



# Steel Exchange India Limited

Corp. Office : Block 'A', Green City, Near Apparel Export Park, Vadlapudi (Po), Visakhapatnam - 530 046, A.P.

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URL : www.sell.co.in

CIN: L74100AP1999PLC031191

E-mail : info@sell.co.in

30<sup>th</sup> May, 2018

To  
The Manager,  
Department of Corporate Services,  
BSE Limited  
P.J. Towers, Dalal Street,  
Port, Mumabi - 400001

To  
The Manager,  
Listing Department,  
National Stock Exchange of India Limited,  
Exchange Plaza, Bandra Kurla Complex,  
Bandra (East), Mumbai - 400051

**Scrip Code: 534748**

**Scrip ID: STEELXIND**

Dear Sir,

Sub: Outcome of the Board Meeting held on 30<sup>th</sup> May, 2018 - Reg

Ref: Steel Exchange India Limited, Scrip code: 534748 & Scrip Id: STEELXIND

With reference to the above subject, we wish to inform you that at the meeting of the Board of Directors of the Company held on Wednesday the 30<sup>th</sup> day of May, 2018 has *inter alia*:

- Approved the Audited Standalone and Consolidated Financial Results of the Company for the financial year ended 31 March 2018, in the specified format along with the Auditors' Report thereon, pursuant to the provisions of Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015,
- Pursuant to SEBI Circular No. CIR/CFD/CMD/56/2016 dated 27 May 2016, the Company hereby declares that the Statutory Auditors, M/s Pavuluri & Co., Chartered Accountants, have issued the Audit Reports on the Standalone Financial Results of the Company for the financial year ended on 31 March 2018 with modified opinion. The Statement on Impact of Audit Qualification is enclosed.

The meeting of the Board of Directors commenced at 11.30 am and concluded at 3.00 p.m.

Request you to take the same on record.

Thanking you,

Yours faithfully,  
For Steel Exchange India Limited

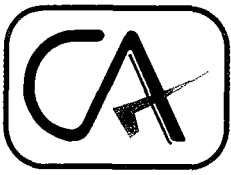
Raveendra Babu M  
Company Secretary



Cc: The Calcutta Stock Exchange Limited, 7, Lyons Range, Kolkata - 700 001

Regd. Office : 303, My Home Laxminivas Apartments, Greenlands, Ameerpet, Hyderabad - 500 016, TELANGANA

Phone : +91-40-23403725 Fax : +91-40-23413267



**INDEPENDENT AUDITORS REPORT  
TO THE BOARD OF DIRECTORS OF  
STEEL EXCHANGE INDIA LIMITED**

1. We have audited the accompanying Statement of Financial Results of **STEEL EXCHANGE INDIA LIMITED** ("the Company") for the quarter and year ended 31st March 2018 (hereinafter referred to as the "Statement"), being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with SEBI Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016.

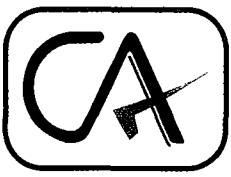
2. The Statement, which is the responsibility of the Company's Management and approved by its Board of Directors, has been compiled from the related Financial Statements which has been prepared in accordance with the Indian Accounting Standards ("Ind AS") prescribed under Section 133 of the Companies Act, 2013 ("the Act") read with relevant rules issued thereunder, as applicable and other accounting principles generally accepted in India. Our responsibility is to express an opinion on the Statement based on our audit of such Financial Statements.

3. We conducted our audit in accordance with the standards on Auditing issued by the Institute of Chartered accountants of India Those standards require that we comply with ethical requirement and plan and perform the audit to obtain reasonable assurance about whether the statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosure in the Statement .The procedures selected depend on the auditor judgment , including the assessment of the risk of material misstatement of the statement , whether due to fraud or error . in making those risk assessment , the auditor consider internal control relevant to the company's preparation and fair presentation of the statements in order to design audit procedure that are appropriate in the circumstances , but not for the purpose of Expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the management, as well as evaluating the overall presentation of the statement

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion





***Basis for Qualified Opinion***

We draw your attention to note 4.33 to the Ind AS financial statements with regard to non-recognition of interest expenses amounting to Rs 36.82 crores on the borrowings of the company for the year ended 31<sup>st</sup> March 2018 which is not in accordance with the requirements of Ind AS 23. Borrowing Cost read with Ind AS 109 Financial Instruments.

