CIN : L27109TG1989PLC010654

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

18th July, 2020

To B S E 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, 2020.

2. Approved the Statement of Assets and Liabilities as at 31st March, 2020.

3. Approved the Cash flow statements for the year ended on 31st March, 2020.

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, 2020

The meeting commenced at 12:00 P.M. and concluded at 2:00 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
Email: cfo@sathavahana.com www.sathavahana.com

Statement of Audited financial results for the Quarter and Year Ended March 31, 2020

(Rs. in lakhs, except as stated)

S.No	Particulars	Quarter ended			Year ended	
		31.03.2020 (Refer Note -6)	31.12.2019 (Unaudited)	31.03.2019 (Refer Note -6)	31.03.2020 (Audited)	31.03.2019 (Audited)
1	**INCOME:**					
	Revenue from operations	4182.91	4916.53	13807.34	27289.63	49853.69
	Other income	701.87	14.10	310.78	915.92	817.87
	Total income	**4884.78**	**4930.63**	**14118.12**	**28205.55**	**50671.56**
2	**EXPENSES:**					
	a) Cost of raw materials consumed	4369.57	5015.25	14685.50	28263.91	44800.59
	b) Changes in inventories of finished goods, work-in-progress and stock-in-trade	510.56	190.74	(1563.12)	2361.62	(2404.42)
	c) Employee benefits expense	314.55	463.59	566.11	1861.71	2608.03
	d) Finance costs	4893.64	4939.05	4635.24	19177.73	17438.49
	e) Depreciation and amortisation expense	1103.76	1129.13	1107.80	4481.39	4738.65
	f) Other expenses	1250.98	486.71	868.25	3135.31	3284.00
	Total expenses	**12443.06**	**12224.47**	**20299.78**	**59281.67**	**70465.34**
3	**Loss before Exceptional items and tax (1-2)**	**(7558.28)**	**(7293.84)**	**(6181.66)**	**(31076.12)**	**(19793.78)**
4	Exceptional item	-	-	2,983.98	-	2,983.98
5	**Loss before tax (3-4)**	**(7558.28)**	**(7293.84)**	**(9165.64)**	**(31076.12)**	**(22777.76)**
6	**Tax expense**					
	Current tax (Refer note: 10)	-	-	-	-	-
	Deferred tax	-	-	-	-	-
	Total tax expense	-	-	-	-	-
7	**Loss for the period from continuing operations (5-6)**	**(7558.28)**	**(7293.84)**	**(9165.64)**	**(31076.12)**	**(22777.76)**
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)**	**(7,558.28)**	**(7,293.84)**	**(9,165.64)**	**(31,076.12)**	**(22,777.76)**
12	**Other Comprehensive Income / (Expense)**					
A	a) (i) Items that will not be reclassified to profit or loss	177.91	21.55	(11.16)	242.57	86.21
	(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	177.91	21.55	(11.16)	242.57	86.21
13	**Total Comprehensive Income for the year (11+12)** (Comprising Profit / (Loss) and other comprehensive Income for the year)	**(7380.37)**	**(7272.29)**	**(9176.80)**	**(30833.55)**	**(22691.55)**
14	Paid Up Equity Share Capital (Ordinary shares of Rs 10/- each)	5090.00	5090.00	5090.00	5090.00	5090.00
15	Reserves Excluding Revaluation Reserve				(73456.96)	(42623.42)
16	**Loss Per Equity Share(Not Annualised) in Rs. (from discontinued operations and Continuing Operations**					
	Basic	(14.85)	(14.33)	(18.01)	(61.05)	(44.75)
	Diluted	(14.85)	(14.33)	(18.01)	(61.05)	(44.75)



SEGMENT REVENUE, RESULTS, SEGMENT ASSETS AND SEGMENT LIABILITIES

(Rs. In lakhs, except as stated)

