	1426.49	564.64	4884.78	3739.98	28205.55
2	EXPENSES:					
	a) Cost of raw materials consumed	60.51	395.29	4369.57	804.46	28263.91
	b) Changes in inventories of finished goods, work-in-progress and stock-in-trade	(21.44)	(4.56)	510.56	659.50	2361.62
	c) Employee benefits expense (Refer note -9)	467.57	210.76	314.55	1105.49	1861.71
	d) Finance costs (Refer Note -8)	12458.36	5379.54	4893.64	28123.17	19177.73
	e) Depreciation and amortisation expense	1009.95	1048.87	1103.76	4230.53	4481.39
	f) Other expenses	574.10	287.62	1250.98	1417.19	3135.31
	Total expenses	14549.05	7317.52	12443.06	36340.34	59281.67
3	Loss before Exceptional items and tax (1-2)	(13122.56)	(6752.88)	(7558.28)	(32600.36)	(31076.12)
4	Exceptional item	-	-	-	-	-
5	Loss before tax (3-4)	(13122.56)	(6752.88)	(7558.28)	(32600.36)	(31076.12)
6	Tax expense					
	Current tax	-	-	-	-	-
	Deferred tax	-	-	-	-	-
	Total tax expense	-	-	-	-	-
7	Loss for the period from continuing operations (5-6)	(13122.56)	(6752.88)	(7558.28)	(32600.36)	(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)	(13,122.56)	(6,752.88)	(7,558.28)	(32,600.36)	(31,076.12)
12	Other Comprehensive Income / (Expense)					
A						
	a) (i) Items that will not be reclassified to profit or loss	(120.80)	60.64	177.91	61.13	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	(120.80)	60.64	177.91	61.13	242.57
13	Total Comprehensive Income for the year (11+12) (Comprising Profit / (Loss) and other comprehensive Income for the year)	(13243.36)	(6692.24)	(7380.37)	(32539.23)	(30833.55)
14	Paid Up Equity Share Capital (Ordinary shares of Rs 10/- each)	5090.00	5090.00	5090.00	5090.00	5090.00
15	Other Equity Excluding Revaluation Reserve	-	-	-	(105996.20)	(73456.96)
16	Loss Per Equity Share(Not Annualised) In Rs. (from discontinued operations and Continuing Operations)					
	Basic	(25.78)	(13.27)	(14.85)	(64.05)	(61.05)
	Diluted	(25.78)	(13.27)	(14.85)	(64.05)	(61.05)



AS

SEGMENT REVENUE, RESULTS, SEGMENT ASSETS AND SEGMENT LIABILITIES

(Rs. In Lakhs, except as stated)

S.No	Particulars	Quarter ended			Year Ended	
		31.03.2021	31.12.2020	31.03.2020	31.03.2021	31.03.2020
		(Refer Note -12)	(Unaudited)	(Refer Note -12)	(Audited)	(Audited)
1	Segment Revenue					168.37
	Ferrous Products	-	-	-	-	27212.00
	Metallurgical Coke with Co-generation Power	426.08	556.79	4200.66	2715.61	27380.37
	Total	426.08	556.79	4200.66	2715.61	27380.37
	Less: Inter/Intra Segment Revenue	9.07	9.38	17.75	39.52	90.74
	Sales/ Revenue from Operations	417.01	547.41	4182.91	2676.09	27289.63
2	Segment Results					
	Ferrous Products	-208.24	(772.31)	(769.87)	(2778.18)	(4354.14)
	Metallurgical Coke with Co-generation Power	-464.11	(616.23)	(2107.33)	(1766.44)	(7776.57)
	Total	(672.35)	(1388.54)	(2877.20)	(4544.62)	(12130.71)
	Less: Other un-allocable expenditure	0.01	(14.62)	(3.70)	(57.78)	(23.45)
	Total segment results before interest and tax	(672.36)	(1373.85)	(2873.50)	(4486.84)	(12107.26)
	Finance Costs (Net of Interest Income)	12,450.20	5379.03	4684.78	28113.52	18968.86
	Loss before exceptional item and tax	(13122.56)	(6752.88)	(7558.28)	(32600.36)	(31076.12)
	Exceptional item	-	-	-	-	-
	Loss before tax	(13122.56)	(6752.88)	(7558.28)	(32600.36)	(31076.12)
	Tax	-	-	-	-	-
	Loss after tax	(13122.56)	(6752.88)	(7558.28)	(32600.36)	(31076.12)
	Other Comprehensive Income (Net of Tax)	(120.80)	60.64	177.91	61.13	242.57
	Total Comprehensive Income	(13243.36)	(6692.24)	(7380.37)	(32539.23)	(30833.55)