Had the aforesaid interest expenses been recognized, finance costs for the year ended 31<sup>st</sup> March 2018 would have been Rs 172.34 crores instead of reported amount of Rs 135.52 crores. Total expenses for the year ended 31<sup>st</sup> March, 2018 would have been Rs 1143.44 crores instead of 1106.62 crores. Loss before exceptional items and tax for the year ended 31<sup>st</sup> March 2018 would have been Rs 203.92 crores instead of the reported amount of Rs 167.11 crores, Loss before Tax for the year ended 31<sup>st</sup> March 2018 would have been Rs 251.51 crores instead of the reported amount of Rs 214.69 crores, Net Loss after Tax for the year ended 31<sup>st</sup> March 2018 would have been Rs 206.95 crores instead of reported amount of Rs 170.13 crores. Total comprehensive loss for the year ended 31<sup>st</sup> March 2018 would have been Rs 206.94 instead of reported amount of Rs 170.12 crores and loss per share for the year ended 31<sup>st</sup> March 2018 would have been Rs 27.24 instead reported amount of Rs 22.39, other equity and other financial liabilities as at 31<sup>st</sup> March 2018 would have been Rs 15.32 crores and Rs 260.16 crores instead of reported amount of Rs 52.14 crores and Rs 223.34 crores respectively.

4. In our opinion and to the best of our information and according to the explanation given to us, the statement:

- (a) Is presented in accordance with the requirement of regulation 33 of the SEBI (Listing obligation and disclosure Requirement) Regulation, 2015; and
- (b) Except for the possible effects of the matters described in Basis of Qualified Opinion above gives a true and fair view in conformity with the aforesaid Indian Accounting standards and other accounting principles generally accepted in India of the loss, total comprehensive income and other financial information of the company for the quarter and year ended 31<sup>st</sup> March 2018.

5. The statement includes the result for the quarter ended 31<sup>st</sup> March, 2018 being the balancing figure between audited figures in respect of the full financial year to date and published year figures up to the third quarter of the current financial year which were subject to limited review by us.

Place: Visakhapatnam  
Date: 30.05.2018

**For PAVULURI & Co.**  
**Chartered Accountants**  
**Firm Reg. No: 012194S**

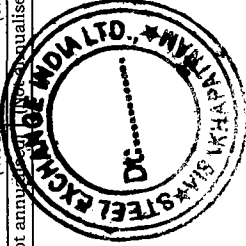


**(CA. P.A. RAMAIAH)**  
PARTNER  
M.No :203300



Part I : Statement of Standalone Audited Results for the year ended 31st March, 2018

