CIN : L27109TG1989PLC010654

# SATHAVAHANA ISPAT LIMITED

Reg. Off : 505, Block 1, Divyashakti Complex, Ameerpet, Hyderabad – 500 016.
Phones : 237330812,3,4 E-mail : info@sathavahana.com web : www.sathavahana.com

Date11/03/2022
To
National Stock Exchange of India Limited
Mumbai.

**Subject: Clarification-Deficiency/ non submission of a quick result submitted to the exchange**
**dated 14th February, 2022of Sathavahana Ispat Limited.**

**Ref:Your email dated on 10th March, 2022.**

Dear Sir/Madam,

With reference in your email communication dated on 10th March, 2022, seeking clarification of deficiency / non submission of quick results submitted to the exchange dated 14th February, 2022 of Sathavahana Ispat Limited.

The Limited Review Report and Financial Results are enclosed herewith for your records and ready reference.

Thanking you.

Yours faithfully,
For SATHAVAHANA ISPAT LIMITED

BhuvanMadan
Resolution Professional
SATHAVAHANA ISPAT LIMITED

Enclosure: The Limited Review Report and Financial Results

**ppINDEPENDENT AUDITOR'S REVIEW REPORT ON QUARTERLY AND YEAR TO DATE UNAUDITED FINANCIAL RESULTS OF THE COMPANY PURSUANT TO THE REGULATION 33 OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015, AS AMENDED**

**TO**
**The Resolution Professional**
**SATHAVAHANA ISPAT LIMITED**

1) The Hon'ble National Company Law Tribunal, Hyderabad Bench ('NCLT') admitted an Insolvency and bankruptcy petition filed by an operational creditor against SATHAVAHANA ISPAT LIMITED (the 'Company') and appointed Mr. Golla Ramakantha Rao to act as Interim Resolution Professional ('IRP') with a direction to initiate appropriate action contemplated with extant provisions of the Insolvency and Bankruptcy code, 2016 and other related rules as applicable. Further, pursuant to the order of NCLT, committee of creditors ("CoC") were formed and the First COC meeting was held on August 31,2021 and appointed Mr. Bhuvan Madan as Resolution Professional ('RP') in place of Mr. Golla Ramakantha Rao. The same has been confirmed by the NCLT.

2) As Per Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations,2015 (the 'Regulation') the financial results of a company submitted to the stock exchange shall be signed by the Chairperson or Managing Director or Whole Time Director or in absence of all of them, it shall be signed by any director of the company who is duly authorized by the Board of Directors. In view of the ongoing Corporate Insolvency Resolution Process ("CIRP") as Board has been suspended and these powers are now vested with Mr. Bhuvan Madan in the capacity as the Resolution Professional as per the Provisions of the Insolvency and bankruptcy Code, 2016 ("the Code").

3) We have reviewed the accompanying statement of unaudited financial results of **SATHAVAHANA ISPAT LIMITED** (the 'Company') for the quarter ended December 31, 2021 and year to date from April 01, 2021 to December 31, 2021 (the "Statement") attached herewith, being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations,2015 (, the 'Regulation') as amended.

4) This Statement, which is the responsibility of the Company's Management and approved by the Resolution Professional, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013, as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.

5) We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity', issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of Company personnel and analytical procedures applied to financial data and thus provide less

assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

6) Our responsibility is to express a conclusion on the statement based on our review. However, because of the matters described in paragraph 7 below, we are not able to obtain sufficient appropriate audit evidence to provide the basis of our conclusion on this statement.

7) i. We draw attention to Note 5(a) of the accompanying statement, as at December 31,2021 the company's obligation towards borrowings was Rs. 1,86,410.29 Lakhs which was classified as current liabilities and significantly exceeded its available cash and cash equivalents as on that date. The company's financial results and funds availability were adversely affected due to continuing shut down of the ferrous plant since 12th June 2017 and very limited operations in the coke oven plant and has incurred a Net Loss of Rs.8,670.27 Lakhs during the quarter and nine months ended resulting into accumulated losses of Rs.1,29,868.23 Lakhs and erosion of its Net worth as at December 31, 2021. These conditions give rise to material uncertainty over the ability of the Company to continue as a going concern.

The financial results have been prepared on going concern basis based on the reason as disclosed in Note 5(a) to the statement. However, we are unable to obtain sufficient and appropriate audit evidence to conclude whether the use of the going concern assumption to prepare the financial statements is appropriate. In the absence of forecast plans, presently not ascertainable about company's ability to repay its borrowings, trade payables, statutory liabilities, other payables and arrangement of funds to resume its operations.

ii. We draw your attention to Note no 5(b) to the statement, As per Indian Accounting Standard 36 on Impairment of Assets, the Company is required to determine impairment in respect of Property, Plant and equipment and capital work in progress 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. However, In the absence of any working for impairment of the Property, Plant and equipment and capital work in progress as per Ind AS 36, the impact of impairment, if any, on the Ind AS financial statements is not ascertainable.