S.No	Particulars	Quarter ended			Year Ended	
		31.03.2021	31.12.2020	31.03.2020	31.03.2021	31.03.2020
		(Refer Note -12)	(Unaudited)	(Refer Note -12)	(Audited)	(Audited)
3	Segment Assets					
	Ferrous Products	50195.90	51304.92	53223.67	50195.90	53223.67
	Metallurgical Coke with Co-generation Power	26460.53	26935.76	29637.66	26460.53	29637.66
	Total (A)	76656.43	78240.68	82861.33	76656.43	82861.33
	Segment Liabilities					
	Ferrous Products	129756.20	118347.13	103068.40	129756.20	103068.40
	Metallurgical Coke with Co-generation Power	48082.07	47809.09	48529.59	48082.07	48529.59
	Total (B)	177838.27	166156.22	151597.99	177838.27	151597.99
	Unallocated (Net) (C)	275.64	252.71	369.70	275.64	369.70
	Total (A-B+C)	(100906.20)	(87662.83)	(68366.96)	(100906.20)	(68366.96)



STATEMENT OF ASSETS & LIABILITIES

[Rs. In Lakhs, except as stated]

Particulars	As at	
	31.03.2021	31.03.2020
	(Audited)	(Audited)
ASSETS		
I Non-current assets		
(a) Property, plant and equipment	64078.38	68308.57
(b) Capital work-in-progress (Refer Note -7)	3343.19	3343.19
(c) Right-of-use asset	331.43	331.43
(d) Intangible assets	-	-
(e) Financial assets		
(i) Investments	19.74	12.15
(ii) Other financial assets	171.29	512.12
(f) Other non-current assets	907.58	1065.20
Total Non-current assets	68851.61	73572.66
II Current assets		
(a) Inventories	2136.31	3104.68
(b) Financial assets		
(i) Trade receivables	3773.26	4319.94
(ii) Cash and cash equivalents (Refer Note-10)	33.84	327.54
(iii) Bank balances other than (ii) above	227.54	31.20
(c) Other current assets	1909.51	1875.02
Total Current assets	8080.46	9658.38
TOTAL ASSETS	76932.07	83231.04
EQUITY AND LIABILITIES		
III Equity		
a) Equity share capital	5090.00	5090.00
b) Other equity	(105996.20)	(73456.96)
Total Equity	(100906.20)	(68366.96)
IV Non-current liabilities		
a) Financial liabilities		
(i) Borrowings	-	5168.71
(ii) Provisions	172.28	200.65
(b) Provisions	172.28	5369.36
Total Non-current liabilities		
V Current liabilities		
(a) Financial liabilities		
(i) Borrowings	96621.58	79950.47
(ii) Trade payables	6766.00	8361.08
(iii) Other financial liabilities	72522.50	56714.31
(b) Other current liabilities	1729.31	1170.04
(c) Provisions	26.60	32.74
Total current liabilities	177665.99	146228.64
Total Liabilities	177838.27	151598.00
TOTAL EQUITY AND LIABILITIES	76932.07	83231.04