Particulars	Quarter ended				Year ended	
	31.03.2018	31.12.2017	31.03.2017	31.03.2018	31.03.2017	Year ended
	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)	(Audited)	(Audited)
<b>1. Revenue from operations</b>						
Gross sales/income from operations	33,534.58	28,475.15	31,062.72	93,114.83	1,33,040.74	1,33,040.74
<b>Total revenue from operations</b>	<b>33,534.58</b>	<b>28,475.15</b>	<b>31,062.72</b>	<b>93,114.83</b>	<b>1,33,040.74</b>	<b>1,33,040.74</b>
<b>2. Other Income</b>	343.03	168.89	157.58	836.54	757.70	757.70
<b>3. Total Income [1+2]</b>	<b>33,877.61</b>	<b>28,644.04</b>	<b>31,220.30</b>	<b>93,951.37</b>	<b>1,33,798.44</b>	<b>1,33,798.44</b>
<b>4. Expenses</b>						
(a) Raw materials consumed	14,920.01	12,191.80	9,440.45	42,832.97	36,797.78	36,797.78
(b) Purchases of finished, semi-finished steel & other products	12,477.15	10,986.21	11,124.72	34,477.39	68,107.97	68,107.97
(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	1,471.79	2,495.55	5,287.63	1,710.51	3,023.76	3,023.76
(d) Employee benefits expense	683.00	569.55	626.75	2,416.46	2,362.94	2,362.94
(e) Finance costs	294.02	4,646.33	4,662.32	13,552.06	15,744.23	15,744.23
(f) Depreciation and amortisation expense	718.78	742.65	731.40	2,899.87	2,975.59	2,975.59
(g) Excise duty	-	-	1,837.30	905.89	5,946.42	5,946.42
(h) Other expenses	6,058.00	1,344.60	1,566.17	11,866.76	9,393.82	9,393.82
<b>Total Expenses [4(a) to 4(h)]</b>	<b>36,622.75</b>	<b>32,976.68</b>	<b>35,276.75</b>	<b>1,10,661.91</b>	<b>1,44,352.50</b>	<b>1,44,352.50</b>
<b>5. Profit / (Loss) before exceptional items and tax (3-4)</b>	<b>(2,745.14)</b>	<b>(4,332.64)</b>	<b>(4,056.45)</b>	<b>(16,710.54)</b>	<b>(10,554.06)</b>	<b>(10,554.06)</b>
6. Exceptional items	4,758.89	-	5,330.31	4,758.89	5,330.31	5,330.31
<b>7. Profit / (Loss) before tax (5-6)</b>	<b>(7,504.03)</b>	<b>(4,332.64)</b>	<b>(9,386.75)</b>	<b>(21,469.44)</b>	<b>(15,884.37)</b>	<b>(15,884.37)</b>
8. Tax expense						
(a) Current Tax	-	-	23.49	-	23.49	23.49
(b) Deferred Tax	(4,456.23)	(191.88)	(191.88)	(4,456.23)	(191.88)	(191.88)
<b>Total tax expense [8(a)+(b)]</b>	<b>(4,456.23)</b>	<b>(191.88)</b>	<b>(168.39)</b>	<b>(4,456.23)</b>	<b>(168.39)</b>	<b>(168.39)</b>
<b>9. Net Profit / (Loss) for the period (7-8)</b>	<b>(3,047.80)</b>	<b>(4,332.64)</b>	<b>(9,218.36)</b>	<b>(17,013.21)</b>	<b>(15,715.98)</b>	<b>(15,715.98)</b>
10. Other comprehensive income						
A (i) Items that will not be reclassified to profit or loss	0.80	-	-	0.80	(9.61)	(9.61)
(ii) Income tax relating to items that will not be reclassified to profit or loss	-	-	-	-	-	-
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	0.80	-	-	0.80	(9.61)	(9.61)
<b>11. Total Comprehensive Income for the period [9+10]</b>	<b>(3,047.00)</b>	<b>(4,332.64)</b>	<b>(9,218.36)</b>	<b>(17,012.41)</b>	<b>(15,725.59)</b>	<b>(15,725.59)</b>
12 Paid-up equity share capital [Face Value per share: ₹.10/-]	7,598.48	7,598.48	7,598.48	7,598.48	7,598.48	7,598.48
13. Reserve excluding revaluation reserves	-	-	-	(17,924.11)	(911.70)	(911.70)
<b>14. Earnings per equity share (of ₹.10/- each)</b>						
(a) Basic (in ₹.)	(4.01)	(5.70)	(2.42)	(22.39)	(20.70)	(20.70)
(b) Diluted (in ₹.)	(4.01)	(5.70)	(2.42)	(22.39)	(20.70)	(20.70)



\*See accompanying note to the Financial Results

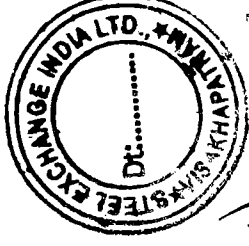
SEGMENT REVENUE, RESULTS AND CAPITAL EMPLOYED FOR THE YEAR ENDED 31ST MARCH, 2018

