



**Independent Auditor's Limited Review Report on Unaudited Quarterly Standalone Financial Results of Steel Exchange India Limited for the quarter ended June 30, 2018 pursuant to Regulation 33 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015.**

**To  
The Board of Directors,  
Steel Exchange India Limited**

1. We have reviewed the accompanying Statement of unaudited financial results ("the Statement") of STEEL EXCHANGE INDIA LIMITED ("the Company") for the quarter ended 30<sup>th</sup> June, 2018 together with the notes thereon ("the statements") attached herewith. The statement is being submitted by the Company pursuant to the requirements of Regulation 33 of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as modified by the Circular no. CIR/CFD/FAC/62/2016 dated July 5, 2016, and has been initialled by us for identification purpose. Attention is drawn to the fact that figures for the three months period ended March 31, 2018 as reported in the accompanying unaudited quarterly standalone financial results are the balancing figures between audited figures in respect of the full previous financial year and the published year to date figures up to the end of the third quarter of the previous financial year. The figures up to the end of the third quarter of the previous financial year had only been reviewed and not subjected to audit.
2. This Statement, which is the responsibility of the Company's management and approved by the Board of Directors in their meeting held on 14.08.2018 has been prepared in accordance with the recognition and measurement principles laid down in the Indian Accounting Standard 34 'Interim Financial Reporting' ("Ind AS 34"), prescribed under section 133 of the Companies Act, 2013 read with relevant rules issued there under and other accounting principles generally accepted in India. Our responsibility is to issue a report on the Statement based on our review.
3. 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" specified under Section 143 (10) of the Companies Act, 2013. 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 the Company personnel and an analytical procedure applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

**Bases of qualified conclusion:**

4. We draw attention to Note 5 of accompanying statement with regard to non-recognition of interest expense on the borrowings of the company. The accumulated interest not provided as on June 30, 2018 is Rs.7,990.84 lakhs (including Rs.3,682.14 lakhs for Quarter 4 of F.Y.2017-18) which is not in accordance with the requirement of Ind AS 23; 'Borrowing Cost' read with Ind AS 109: 'Financial Instruments'.



## PAVULURI & Co.

CHARTERED ACCOUNTANTS

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Had the aforesaid interest expense been recognized, financial result for the quarter ended June 30, 2018 would have been loss of Rs.2,543.53 lakhs instead of the reported amount of profit of Rs1,765.17 lakhs. Total expenses for the quarter ended June 30, 2018 would have been Rs.27,919.97 Lakhs instead of the reported amount of Rs.23,611.27 Net Loss after tax for the quarter ended June 30, 2018 would have been Rs.2,543.53 lakhs instead of the reported profit amount of Rs.1,765.17 lakhs. Profit/(Loss) per share for the quarter ended June 30, 2018 would have been Rs. (0.33) instead of the reported amount of Rs.0.23.

### Qualified Conclusion:

5. Based on our review conducted as above, except for the matter described in the Basis of Qualified Conclusion paragraph above, nothing has come to our attention that causes us to believe that the accompanying statement of unaudited standalone financial results prepared in accordance with the applicable Indian Accounting Standards as prescribed under Section 133 of the Companies Act, 2013, read with relevant rules issued there under and other recognized 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, as modified by Circular No.CIR/CFD/FAC/62/2016 dated July 5, 2016, including the manner in which it is to be disclosed or that it contains any material misstatement.
6. We draw your attention to the following matters:  
Note 6 to the statement regarding the preparation of the statement on going concern basis. The Company has reported profit for the quarter ended June 30, 2018 subject to our qualified conclusion stated above. As on date, the Company's current liabilities exceeded its current assets. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the company's ability to continue as a going concern.

Our conclusion is not qualified in respect of these matters.