Particulars	(Rs. in Lakhs, except as stated)	
	As at	
	31.03.2021 (Audited)	31.03.2020 (Audited)
Cash flow from operating activities:		
(Loss) before tax	(32600.36)	(31076.12)
Adjustments for:		
Depreciation and amortisation expense	4230.53	4481.39
Unrealised foreign exchange loss (net)	(5.71)	18.55
Interest income from financial assets at amortised cost	(9.64)	(208.86)
Finance cost	28123.17	19177.73
Other Comprehensive Income	61.13	242.57
Net (gain)/loss arising on investments mandatorily measured at Fair value through profit and loss	(7.58)	6.51
Expected credit loss	-	440.00
Credit balances written back	(607.97)	(677.78)
Debit balance written off	1.80	67.90
Bad debts written off	-	327.04
Operating Profit/ (Loss) before working capital changes	(814.63)	(7201.07)
Adjustments for:		
Trade receivables and other assets	907.18	1984.15
Inventories	968.38	5016.51
Trade payables, other liabilities and provisions	(1192.71)	(13.64)
Cash generated from operating activities	(131.78)	(214.05)
Income tax (paid)/ Refund	101.65	47.47
Net cash inflow / (outflow) from operating activities	(30.13)	(166.58)
Cash flows from investing activities:		
Purchase of property, plant and equipment, Intangibles and capital work-in-progress	(51.37)	(11.07)
Foreclosure of margin money deposits by Scheduled banks	-	7.54
Restricted Balances with Banks	(194.40)	-
Interest received	7.70	233.98
Net cash inflow from investing activities	(238.07)	230.45
Cash flows from financing activities:		
Proceeds/(repayment) of long-term borrowings (net)	(18.45)	(62.50)
Proceeds/(repayment) of short-term borrowings (net)	16671.11	11041.35
Finance costs (Charged to Cash credit accounts)	(16670.16)	(11346.94)
Finance costs paid	-	(9.00)
Net cash (outflow) / inflow from financing activities	(25.50)	(377.09)
Net (decrease)/ increase in cash and cash equivalents	(293.70)	(313.22)
Opening Cash and Cash Equivalents	327.54	640.76
Closing Cash and Cash Equivalents	33.84	327.54



Notes :

- 1 The above Audited financial results for the quarter and year ended March 31, 2021, as reviewed by the audit committee, has been considered and approved by the Board of Directors at its meeting held on June 30, 2021. A qualified audit report on this statement has been issued by the auditors of the company.
- 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 and in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.
- 3 The Company's business consists of two reportable segments viz., Ferrous Products and Metallurgical coke with co-generation of Power.
- 4 Based on the letter dated June 23, 2021 by the Canara Bank (lead banker of Consortium), Three lender Banks (Out of Four (4) in consortium) of the Company namely, Canara Bank ('CB'), State Bank of India ('SBI') and Union Bank of India [(earlier Andhra Bank) ('UBI')] (collectively hereinafter referred as 'Banks') and IFCI non banking financial company have assigned their debt provided to the Company to J C Flower Asset Reconstruction Company Limited ("JCFARC"), the anchor bidder in swiss challenge process with an offer of Rs 53100 lakhs. Therefore, J C Flower ARC shall now have all the rights and privileges on the debt earlier owed by the Company to the Banks. (Subsequent event to date of balance sheet).
- 5 As at March 31 2021, the company had negative other equity of Rs.1,05,996.20 lakhs and the company incurred losses during the preceding five 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 Twenty Eight percent capacity and power generation is also partially operated. Management of the company is initial stages of the deliberations about the restructuring of the debts with JCFARC and also looking to start operations of the plant based on the out come of the deliberations. This impact is likely to continue until the restructuring and finalisation of the talks with JCFARC. 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. The auditors of the company had drawn an emphasis of matter in the audit report for the year ended March 31, 2021.
- 6 **In response to Qualifications of audit report:**
 - a) The Company's current level of operations in Metallurgical Coke division at Twenty Eight percent capacity and no operations at Ferrous division, may not be an indication of the future performance of the Company. Consortium of lenders assigned their debt provided to the Company to J C Flower Asset Reconstruction Company Limited ("JCFARC") and pending deliberations about restructuring of the Loan and restart of the plant operations, reliable projections of availability of future cash flows of the Company supporting the carrying value of Property, Plant and Equipment cannot be determined. Accordingly impairment testing under Ind AS has not been performed while presenting these results.
 - b) Trade receivables as at March 31, 2021 include Rs.3481.82 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. 174.01 Lakhs (March 31, 2020 Rs. 173.63 Lakhs), supplier advances of Rs.595.27 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.)
 - c) Statutory liabilities as at March 31, 2021 amounting to Rs. 1105.80 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.
 - d) 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. This was also subject matter of qualification in the audit report for the year ended March 31, 2020.
 - e) Creditors for capital works as at March 31, 2021 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. This was also subject matter of qualification in the audit report for the year ended March 31, 2020.
- 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 5.
- 8 During the March quarter management of the company accounted Rs. 6802.83 Lakhs as interest expense (after reconciling with lender banks) with respect to the penal charges for non payment loans and interest.