(₹. In Lakhs)

Particulars	Quarter ended		Year ended	
	31.03.2018 (Unaudited)	31.12.2017 (Unaudited)	31.03.2017 (Unaudited)	31.03.2017 (Audited)
<b>1.Revenue by Business Segment:</b>				
Steel	55,698.89	45,925.39	23,505.34	1,93,863.10
Power	4,449.70	3,713.79	2,080.09	13,783.56
<b>Total:</b>	<b>60,148.59</b>	<b>49,639.18</b>	<b>25,585.42</b>	<b>2,08,856.13</b>
Less: Inter segment revenue	26,614.02	21,164.03	3,035.70	76,772.26
<b>Total income from operations</b>	<b>33,534.58</b>	<b>28,475.15</b>	<b>22,549.72</b>	<b>93,114.83</b>
<b>2.Segment results (Profit)/Loss (-) before finance cost , exceptional items and tax</b>				
Steel	(2,975.67)	1,568.29	1,530.07	1,156.01
Power	524.55	(1,254.60)	13.47	(4,314.49)
<b>Segment results (Profit)/Loss (-) before finance cost , exceptional items and tax :</b>	<b>(2,451.12)</b>	<b>313.69</b>	<b>1,543.55</b>	<b>(3,158.48)</b>
Less: Finance cost	294.02	4,646.33	3,385.86	13,552.06
<b>Profit/(Loss) before exceptional items &amp; tax</b>	<b>(2,745.14)</b>	<b>(4,332.64)</b>	<b>(1,842.31)</b>	<b>(16,710.54)</b>
less: Exceptional items	4,758.89	-	-	4,758.89
<b>Profit / (Loss) before tax</b>	<b>(7,504.03)</b>	<b>(4,332.64)</b>	<b>(1,842.31)</b>	<b>(15,884.38)</b>
<b>3.Segment Assets</b>				
Steel Business	1,24,333.29	1,37,781.59	1,41,592.00	1,41,592.00
Power Business	29,007.68	30,680.19	30,024.92	29,007.68
<b>Total:</b>	<b>1,53,340.97</b>	<b>1,68,461.78</b>	<b>1,71,616.93</b>	<b>1,53,340.97</b>
<b>4.Segment Liabilities</b>				
Steel Business	1,04,716.80	1,09,467.23	1,01,953.16	1,04,716.80
Power Business	15,052.68	13,514.98	11,751.52	15,052.68
<b>Total:</b>	<b>1,19,769.48</b>	<b>1,22,982.21</b>	<b>1,13,704.68</b>	<b>1,19,769.48</b>

Note:

- Results for the quarter/year ended 31st March 2018 are in compliance with Indian Accounting Standards notified by the Ministry of Corporate Affairs. Consequently results for the quarter ended 31st March 2018 and previous year ended 31st March 2017, have been restated to comply with Ind AS to make them comparable. The figures for quarter ended 31st March 2018 are the balancing figures between the audited figures in respect of the full financial year and the year-to-date figures up to the third quarter of the financial year.
- The above results were reviewed by the audit committee and approved by the Board of Directors in their respective meetings held on 30.05.2018.
- Considering the requirements under Indian Accounting Standard (Ind AS) 108 on "Operating Segments" the Company has identified sale of Steel and Power as primary business segments and accordingly the disclosures have been made. As per this standard the Company has reported segment information as described below: (a) The steel segment includes production and marketing operations of Rebars (TMT) & Billets.  
(b) The power segment includes generation and marketing operations of Thermal and Gas based power.
- Other income includes interest, lease rentals received, foreign exchange gain and miscellaneous income.
- The company has initiated alternative debt resolution by way of Debt Restructuring with the lenders.
- Effective from 1st July 2017 with the implementation of GST, taxes paid on sale of goods and services (GST) is netted off against the gross revenue. Hence, revenue from operations for the quarter and nine months period ended 31st December 2017 is not strictly comparable with revenue from operations for the 1st quarter of current year and previous year periods presented.
- The majority of the lenders have stopped charging interest on debts since the dues from the Company have been categorized as Non-performing Asset. The Company is in active discussion /negotiation with the Lenders for a suitable debt resolution by way of debt restructuring at a sustainable level. Pending finalization of a suitable debt resolution, the Company has stopped providing for accrued interest and unpaid effective from 1st January 2018, in its books of accounts, as the same is under discussion with the Lenders. The amount of such accrued and unpaid interest (including penal interest and other charges) not provided for is estimated at Rs.36,82,14,336 for the year ended 31st March 2018 and the same has not been considered for preparation of the financial statements for the year ended 31st March 2018.
- Other expenses includes provision for doubtful debts amounting to Rs. 37.41 crores provided with the application of expected credit loss (ECL) model for measurement and recognition of impairment loss in accordance with Ind AS 109.
- Transition to Ind AS:  
The Company has adopted Ind AS with effect from April 1, 2017, with comparatives being restated. Accordingly the impact of transition has been provided in the Reserves as at April 1, 2016 and all the periods presented have been restated. The reconciliation between Ind-AS and the previous Indian GAAP for profits and reserves was first presented in Q1 FY 2017-18, under limited review by the auditors. The audited reconciliation of convergence to Ind-AS is presented below along with the additional details.



10. Reconciliation of profit and reserve between Ind AS and previous Indian GAAP for earlier periods and as at March 31, 2017

Nature of Adjustments	Note ref.	Profit reconciliation		Reserve Reconciliation As at
		Quarter ended	Year ended	
		31.03.2017	31.03.2017	31.03.2017
<b>Net Profit/Other Equity as per Previous Indian GAAP</b>		(9,423.63)	(15,713.11)	13,102.87
1. Fair valuation as deemed cost for Property, Plant and Equipment	I	-	(244.09)	12,638.27
2. Fair valuation/Amortised cost of financial assets/Liabilities (net)	II	59.22	(3.34)	(1,268.23)
3. Deferred Tax	III	182.00	182.00	(2,056.13)
4. Others	IV	(35.95)	62.57	(190.01)
<b>Net profit before OCI/Reserves as per Ind AS</b>	<b>Total</b>	<b>205.27</b>	<b>(2.87)</b>	<b>9,123.89</b>
		<b>(9,218.36)</b>	<b>(15,715.98)</b>	<b>22,226.76</b>

Notes:

**I. Fair valuation as deemed cost for Property, Plant and Equipment:**

The Company has considered fair value of property, viz land admeasuring over 433.95 acres and buildings situated in Andhra Pradesh, in India, with impact of Rs.59.84 crore and Rs.68.98 crore respectively in accordance with stipulations of Ind AS 101 with the resultant impact being accounted for in the reserves.

**II. Fair valuation for Financial Assets:**

The Company has valued financial assets at fair value. Impact of fair value changes as on the date of transition, is recognised in opening reserves and changes thereafter are recognised in Profit and Loss Account or Other Comprehensive Income, as the case may be.

**III. Deferred Tax:**

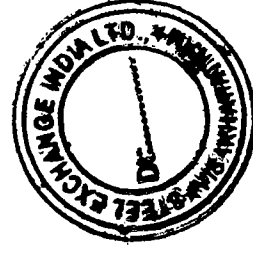
The impact of transition adjustments together with Ind AS mandate of using balance sheet approach (against profit and loss approach in the previous GAAP) for computation of deferred taxes has resulted in charge to the Reserves, on the date of transition, with consequential impact to the statement of Profit and Loss for the subsequent periods.

**IV. Others**

Other adjustments primarily comprises of depreciation and expected credit losses on trade receivables.