S.No	Particulars	Quarter ended			Year ended	
		31.03.2020 (Refer Note -6)	31.12.2019 (Unaudited)	31.03.2019 (Refer Note -6)	31.03.2020 (Audited)	31.03.2019 (Audited)
1	**Segment Revenue**					
	Ferrous Products	-	37.52	213.51	168.37	1216.73
	Metallurgical Coke with Co-generation Power	4200.66	4899.61	13742.07	27212.00	49041.67
	Total	**4200.66**	**4937.13**	**13955.58**	**27380.37**	**50258.40**
	Less: Inter/Intra Segment Revenue	17.75	20.60	148.24	90.74	404.71
	Sales/ Revenue from Operations	**4182.91**	**4916.53**	**13807.34**	**27289.63**	**49853.69**
2	**Segment Results**					
	Ferrous Products	(769.87)	(1062.34)	(1396.44)	(4354.14)	(5412.22)
	Metallurgical Coke with Co-generation Power	(2107.33)	(1303.09)	(351.13)	(7776.57)	2643.17
	Total	**(2877.20)**	**(2365.43)**	**(1747.57)**	**(12130.71)**	**(2769.05)**
	Less: Other un-allocable expenditure	(3.70)	(10.64)	5.30	(23.45)	44.95
	Total segment results before interest and tax	**(2873.50)**	**(2354.79)**	**(1752.87)**	**(12107.26)**	**(2814.00)**
	Finance Costs (Net of interest income)	4684.78	4939.05	4428.79	18968.86	16979.78
	Loss before exceptional item and tax	**(7558.28)**	**(7293.84)**	**(6181.66)**	**(31076.12)**	**(19793.78)**
	Exceptional item	-	-	2,983.98	-	2,983.98
	Loss before tax	**(7558.28)**	**(7293.84)**	**(9165.64)**	**(31076.12)**	**(22777.76)**
	Tax	-	-	-	-	-
	Loss after tax	(7558.28)	(7293.84)	(9165.64)	(31076.12)	(22777.76)
	Other Comprehensive Income (Net of Tax)	177.91	21.55	(11.16)	242.57	86.21
	Total Comprehensive Income	**(7380.37)**	**(7272.29)**	**(9176.80)**	**(30833.55)**	**(22691.55)**

S.No	Particulars	Quarter ended			Year ended	
		31.03.2020 (Refer Note -6)	31.12.2019 (Unaudited)	31.03.2019 (Refer Note -6)	31.03.2020 (Audited)	31.03.2019 (Audited)
3	**Segment Assets**					
	Ferrous Products	53223.67	54405.72	56862.28	53223.67	56862.28
	Metallurgical Coke with Co-generation Power	29637.66	31764.48	38646.51	29637.66	38646.51
	Total (A)	**82861.33**	**86170.20**	**95508.79**	**82861.33**	**95508.79**
	Segment Liabilities					
	Ferrous Products	103068.40	98961.04	77194.11	103068.40	77194.11
	Metallurgical Coke with Co-generation Power	48529.59	48557.78	56271.78	48529.59	56271.78
	Total (B)	**151597.99**	**147518.82**	**133465.89**	**151597.99**	**133465.89**
	Unallocated (Net) (C)	369.70	362.02	423.68	369.70	423.68
	Total (A-B+C)	**(68366.96)**	**(60986.60)**	**(37533.42)**	**(68366.96)**	**(37533.42)**

STATEMENT OF ASSETS & LIABILITIES

Particulars	As at	
	31.03.2020 (Audited)	31.03.2019 (Audited)
ASSETS		
I Non-current assets		
(a) Property, plant and equipment	68308.57	73119.46
(b) Capital work-in-progress (Refer Note: 8)	3343.19	3329.71
(c) Right -of- use asset	331.43	-
(d) Intangible assets	-	-
(e) Financial assets		
(i) Investments	12.15	18.66
(ii) Other financial assets	662.44	651.93
(f) Other non-current assets	640.65	727.22
Total Non-current assets	**73298.43**	**77846.98**
II Current assets		
(a) Inventories	3104.68	8121.19
(b) Financial assets		
(i) Trade receivables	4319.94	7251.13
(ii) Cash and cash equivalents	327.54	640.76
(iii) Bank balances other than (ii) above	31.20	63.86
(c) Other current assets	2149.25	2008.55
Total Current assets	**9932.61**	**18085.49**
TOTAL ASSETS	**83231.04**	**95932.47**
EQUITY AND LIABILITIES		
III Equity		
a)Equity share capital	5090.00	5090.00
b)Other equity	(73456.96)	(42623.42)
Total Equity	**(68366.96)**	**(37533.42)**
IV Non-current liabilities		
a) Financial liabilities		
(i) Borrowings	5168.71	12662.36
(b) Provisions	200.65	391.07
Total Non- current liabilities	**5369.36**	**13053.43**
V Current liabilities		
(a) Financial liabilities		
(i) Borrowings	79950.47	68909.12
(ii) Trade payables	8361.08	8862.15
(iii) Other financial liabilities (Refer Note: 9)	56714.31	41800.15
(b) Other current liabilities	1170.04	754.68
(c) Provisions	32.74	86.36
Total current liabilities	**146228.64**	**120412.46**
Total Liabilities	**151598.00**	**133465.89**
TOTAL EQUITY AND LIABILITIES	**83231.04**	**95932.47**