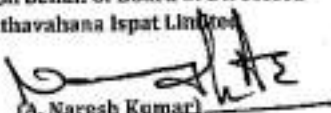


- 9 During the March Quarter the company has assigned the Key Man Insurance Policies to respective employees by the management of the company as per Board resolution accordingly amount of Rs. 340.82 lakhs accounted as Employee Benefit Expense which is classified as other financial assets previously.
- 10 Balances other than cash and cash equivalents contains Balance of Rs 194.40 lakhs & Rs. 33.14 Lakhs in Escrow and margin money deposits with banks . Currently management submitted withdrawal requests which are pending before banks, management estimates no provision required to be accounted for against these balances. In line with Indian Accounting standard (Ind AS- 7) read with Schedule III -Division II , these balances are reclassified as other Bank balances from previous year classification of cash and cash equivalents.
- 11 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 March, 2021.
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.
- 12 The figures of the quarter ended March 31, 2021 and March 31, 2020 are the balancing figures between audited figures in respect of the financial year and the published year to date figures up to the third quarter of the current and previous financial years i.e., 2020-21 and 2019-20 respectively.
- 13 The figures for the corresponding previous period have been reclassified / regrouped wherever necessary to conform to current period classification.

HYDERABAD
30 June 2021

For and on behalf of Board of Directors
Sathavahana Ispat Limited




(A. Naresh Kumar)
Managing Director



INDEPENDENT AUDITOR'S REPORT ON THE YEAR-TO-DATE AUDITED FINANCIAL RESULTS OF THE COMPANY PURSUANT TO THE REGULATION 33 OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015, AS AMENDED

To
The Board of Directors of
SATHAVAHANA ISPAT LIMITED

Report on the Audit of Financial Results

Qualified Opinion

We have audited the accompanying annual financial results ('the Statement') of **SATHAVAHANA ISPAT LIMITED** ('the Company') for year ended 31 March 2021, attached herewith, being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended) ('Listing Regulations'), including relevant circulars issued by the SEBI from time to time.

In our opinion and to the best of our information and according to the explanations given to us, the Statement:

- i) presents financial results in accordance with the requirements of Regulation 33 of the Listing Regulations, *except for the possible effects of the matters described in Basis for Qualified Opinion below.; and*
- ii) gives a true and fair view in conformity with the applicable Indian Accounting Standards ('Ind AS') prescribed under Section 133 of the Companies Act, 2013 ('the Act'), read with relevant rules issued thereunder, and other accounting principles generally accepted in India, of the net loss after tax and other comprehensive income and other financial information of the Company for the year ended 31 March 2021 *except for the possible effects of the matters described in Basis for Qualified Opinion below.*

Basis for Qualified Opinion

- (a) We draw your attention to Note no 6(a) to the statement, As per Indian Accounting Standard 36 on Impairments of Assets, the Company is required to determine impairment in respect of fixed assets as per the methodology prescribed under the said Standard on account of shut down of the ferrous plant and very limited operations in the coke oven plant since 12th June 2017. However, the Management of the Company has not done impairment testing for the reasons explained in the above note. Consortium Lenders of the Company appointed two independent valuers for each class of the assets. The valuation reports contain the value which is lower than the carrying netbook value of a certain class of assets as at March 31, 2021. However, In the absence of any working for impairment of the fixed assets as per Ind AS 36, the impact of impairment, if any on the Ind AS financial statements is not ascertainable.

(b) We draw your attention to note no.6(b) to the statement, where in management has considered outstanding trade receivables, Supplier advances, capital advances and other financial assets of Rs.3481.82 lakhs , Rs.595.27 lakhs, Rs.174.01 lakhs,



Rs.157.02 lakhs (As at March 31, 2020 - Rs.3579.03 lakhs, Rs.501.55 lakhs/-, Rs 173.63 lakhs /- and 157.02 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, advances and its consequential effect on these financial statements.

This matter was also qualified in our report on the financial statements for the year ended March 31, 2020.