Place: Visakhapatnam  
Date: 14.08.2018

For PAVULURI & CO  
Chartered Accountants  
Firm Regn. No. 012194S

(CA. P.A. RAMAIAH)  
PARTNER  
M. No. F203300

**Part I : Statement of Standalone Un-Audited Results for the period ended 30th June, 2018**

Particulars	Quarter ended			Year ended
	30.06.2018 (Unaudited)	31.03.2018 (Unaudited)	30.06.2017 (Unaudited)	
<b>1. Revenue from operations</b>				
Gross sales/income from operations	25,337.70	33,534.58	13,000.24	93,114.83
<b>Total revenue from operations</b>	<b>25,337.70</b>	<b>33,534.58</b>	<b>13,000.24</b>	<b>93,114.83</b>
2. Other Income	38.74	343.03	61.97	836.54
<b>3. Total Income [1+2]</b>	<b>25,376.44</b>	<b>33,877.61</b>	<b>13,062.21</b>	<b>93,951.37</b>
<b>4. Expenses</b>				
(a) Raw materials consumed	17,072.96	14,920.01	5,905.80	42,832.97
(b) Purchases of finished, semi-finished steel & other products	3,207.13	12,477.15	4,420.74	34,477.39
(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	(613.69)	1,471.79	(469.92)	1,710.51
(d) Employee benefits expense	589.75	683.00	568.69	2,416.46
(e) Finance costs	34.49	294.02	3,949.75	13,352.06
(f) Depreciation and amortisation expense	735.75	718.78	704.82	2,899.87
(g) Excise duty	-	-	905.89	905.89
(h) Other expenses	2,584.88	6,058.00	1,926.66	11,866.76
<b>Total Expenses [ 4(a) to 4(h) ]</b>	<b>23,611.27</b>	<b>36,622.75</b>	<b>17,912.44</b>	<b>1,10,661.91</b>
<b>5. Profit / (Loss) before exceptional items and tax (3-4)</b>	<b>1,765.17</b>	<b>(2,745.14)</b>	<b>(4,850.23)</b>	<b>(16,710.54)</b>
6. Exceptional items	-	4,758.89	-	4,758.89
<b>7. Profit / (Loss) before tax (5-6)</b>	<b>1,765.17</b>	<b>(7,504.03)</b>	<b>(4,850.23)</b>	<b>(21,469.44)</b>
8. Tax expense				
(a) Current Tax	-	-	-	-
(b) Deferred Tax	-	(4,456.23)	-	(4,456.23)
<b>Total tax expense [ 8(a) / (b) ]</b>	<b>-</b>	<b>(4,456.23)</b>	<b>-</b>	<b>(4,456.23)</b>
<b>9. Net Profit / (Loss) for the period (7-8)</b>	<b>1,765.17</b>	<b>(3,047.80)</b>	<b>(4,850.23)</b>	<b>(17,013.21)</b>
10. Other comprehensive income				
A (i) Items that will not be reclassified to profit or loss	-	0.80	-	0.80
(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
<b>11. Total Comprehensive Income for the period [9+10]</b>	<b>1,765.17</b>	<b>(3,047.00)</b>	<b>(4,850.23)</b>	<b>(17,012.41)</b>
12 Paid-up equity share capital [Face Value per share: ₹.10/-]	7,598.48	7,598.48	7,598.48	7,598.48
13. Other Equity excluding revaluation reserves	-	-	-	(17,924.11)
<b>14. Earnings per equity share (of ₹.10/- each)</b>				
(a) Basic (in ₹.)	0.23	(4.01)	(6.38)	(22.39)
(b) Diluted (in ₹.)	0.23	(4.01)	(6.38)	(22.39)
	(Not annualised)	(Not annualised)	(Not annualised)	(Not annualised)

\*See accompanying note to the Financial Results



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SEGMENT REVENUE, RESULTS AND CAPITAL EMPLOYED FOR THE PERIOD ENDED 30TH JUNE, 2018

(₹. In Lakhs)