This matter was also qualified in our report on the financial statements for the year ended March 31, 2021.

iii. We draw your attention to Note no 5(g) to the statement, in respect of various claims, submitted by the operational creditors, the financial creditor, employees and other creditors against the Company to Resolution Professional pursuant to the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) Regulation 2016, that are currently under consideration/reconciliation. Pending reconciliation/admission of such claims by the RP, we are unable to comment on the consequential impact, if any, on the accompanying statement.

iv. We draw attention to Note 5(c) of the accompanying statement, where in management has considered outstanding trade receivables of Rs. 3,491.95 Lakhs (March 31,2021 Rs. 3481.82 Lakhs) capital advances of Rs.174.01 Lakhs (March 31,2021 Rs. 174.01 Lakhs), supplier advances Rs.618.13 lakhs (March 31,2021 Rs. 595.27 Lakhs) and other financial assets Rs. 157.02 lakhs (March 31,2021 Rs. 157.02Lakhs), respectively due for a period of more than one year as good and recoverable as at December 31, 2021, for which no provision has been made in the books of account. For reasons said in the aforesaid note, and due to confirmations being not available and pending reconciliation adjustments we are unable to comment on the recoverability of these receivables and its consequential effect on these financial results.

v. Note no: 5(d) to the statement of financial results, Statutory dues related to Income tax, Employee's provident fund, Employee state insurance act and professional tax, amounting to Rs. 2735.91 Lakhs (March 31,2021 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.

   This matter was also qualified in our report on the financial statements for the year ended March 31, 2021.

vi. We Draw attention to Note 5(e) to the statement regarding non-moving inventories Since shut down of the operations at factory located at Haresamudram amounting to Rs.1889.36 Lakhs (As at 31st March 2021: Rs.1985.98 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.

   This matter was also qualified in our report on the financial statements for the year ended March 31, 2021.

vii. We draw your attention to Note no 5(f) to the statement regarding overdue payables aggregating to Rs.224.15 lakhs as at December 31, 2021 (As at 31st March 2021:– Rs.222.45 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, 2021.

viii. The Company has taken advances from customers which were outstanding for more than one year amounting to Rs.87.22 Lakhs, in terms of Section 73 of Companies Act, 2013 read together with Companies (Acceptance of Deposits) Rules, 2014, (Rule 2(1)(xii)(a)), such advances are liable to be treated as deposits and hence the Company is in violation of the same, Consequential effects and penalty if any in respect of the same has remained unascertained and unaccounted for.

ix. The company has contributed to charitable trust amounting to RS.11.02 Lakhs without prior permission in general meeting pursuant to the requirement of Section 181 of the Companies Act 2013. The impact of this matter on the financial results are presently not ascertainable.

x. During the period the company has entered a contract with M/s Jindal Saw Limited for 'Repairs & Maintenance of Manufacturing Facilities' at a contract Price of Rs 266 Crore and related work was commenced by the contractor. The company has not accounted expenses incurred, if any, till reporting date in the books . We are unable to comment and its consequential effect, if any, on these financial results.

8) Based on our review conducted as above and procedure performed as stated in paragraph 5 above because of the substantive nature and significance of the matters described in paragraph 7 above ***we have not been able to obtain sufficient appropriate audit evidence to provide our basis for our conclusion*** as to whether accompanying statement prepared in accordance with applicable Accounting Standards i.e. Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other recognised accounting practices and policies has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including the manner in which it is to be disclosed, or that it contains any material misstatement.

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

KIRAN KUMAR MAJETI

Digitally signed by KIRAN KUMAR MAJETI
Date: 2022.03.11 17:21:12 +05'30'