- (c) We draw your attention to Note no 6(c) to the statement, regarding substantial amount of statutory dues related to Income tax, Employee's provident fund, Employee's state insurance act, gratuity, and professional tax, amounting to Rs.1105.80 lakhs (As at March 2020: Rs 1083.39 lakhs) have become overdue and remain unpaid. Interest, penalty if any in respect of the same has remained unascertained and unaccounted for.

This matter was also qualified in our report on the financial statements for the year ended March 31, 2020.

- (d) We Draw attention to Note 6(d) 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.

This matter was also qualified in our report on the financial statements for the year ended March 31, 2020.

- (e) We draw your attention to Note no 6(e) to the statement regarding overdue payables aggregating to Rs.222.45 lakhs as at March 31, 2021 (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.

This matter was also qualified in our report on the financial statements for the year ended March 31, 2020.

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under



the provisions of the Act and the Rules made thereunder and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our qualified opinion on the financial results.

Material uncertainty related to Going Concern

We draw attention to Note 5 to the statement, which indicates that the Company has incurred a net loss of 32,600.36 lakhs during the year ended March 31, 2021 (Year Ended March 31, 2020 - Rs. 31076.12) and, as of that date, the Company's current liabilities exceeded its current assets by Rs. 1,69,585.53 lakhs (As at March 31, 2020 - Rs. 1,36,570.26 lakhs). These events or conditions, along with other matters as set forth in Note 5, 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 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

Emphasis of Matters

- I. Capital work in progress amounting to Rs 2885.31 lakhs, is carried forward 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 as said in Note 5 to the statement.

Our opinion is not modified in respect of this matter.

Board of Directors' Responsibility for the Financial Results

These financial results have been prepared on the basis of the annual financial statements for the year ended March 31, 2021.

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial Results that give a true and fair view of the financial position, financial performance including other comprehensive income and cash flows in accordance with the Ind AS and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial results that give a true and fair view and are free from material misstatement, whether due to fraud or



In preparing the financial Results, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Results

Our objectives are to obtain reasonable assurance about whether the financial Results as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial Results.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial Results, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial Results or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.



- Evaluate the overall presentation, structure and content of the standalone financial Results, including the disclosures, and whether the financial Results represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Other Matters

The annual financial results include the results for the quarter ended 31 March 2021 being the balancing figure between the audited figures in respect of the full financial year and the published unaudited year to date figures up to the third quarter of the current financial year which were subject to limited review by us.

The annual financial results dealt with by this report has been prepared for the express purpose of filing with stock exchanges on which the Company's shares are listed. These results are based on and should be read with the audited financial statements of the Company for the year ended March 31, 2021 on which we issued a modified audit opinion vide our report dated June 30, 2021.

Place: Hyderabad

Date: June 30, 2021



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

M. Kiran Kumar
Kiran Kumar Majeti
Partner
Membership No: 220354
UDIN No: 21220354AAAAABS7930

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

Statement on impact of Audit on Impact of Audit Qualification for the Financial Year ended March 31,
2021

(Amount in Rs. Lakhs)

I	S.No	Particulars	Audited Figures (as reported before adjusting for qualifications)	Adjusted figures (audited for figures after adjusting for qualifications)
	1	Turnover/ Total Income	3739.98	Not applicable
	2	Total Expenditure	36340.34	Not applicable
	3	Net (Loss)	(32600.36)	Not applicable
	4	(Loss) Per Share	(64.05)	Not applicable
	5	Total Assets	76932.07	Not applicable
	6	Total Liabilities	177838.27	Not applicable
	7	Net Worth (Total Equity)	(100906.20)	Not applicable
	8	Any other financial item(s) (as felt appropriate by the management)	--	Not applicable
II	Audit Qualification (each audit qualification Separately)			
	<u>Details of Audit Qualification:</u>			
	(a) We draw your attention to Note no 6(a) to the statement, As per Indian Accounting Standard 36 on Impairments of Assets, the Company is required to determine impairment in respect of fixed assets as per the methodology prescribed under the said Standard on account of shut down of the ferrous plant and very limited operations in the coke oven plant since 12th June 2017. However, the Management of the Company has not done impairment testing for the reasons explained in the above note. Consortium Lenders of the Company appointed two independent valuers for each class of the assets. The valuation reports contain the value which is lower than the carrying netbook value of a certain class of assets as at March 31, 2021. However, In the absence of any working for impairment of the fixed assets as per Ind AS 36, the impact of impairment, if any on the Ind AS financial statements is not ascertainable.			
	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 Not 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 Company's current level of operations in Metallurgical Coke division at Twenty Eight percent capacity and no operations at Ferrous division, may not be an indication of the future performance of the Company. Consortium of lenders assigned their debt provided to the Company to J C Flower Asset Reconstruction Company Limited ("JCFARC") and pending deliberations about restructuring of the Loan and restart of the plant operations, reliable projections of availability of future cash flows of the Company supporting the carrying value of Property, Plant and Equipment cannot be determined. Accordingly, Impairment testing under			