1. Previous period/quarter figures have been re arranged/regrouped where ever considered necessary.

Place: Visakhapatnam  
Date : 30.05.2018



For and on behalf of the Board  
R. Sathish Kumar  
Chairman cum Managing Director

(₹. In Lakhs)

Standalone Statement of Assets and Liabilities			
Particulars	As at 31st Mar 2018	As at 31st March 2017	As at 1st April 2016
<b>ASSETS:</b>			
<b>Non-Current Assets:</b>			
a) Property, Plant and Equipment	71,724.75	69,516.60	72,004.70
b) Capital work-in-progress	487.16	5,438.57	5,298.82
c) Other non-current assets	803.52	703.40	6,470.76
<b>Sub total - Non-current Assets</b>	<b>73,015.44</b>	<b>75,658.58</b>	<b>83,774.28</b>
<b>Current Assets:</b>			
a) Inventories	57,933.36	63,647.48	71,818.61
b) Financial assets	-	-	-
i) Other investments	29.94	27.99	25.41
ii) Trade receivables	9,790.08	21,520.83	26,337.05
iii) Cash and cash equivalents	146.05	171.83	545.91
iv) Other bank balances	680.87	1,471.56	8,370.54
v) Other financial assets	6,794.92	4,964.82	3,768.24
c) Other current assets	4,950.31	4,153.84	3,390.92
<b>Sub total - Current Assets</b>	<b>80,325.53</b>	<b>95,958.35</b>	<b>1,14,256.68</b>
<b>Total Assets</b>	<b>1,53,340.97</b>	<b>1,71,616.93</b>	<b>1,98,030.95</b>
<b>EQUITY AND LIABILITIES:</b>			
<b>Equity:</b>			
a) Equity share capital	7,598.48	7,598.48	7,598.48
b) Other equity	5,214.35	22,226.76	37,952.35
<b>Sub total - Equity</b>	<b>12,812.84</b>	<b>29,825.24</b>	<b>45,550.83</b>
<b>Liabilities:</b>			
<b>Non-Current Liabilities:</b>			
a) Financial Liabilities			
i) Borrowings	15,385.15	18,282.41	24,712.05
ii) Other financial liabilities	1,860.88	1,860.88	1,860.88
b) Deferred tax liabilities (net)	3,441.10	7,897.33	8,089.21
c) Provisions	71.52	46.39	29.21
<b>Sub total - Non-current Liabilities</b>	<b>20,758.65</b>	<b>28,087.01</b>	<b>34,691.35</b>
<b>Current Liabilities:</b>			
a) Financial Liabilities			
i) Borrowings	77,370.18	69,105.21	33,873.55
ii) Trade payables	9,661.12	10,772.32	57,885.98
iii) Other financial liabilities	22,341.48	19,832.30	14,979.57
b) Other current liabilities	10,386.06	13,983.42	11,049.68
c) Provisions	10.63	11.43	-
<b>Sub total - Current Liabilities</b>	<b>1,19,769.48</b>	<b>1,13,704.68</b>	<b>1,17,788.77</b>
<b>Total Equity and Liabilities</b>	<b>1,53,340.97</b>	<b>1,71,616.93</b>	<b>1,98,030.95</b>

For and on Behalf of Board

**B. SATISH KUMAR**

Chairman cum Managing Director



Place: Visakhapatnam

Date : 30.05.2018

**Statement on Impact of Audit Qualifications (for audit report with modified opinion) submitted along-with Annual Audited Financial Results - (Standalone)**

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

[See Regulation 33 / 52 of the SEBI (LODR) (Amendment) Regulations, 2016]

(₹. In lakhs)

I.	Sl. No.	Particulars	Audited Figures (as reported before adjusting for qualifications)	Adjusted Figures (audited figures after adjusting for qualifications)
	1.	Turnover / Total income	93,114.83	93,114.83
	2.	Total Expenditure	1,10,661.91	1,14,344.06
	3.	Net Profit/(Loss)	(17,012.41)	(20,694.55)
	4.	Earnings Per Share	(22.39)	(27.24)
	5.	Total Assets	1,53,340.96	1,53,340.96
	6.	Total Liabilities	1,40,528.13	1,44,210.28
	7.	Net Worth	12,812.83	9,130.68
	8.	Any other financial item(s) (as felt appropriate by the management)	Not Applicable	Not Applicable