Hyderabad
11.03.2022

Kiran Kumar Majeti
Partner
Membership Number: 220354
UDIN: 22220354AEQRVX1191

**SATHAVAHANA ISPAT LIMITED**
**CIN :L27109TG1989PLC010654**

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

**Statement of Unaudited Financial results for the Quarter and Nine Months Ended December 31, 2021**

(Rs. In Lakhs, except as stated)

| S.No | Particulars | Quarter ended | | | Nine Months Ended | | Year Ended |
|---|---|---|---|---|---|---|---|
| | | 31.12.2021 | 30.09.2021 | 31.12.2020 | 31.12.2021 | 31.12.2020 | 31.03.2021 |
| | | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) | (Audited) |
| 1 | **INCOME** | | | | | | |
| | Revenue from operations | 739.70 | 679.84 | 547.41 | 2504.93 | 2259.08 | 2676.09 |
| | Other income | 63.82 | 298.71 | 17.23 | 371.38 | 54.41 | 1063.89 |
| | **Total income** | **803.52** | **978.55** | **564.64** | **2876.31** | **2313.49** | **3739.98** |
| 2 | **EXPENSES:** | | | | | | |
| | a) Cost of raw materials consumed | 117.08 | 93.62 | 395.29 | 210.70 | 743.95 | 804.46 |
| | b) Changes in inventories of finished goods and work-in- progress | - | - | (4.56) | 38.61 | 680.94 | 659.50 |
| | c) Employee benefits expense | 126.85 | 282.86 | 210.76 | 639.21 | 637.92 | 1105.49 |
| | d) Finance costs | 7944.37 | 7591.26 | 5379.54 | 21858.27 | 15664.81 | 28123.17 |
| | e) Depreciation and amortisation expense | 1014.14 | 1026.06 | 1048.87 | 3061.15 | 3220.58 | 4230.53 |
| | f) Other expenses | 271.35 | 470.62 | 287.62 | 986.24 | 843.09 | 1417.19 |
| | **Total expenses** | **9473.79** | **9464.42** | **7317.52** | **26794.18** | **21791.29** | **36340.34** |
| 3 | **Loss before Exceptional items and tax (1-2)** | **(8670.27)** | **(8485.87)** | **(6752.88)** | **(23917.87)** | **(19477.80)** | **(32600.36)** |
| 4 | Exceptional item | - | - | - | - | - | - |
| 5 | **Loss before tax (3-4)** | **(8670.27)** | **(8485.87)** | **(6752.88)** | **(23917.87)** | **(19477.80)** | **(32600.36)** |
| 6 | **Tax expense** | | | | | | |
| | Current tax | - | - | - | - | - | - |
| | Deferred tax | - | - | - | - | - | - |
| | **Total tax expense** | - | - | - | - | - | - |
| 7 | **Loss for the period from continuing operations (5-6)** | **(8670.27)** | **(8485.87)** | **(6752.88)** | **(23917.87)** | **(19477.80)** | **(32600.36)** |
| 8 | **Profit/(loss) from discontinued operations** | - | - | - | - | - | - |
| 9 | **Tax expenses of discontinued operations** | - | - | - | - | - | - |
| 10 | **Profit/(Loss) from discontinued operations after tax (8±9)** | - | - | - | - | - | - |
| 11 | **Profit /(Loss)for the Period (7+10)** | **(8,670.27)** | **(8,485.87)** | **(6,752.88)** | **(23,917.87)** | **(19,477.80)** | **(32,600.36)** |
| 12 | **Other Comprehensive Income / (Expense)** | | | | | | |
| A | a) (i) Items that will not be reclassified to profit or loss | 15.29 | 15.28 | 60.64 | 45.85 | 181.93 | 61.13 |
| | (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** | 15.29 | 15.28 | 60.64 | 45.85 | 181.93 | 61.13 |
| 13 | **Total Comprehensive Income for the year (11+12)** (Comprising Profit / (Loss) and other comprehensive Income for the year) | **(8654.98)** | **(8470.59)** | **(6692.24)** | **(23872.02)** | **(19295.87)** | **(32539.23)** |
| 14 | Paid Up Equity Share Capital ( Ordinary shares of Rs 10/- each) | 5090.00 | 5090.00 | 5090.00 | 5090.00 | 5090.00 | 5090.00 |
| 15 | Other Equity Excluding Revaluation Reserve | | | | (129868.23) | | (105996.20) |
| 16 | **Loss Per Equity Share(Not Annualised) in Rs. (from discontinued operations and Continuing Operations** | | | | | | |
| | Basic | (17.03) | (16.67) | (13.27) | (46.99) | (38.27) | (64.05) |
| | Diluted | (17.03) | (16.67) | (13.27) | (46.99) | (38.27) | (64.05) |