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Ind AS has not been performed while presenting these results.		
(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 Audit Qualification (each audit qualification Separately)		
<u>Details of Audit Qualification:</u>		
We draw your attention to note no.6(b) to the statement, where in management has considered outstanding, trade receivables, Supplier advances, capital advances and other financial assets of Rs.3481.82 lakhs, Rs.595.27 lakhs, Rs.174.01 lakhs, Rs,157.02 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, advances 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	-
	Repetition	Yes
	since how long continuing	3 year
d. for Audit Qualification(s) where the impact is Not 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 and other balances on regular basis and believes there was no uncertainty at present on recoverability these receivables and 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	

IV Audit Qualification (each audit qualification Separately)		
<u>Details of Audit Qualification:</u>		
We draw your attention to Note no 6(c) to the statement, regarding substantial amount of statutory dues related to Income tax, Employee's provident fund, Employee's state insurance act, gratuity, and professional tax, amounting to Rs.1105.80 Lakhs have become overdue and remain unpaid. Interest, penalty if any in respect of the same has remained unascertained and unaccounted for.		
b. Type of Audit Qualification	Qualified opinion	Yes
	Disclaimer of opinion	-
	Adverse opinion	-
c, Frequency of Qualification	Appeared first time	-
	Repetition	Yes
	Since how long continuing	2 year



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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 delay in repayment of outstanding statutory dues is due to the tight working, capital situation faced by the company, the management expects to pay the outstanding Balances with respective authorities before September 2021.		
(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	
V Audit Qualification (each audit qualification Separately)		
<u>Details of Audit Qualification:</u>		
We Draw attention to Note 6(d) to the statement regarding, non-moving inventories Since shut down of the operations at factory located at Haresamudram amounting to Rs. 1982.98 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.		
b. Type of Audit Qualification	Qualified opinion	Yes
	Disclaimer of opinion -	-
c. Frequency of Qualification	Adverse opinion	-
	Appeared first time	-
	Repetition	Yes
	since how long continuing	1 year
d. For Audit Qualification(s) where the 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		
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.		
(ii) if management is unable to estimate the impact reasons for the same	Not applicable	Not applicable
(iii) Auditor's comments on (i) or (ii) above	Refer to our qualification above.	
VI Audit Qualification (each audit qualification Separately)		
<u>Details of Audit Qualification:</u>		
We draw your attention to Note no 6(e) to the statement regarding overdue payables aggregating to Rs.222.45 lakhs as at March 31, 2021, 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		




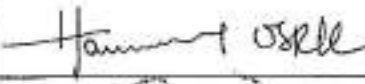
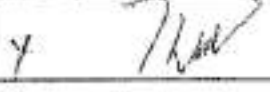
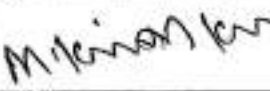
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liabilities in the financial statements are presently not ascertainable.		
b. Type of Audit Qualification	Qualified opinion	Yes
	Disclaimer of opinion	-
	Adverse opinion	-
c. Frequency of Qualification	Appeared first time	-
	Repetition	Yes
	Since how long continuing	1 year
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 delay in repayment is due to the tight working capital situation faced by the company, the management expects to pay before September 2021		
(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	
VII Signatories:		
• CEO/Managing Director		
• CFO		
• Audit Committee Chairman		
• Statutory Auditor		
Place: Hyderabad		
Date: 30.06.2021		