**II. Audit Qualification (each audit qualification separately):**

**a. Details of Audit Qualification:**

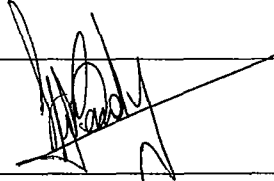
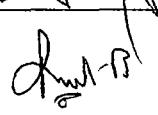


**Basis for Qualified Opinion**

We draw your attention to note 4.33 to the Ind AS financial statements with regard to non-recognition of interest expenses amounting to Rs 36.82 crores on the borrowings of the company for the year ended 31st March 2018 which is not in accordance with the requirements of Ind AS 23. Borrowing Cost read with Ind AS 109 Financial Instruments.

Had the aforesaid interest expenses been recognized, finance costs for the year ended 31st March 2018 would have been Rs 172.34 crores instead of reported amount of Rs 135.52 crores. Total expenses for the year ended 31st March, 2018 would have been Rs 1143.44 crores instead of 1106.62 crores. Loss before exceptional items and tax for the year ended 31st March 2018 would have been Rs 203.92 crores instead of the reported amount of Rs 167.11 crores, Loss before Tax for the year ended 31st March 2018 would have been Rs 251.51 crores instead of the reported amount of Rs 214.69 crores, Net Loss after Tax for the year ended 31st March 2018 would have been Rs 206.95 crores instead of reported amount of Rs 170.13 crores. Total comprehensive loss for the year ended 31st March 2018 would have been Rs 206.94 instead of reported amount of Rs 170.12 crores and loss per share for the year ended 31st March 2018 would have been Rs 27.24 instead reported amount of

Rs 22.39, other equity and other financial liabilities as at 31st March 2018 would have been Rs 15.32 crores and Rs 260.16 crores instead of reported amount of Rs 52.14 crores and Rs 223.34 crores respectively.



	<b>Qualified Opinion</b>	
	In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Ind AS Financial Statements give the information required by the Act in the manner so required and except the effect of matter referred to in paragraph 8 above give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2018, its total comprehensive income (comprising loss and other comprehensive income) , its cash flows and the statement of changes in equity for the year ended on that date.	
	b. <b>Type of Audit Qualification:</b> Qualified Opinion / Disclaimer of Opinion / Adverse Opinion	
	c. <b>Frequency of qualification:</b> Whether appeared first time / repetitive / since how long continuing.	
	<p>d. <b>For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:</b></p> <p>The majority of the lenders have stopped charging interest on debts since the dues from the Company have been categorized as Non-performing Asset. The Company is in active discussion /negotiation with the Lenders for a suitable debt resolution by way of debt restructuring at a sustainable level. Pending finalization of a suitable debt resolution, the Company has stopped providing for accrued Interest and unpaid effective from 1st January 2018, in its books of accounts, as the same is under discussion with the Lenders. The amount of such accrued and unpaid interest (including penal interest and other charges) not provided for is estimated at Rs.36,82,14,336 for the year ended 31st March 2018 and the same has not been considered for preparation of the financial statements for the year ended 31st March 2018.</p>	
	e. <b>For Audit Qualification(s) where the impact is not quantified by the auditor:</b> Not Applicable	
	(i) <b>Management's estimation on the impact of audit qualification:</b>	
	(ii) <b>If management is unable to estimate the impact, reasons for the same:</b>	
	(iii) <b>Auditors' Comments on (i) or (ii) above:</b>	
<b>III</b>	<b>Signatories:</b>	
	• <b>Managing Director</b>	
	• <b>CFO</b>	
	• <b>Audit Committee Chairman</b>	
	• <b>Statutory Auditor</b>	
<b>Place:</b> Visakhapatnam		
<b>Date:</b> 30.05.2018		