**SEGMENT REVENUE, RESULTS, SEGMENT ASSETS AND SEGMENT LIABILITIES**

| S.No | Particulars | Quarter ended | | | Nine Months Ended | | Year Ended |
|---|---|---|---|---|---|---|---|
| | | 31.12.2021 | 30.09.2021 | 31.12.2020 | 31.12.2021 | 31.12.2020 | 31.03.2021 |
| | | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) | (Audited) |
| 1 | **Segment Revenue** | | | | | | |
| | Ferrous Products | 39.46 | 185.82 | - | 225.28 | - | - |
| | Metallurgical Coke with Co-generation Power | 700.24 | 494.02 | 556.79 | 2288.86 | 2289.53 | 2,715.61 |
| | Total | **739.70** | **679.84** | **556.79** | **2514.14** | **2289.53** | **2715.61** |
| | Less: Inter/Intra Segment Revenue | - | - | 9.38 | 9.21 | 30.45 | 39.52 |
| | **Sales/ Revenue from Operations** | **739.70** | **679.84** | **547.41** | **2504.93** | **2259.08** | **2676.09** |
| 2 | **Segment Results** | | | | 2504.93 | | |
| | Ferrous Products | (658.69) | (564.60) | (772.31) | (1956.24) | (2569.94) | (2778.18) |
| | Metallurgical Coke with Co-generation Power | (74.01) | (369.75) | (616.23) | (157.93) | (1302.33) | (1766.44) |
| | **Total** | **(732.70)** | **(934.35)** | **(1388.54)** | **(2114.17)** | **(3872.27)** | **(4544.62)** |
| | Less: Other un-allocable expenditure | (5.73) | (39.74) | (14.69) | (53.50) | (57.79) | (57.78) |
| | **Total segment results before interest and tax** | **(726.97)** | **(894.61)** | **(1373.85)** | **(2060.67)** | **(3814.48)** | **(4486.84)** |
| | Finance Costs (Net of interest income) | 7,943.30 | 7591.26 | 5379.03 | 21857.20 | 15663.32 | 28,113.52 |
| | **Loss before exceptional item and tax** | **(8670.27)** | **(8485.87)** | **(6752.88)** | **(23917.87)** | **(19477.80)** | **(32600.36)** |
| | Exceptional item | - | - | - | - | | - |
| | **Loss before tax** | **(8670.27)** | **(8485.87)** | **(6752.88)** | **(23917.87)** | **(19477.80)** | **(32600.36)** |
| | **Tax** | | - | - | - | | - |
| | **Loss after tax** | (8670.27) | (8485.87) | (6752.88) | (23917.87) | (19477.80) | (32600.36) |
| | **Other Comprehensive Income (Net of Tax)** | 15.29 | 15.28 | 60.64 | 45.85 | 181.93 | 61.13 |
| | **Total Comprehensive Income** | **(8654.98)** | **(8470.59)** | **(6692.24)** | **(23872.02)** | **(19295.87)** | **(32539.23)** |

| S.No | Particulars | Quarter ended | | | Nine Months Ended | | Year Ended |
|---|---|---|---|---|---|---|---|
| | | 31.12.2021 | 30.09.2021 | 31.12.2020 | 31.12.2021 | 31.12.2020 | 31.03.2021 |
| | | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) | (Audited) |
| 3 | **Segment Assets** | | | | | | |
| | Ferrous Products | 31593.54 | 32143.40 | 51304.92 | 31593.54 | 51304.92 | 50195.90 |
| | Metallurgical Coke with Co-generation Power | 42624.50 | 42810.09 | 26935.76 | 42624.50 | 26935.76 | 26460.53 |
| | **Total (A)** | **74218.04** | **74953.49** | **78240.68** | **74218.04** | **78240.68** | **76656.43** |
| | **Segment Liabilities** | | | | | | |
| | Ferrous Products | 153154.43 | 145238.16 | 118347.13 | 153154.43 | 118347.13 | 129756.20 |
| | Metallurgical Coke with Co-generation Power | 46135.48 | 46118.31 | 47809.09 | 46135.48 | 47809.09 | 48082.07 |
| | **Total (B)** | **199289.91** | **191356.47** | **166156.22** | **199289.91** | **166156.22** | **177838.27** |
| | Unallocated (Net) **(C)** | 293.63 | 279.73 | 252.71 | 293.63 | 252.71 | 275.64 |
| | **Total (A-B+C)** | **(124778.24)** | **(116123.25)** | **(87662.83)** | **(124778.24)** | **(87662.83)** | **(100906.20)** |