STATEMENT OF CASH FLOWS

Particulars	As at	
	31.03.2020 (Audited)	31.03.2019 (Audited)
Cash flow from operating activities:		
(Loss) before tax	(31076.11)	(22777.76)
Adjustments for:		
Depreciation and amortisation expense	4481.39	4738.65
Unrealised foreign exchange loss (net)	18.55	7.41
Interest income from financial assets at amortised cost	(208.86)	(458.71)
Finance cost	19177.73	17438.50
Other Comprehensive Income	242.57	86.21
Net (gain)/loss arising on investments mandatorily measured at Fair value through profit and loss	6.51	1.59
Expected credit loss	440.00	-
Credit balances written back	(677.78)	(236.32)
Debit balance written off	67.90	-
Bad debts written off	327.04	40.02
Exceptional item	-	2983.98
Deposits written off	-	185.06
Provision for doubtful deposits no longer required written back	-	(185.06)
Operating Profit/ (Loss) before working capital changes	**(7201.06)**	**1823.57**
Adjustments for:		
Trade receivables and other assets	1984.14	(34.13)
Inventories	5016.51	(4071.59)
Trade payables, other liabilities and provisions	(13.64)	2670.07
Cash generated from operating activities	**(214.05)**	**387.92**
Income tax paid	(47.47)	(61.06)
Net cash inflow / (outflow) from operating activities	**(166.58)**	**326.86**
Cash flows from investing activities:		
Purchase of property, plant and equipment, Intangibles and capital work-in-progress	(11.07)	(244.30)
Foreclosure of margin money deposits by Scheduled banks	7.54	1615.53
Interest received	233.98	482.58
Net cash inflow from investing activities	**230.45**	**1853.81**
Cash flows from financing activities:		
Proceeds/(repayment) of long-term borrowings (net)	(62.50)	(2.45)
Proceeds/(repayment) of short-term borrowings (net)	11041.35	8311.27
Finance costs (Charged to Cash credit accounts)	(11346.94)	(10419.99)
Finance costs paid	(9.00)	(514.46)
Net cash (outflow) / inflow from financing activities	**(377.09)**	**(2625.63)**
Net (decrease)/ increase in cash and cash equivalents	(313.22)	(444.96)
Opening Cash and Cash Equivalents	640.76	1085.72
Closing Cash and Cash Equivalents	**327.54**	**640.76**

Notes :

1 The above audited financial results for the quarter and year ended March 31, 2020, as reviewed by the audit committee, has been considered and approved by the Board of Directors at its meeting held on July 18, 2020. 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.

3 The Company's business consists of two reportable segments viz., Ferrous Products and Metallurgical coke with co-generation of Power.

4 As at March 31, 2020, the company had negative other equity of Rs.73,456.96 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 Fourty 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.

5 **In response to Qualifications of audit report:**

a) Trade receivables as at March 31, 2020 include Rs.3579.03 lakhs (March 31, 2019 Rs. 4427.13 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, 2019 Rs. 215.31 Lakhs) , supplier advances of Rs.501.55 lakhs (March 31, 2019 Rs. 440.12 Lakhs) and other financial assets of Rs. 157.02 lakhs (March 31, 2019 Rs. 321.56 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, 2019.)

b) Statutory liabilities as at March 31, 2020 amounting to Rs. 1083.39 Lakhs (March 31, 2019 Rs. 490.46 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, and expects to pay by September, 2020. This was also subject matter of qualification in the audit report for the year ended March 31, 2019.

c) Since shut down of the operations Haresamudram plant from 12th June 2017, no major movement have happened in Inventories amounting to Rs. 2118.90 Lakhs/- (As at 31st March 2019: Rs.2196.57 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..

d) Creditors for capital works as at March 31, 2020 includes overdue payables of Rs.228.16 lakhs (March 31, 2019: Rs. 209.62 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.

6 The figures of the quarter ended March 31, 2020 and March 31, 2019 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., 2019-20 and 2018-19 respectively.

7 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 impacted in the month of March 2020, 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 March 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.

8 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.

9 Difference in Interest accrued and due under "other financial liabilities" between Balance confirmation obtained 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.

10 In pursuance to Section 115 BAA of the Income Tax Act, 1961 announced by Government of India through Taxation laws (Amendment) Act, 2019, the Company has an irrevocable option of shifting to a lower tax rate along with consequent reduction in certain tax incentives including lapse of the accumulated MAT credit and carry forwarded loss. The Company has not opted for this option after evaluating the same and continues to recognize the taxes on income as per the earlier provisions.

11 The Ministry of Corporate Affairs (MCA), on 30th March, 2019, notified IndAS 116 "Leases" as part of the Companies (Indian Accounting Standards) Amendment Rules, 2019. The new standard is effective for accounting periods beginning on or after 1st April, 2019. The adoption of the standard did not have any material impact to the financial results of the Company.