Particulars	Quarter ended			Year ended
	30.06.2018 (Unaudited)	31.03.2018 (Unaudited)	30.06.2017 (Unaudited)	
<b>1.Revenue by Business Segment:</b>				
Steel	51,005.43	55,698.89	24,159.26	1,56,103.52
Power	4,475.63	4,449.70	2,396.70	13,783.56
<b>Total:</b>	<b>55,481.06</b>	<b>60,148.59</b>	<b>26,555.96</b>	<b>1,69,887.09</b>
Less: Inter segment revenue	30,143.36	26,614.02	13,555.72	76,772.26
<b>Total income from operations</b>	<b>25,337.70</b>	<b>33,534.58</b>	<b>13,000.24</b>	<b>93,114.83</b>
<b>2.Segment results (Profit)/Loss (-) before finance cost , exceptional items and tax :</b>				
Steel	1,531.88	(2,975.67)	531.97	1,156.01
Power	267.78	524.55	(1,432.45)	(4,314.49)
<b>Segment results (Profit)/Loss (-) before finance cost , exceptional items and tax :</b>	<b>1,799.66</b>	<b>(2,451.12)</b>	<b>(900.48)</b>	<b>(3,158.48)</b>
Less: Finance cost	34.49	294.02	3,949.75	13,552.06
<b>Profit/(Loss) before exceptional items &amp; tax</b>	<b>1,765.17</b>	<b>(2,745.14)</b>	<b>(4,850.23)</b>	<b>(16,710.54)</b>
less: Exceptional items	-	4,758.89	-	4,758.89
<b>Profit/(Loss) before tax</b>	<b>1,765.17</b>	<b>(7,504.03)</b>	<b>(4,850.23)</b>	<b>(21,469.44)</b>
<b>3.Segment Assets</b>				
Steel Business	1,24,390.69	1,24,333.29	1,40,079.50	1,24,333.29
Power Business	27,680.97	29,007.68	31,849.88	29,007.68
<b>Total:</b>	<b>1,52,071.65</b>	<b>1,53,340.97</b>	<b>1,71,928.38</b>	<b>1,53,340.97</b>
<b>4.Segment Liabilities</b>				
Steel Business	1,03,648.48	1,04,716.80	1,09,253.88	1,04,716.80
Power Business	14,016.34	15,052.68	10,537.42	15,052.68
<b>Total:</b>	<b>1,17,664.82</b>	<b>1,19,769.48</b>	<b>1,19,791.30</b>	<b>1,19,769.48</b>

Note:

1. The above results were reviewed by the audit committee and approved by the Board of Directors in their respective meetings held on 14.08.2018 and a limited review of the same was carried out by the Statutory Auditors of the Company.

2. 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.

3. Other income includes interest, lease rentals received and miscellaneous income.

4. The majority of the lenders have stopped charging interest on debts since the Company has 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 debt resolution, the Company has stopped providing for accrued interest and unpaid effective from 1st January 2018, in its books of accounts pending finalisation of any debt resolution with the Lenders.

5. The amount of such accrued and unpaid interest (including penal interest and other charges) not provided for is estimated at Rs.4,308.70 for the quarter ended 30th June, 2018 and the same has also not been considered for compilation of results of the current quarter. The accumulated interest not provided as on 30th June 2018 is estimated at Rs.7,990.84 lakhs. The Statutory Auditors have qualified their Review Report in respect of this matter.

6. The Company continues to be in liquidity stress with the current liabilities exceeding the current assets as on 30th June, 2018. It is expected that the overall financial health of the Company would improve considerably after debt resolution. Accordingly, the Company has prepared the financial results on the basis of going concern assumption. The statutory auditors have also drawn attention to the above matter without qualifying their observation in their Review Report.

7. Revenue from operations for the current quarter ended 30th June 2018 are not comparable with quarter ended 30th June 2017, since sales current quarter is net of GST whereas sales in corresponding quarter in previous year were gross of excise duty.

8. The figures for the quarter ended 31st March 2018 is the balancing figures between the audited figures in respect of the full financial year ending 31st March, 2018 and the un-audited published figures up to nine months ended 31st December 2017.

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

Place: Visakhapatnam

Date : 14.08.2018



For and on behalf of the Board

B. Suresh Kumar  
Chairman cum Managing Director