**Notes :**

1 As Per Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations,2015 (the 'Regulation') the financial results of a company submitted to the stock exchange shall signed by the Chairperson or Managing Director or Whole Time Director or in absence of all of them, it shall be signed by any director of the company who is duly authorized by the Board of Directors.
In view of the ongoing Corporate Insolvency Resolution Process ("CIRP'') as Board has been suspended and these powers are now vested with Mr. Bhuvan Madan in the capacity as the Resolution Professional ("RP") from September 08,2021 (erstwhile Mr. Golla Ramakantha Rao, IRP from July 28, 2021 to September 07, 2021) as per the Provisions of the code. Accordingly, based upon review , Authorisation and Signing by CFO & Managing Director Unaudited financial results of the company for the quarter and nine months ended December 31, 2021, were reviewed and authorised by the Resolution Professional at its meeting held on February 14, 2022. The Statutory Auditors have given disclaimer conclusion for the quarter and nine months ended December 31, 2021. .
The Unaudited Financial Results have been signed by Mr. Naresh, Managing Director and Mr. Hanuman, Chief Financial Officer of the company confirming truthfulness, fairness, accuracy and completeness of the unaudited financial results. Basis this confirmation , these financial statements have been taken on record by the Resolution Professional on February 14, 2022 for filing with the stock exchanges in accordance with the Regulations.

During the period, a operational creditor has filed a petition against the Company for initiation of CIRP that has been admitted by the Hon'ble National Company Law Tribunal, Hyderabad Bench ("NCLT") vide its order dated July 28, 2021 declaring moratorium inter- alia for recovery proceedings against the Company. The order of moratorium shall have effect from July 28, 2021 in accordance with section 31 (1) of of the Insolvency and bankruptcy Code, 2016 ("the Code"). Further, pursuant to the order of NCLT, committee of creditors ("CoC")were formed and First COC meeting was held on August 31, 2021 and appointed Mr. Bhuvan Madan as Resolution Professional in place of Mr. Golla Ramakantha Rao. The same has been confirmed by the NCLT.

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. Therefore, J C Flower ARC shall now have all the rights and privileges on the debt earlier owed by the Company to the Banks. The Company has obligations towards JCFARC aggregating to Rs.1,86,410.29 lakhs (Including Interest Accrued )as at December 31, 2021.

5 **In response to Disclaimer conclusion in Review report:**

a) Since the Company continues to incur loss, current liabilities exceed current assets and the company has defaulted in repayment of borrowings, payment of regulatory and statutory dues, these events indicate that material uncertainty exists that may cast significant doubt on Company's ability to continue as a going concern. As mentioned in note no (1) RP having taken over the management and control of the company inter alia with the objective of running it as going concern, the financial results continue to be prepared on going concern basis.

b) 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. As mentioned in note no (1), the company into CIRP process and pending determination of obligations and liabilities with regard to various claims submitted by the Operational creditors, financial creditors (including interest payable on Borrowings), employees and other creditors during CIRP, reliable projections of availability of future cash flows of the Company supporting the carrying value of Property, Plant and Equipment and capital work in Progress cannot be determined at this stage. Accordingly Impairment testing under Ind AS has not been performed while presenting these results.

c) Trade receivables as at December 31, 2021 include Rs.3,491.95 lakhs (March 31, 2021 Rs. Rs.3481.82 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, 2021 Rs. 174.01 Lakhs) , supplier advances of Rs.618.13 lakhs (March 31, 2021 Rs. 595.27 Lakhs) and other financial assets of Rs.157.02 Lakhs (March 31, 2021 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, 2021.)

d) Statutory liabilities as at December 31, 2021 amounting to Rs. 2735.23 Lakhs (March 31, 2021 Rs. 1105.80 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, 2021.

e) Since shut down of the operations Haresamudram plant from 12th June 2017, no major movement have happened in Inventories amounting to Rs. 1889.36 Lakhs/- (As at 31st March 2021: Rs.1985.98 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, 2021.

f) Creditors for capital works as at December 31,2021 includes overdue payables of Rs.224.15 lakhs (March 31, 2021: Rs.222.45 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, 2021.

g) Pursuant to the commencement of Corporate Insolvency Resolution Process(CIRP) of the Company under Insolvency and Bankruptcy Code, 2016 (IBC), there are various claims submitted by the operational creditors, the financial creditor, employees and other creditors against the Company . These claims are under further verification/validation and the same may be updated as per any additional information which may be received in future.

6 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 December 31,2021.
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.

7 The figures for the corresponding previous period have been reclassified / regrouped wherever necessary to conform to current period classification.

**By Order of the Resolution Professional**
**For Sathavahana Ispat Limited**

| | | |
|---|---|---|
| **V.S.R.K Hanuman** | **A. Naresh Kumar** | **(BHUVAN MADAN )** |
| **Chief Financial Officer** | **Managing Director** | **Resolution Professional** |
| | | **IBBI/IPA-001/IP-P01004/2017-18/11655** |

**HYDERABAD**
**14 February 2022**