12 Figures of previous period/ year have been rearranged / regrouped wherever necessary.

MAJETI & CO HYDERABAD Chartered Accountants

HYDERABAD
July 18, 2020

For and on behalf of Board of Directors
Sathavahana Ispat Limited

SATHAVAHANA ISPAT LIMITED HYD

(A. Naresh Kumar)
Managing Director

INDEPENDENT AUDITOR'S REPORT ON THE AUDIT OF FINANCIAL RESULTS

TO THE BOARD OF DIRECTORS OF SATHAVAHANA ISPAT LIMITED

Qualified Opinion

We have audited the accompanying annual financial results ('the Statement') of SATHAVAHANA ISPAT LIMITED ('the Company') for the year ended 31 March 2020, 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 2020 *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.5(a) to the statement, where in management has considered outstanding trade receivables, Supplier advances, capital advances and other financial assets of Rs.3579.03 lakhs , Rs.501.55 lakhs, Rs.173.63 lakhs, Rs.157.02 lakhs (As at March 31, 2019 - Rs.4427.13 lakhs, Rs.440.12 lakhs/-, Rs 215.31 lakhs /- and 321.56 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, 2019.

(b) We draw your attention to Note no 5(b) 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.1083.39 lakhs (As at March 2019: Rs 490.45 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, 2019.

MAJETI & CO HYDERABAD Chartered Accountants

(c) 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.2118.90 lakhs (As at 31st March 2019: Rs.2196.57 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.

(d) We draw your attention to Note no 5(d) to the statement regarding overdue payables aggregating to Rs.228.16 lakhs as at March 31, 2020 (2019 – Rs.209.62 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.

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 4 to the statement, which indicates that the Company has incurred a net loss of 31,076.11 lakhs during the year ended March 31, 2020 (Year Ended March 31, 2019 – Rs. 22,777.76) and, as of that date, the Company's current liabilities exceeded its current assets by Rs. 136,296.03 lakhs (As at March 31, 2019 - Rs. 102,326.97 lakhs). 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 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. We draw your attention to Note 7 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.

MAJETI & CO HYDERABAD Chartered Accountants

II. Statement of assets and liabilities included in Statement of Financial Results, where in company chose to classify the term loans as long term and short term in accordance with the existing loan covenants until the revised restructure payment schedule is finalised by consortium bankers as mentioned in note no 4.

III. 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 8 to the statement management Plans to capitalise the same on approval of restructuring of borrowings by banks.

IV. We draw your attention to Note No 9, to the statement with respect to difference in Interest accrued and due under "other financial liabilities" between Balance confirmation obtained by us 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.

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, 2020.

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 error.

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

MAJETI & CO HYDERABAD Chartered Accountants

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 2020 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, 2020 on which we issued a modified audit opinion vide our report dated July 18, 2020.

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

Kiran Kumar Majeti
Partner
Membership No: 220354
UDIN No: 20220354AAAABE9816

Place: Hyderabad

Date: July 18, 2020

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 on Impact of Audit Qualification for the Financial Year ended March 31, 2020

(Amount in Rs. Lakhs)

I	S.No	Particulars	Audited Figures (as reported before adjusting for qualifications	Adjusted figures (audited figures after adjusting for qualifications)
	1	Turnover/ Total Income	28401.62	Not applicable
	2	Total Expenditure	59477.73	Not applicable
	3	Net (Loss)	(31076.11)	Not applicable
	4	(Loss) Per Share	(61.05)	Not applicable
	5	Total Assets	83231.04	Not applicable
	6	Total Liabilities	151598.00	Not applicable
	7	Net Worth	(68366.96)	Not applicable
	8	Any other financial item(s) (as felt appropriate by the management)	Nil	Not applicable

II Audit Qualification (each audit qualification Separately)

Details of Audit Qualification:

We draw your attention to note no.5(a) to the statement, where in management has considered outstanding trade receivables, Supplier advances, capital advances and other financial assets of Rs.3579.03 lakhs,Rs.501.55 lakhs, Rs.173.63 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	2 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 management assess the recoverability of trade receivables and other balanceson 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 consideredgood.

(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)** Details of Audit Qualification: We draw your attention to Note no 5(b) 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.1083.39 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	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 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 2020.		
	(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)** Details of Audit Qualification: 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.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.		
	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		
	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	
	(iii) Auditor's comments on (i) or (ii) above	Refer to our qualification above.	
V	**Audit Qualification (each audit qualification Separately)** Details of Audit Qualification: We draw your attention to Note no 5(d) to the statement regarding overdue payables aggregating to Rs.228.16 lakhs as at March 31, 2020, 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.		
	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 delay in repayment is due to the tight working capital situation faced by the company, the management expects to pay before September 2020.		
	(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	**Signatories:**		
	• CEO/Managing Director		
	• CFO		
	• Audit Committee Chairman		
	• Statutory Auditor		
Place: Hyderabad Date: 18.07.2020			

MAJETY & CO. HYDERABAD Chartered Accountants