

ISMT/SEC/19-20

August 31, 2019

Listing Department
National Stock Exchange Of India Limited
Exchange Plaza, Plot No. C/1, G Block,
Bandra Kurla Complex, Bandra (E),
Mumbai-400051

Listing Department
BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street, Fort
Mumbai-400001

Symbol: ISMTLTD

Scrip Code: 532479


Sub.: Submission of Annual Report of ISMT Limited

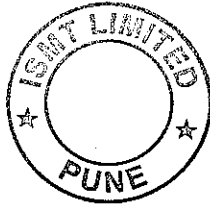
Pursuant to the provisions of Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find attached herewith copy of the Annual Report of the Company for the year 2018-19.

You are requested to kindly take the same on your record.

Thanking you.

Yours Faithfully,
For **ISMT Limited**


Chetan Nathani
Company Secretary



Encl: As above

ANNUAL REPORT 2018-19

ISMT LIMITED

Solutions You Can Trust

History

1977- 1980

ISMT began life as 'The Indian Seamless Metal Tubes Limited'. Incorporated on 29th July 1977 as a public limited company, raised Rs. 45 lacs through Initial Public Offering and commenced production of Seamless Tubes in the year 1980 with an installed capacity of 15,000 MTPA.

1985

Seamless Tube manufacturing capacity increased to 30,000 MTPA.

1992

Seamless Tube manufacturing capacity further increased to 50,000 MTPA.
Promoted 'Indian Seamless Steels and Alloys Ltd.' (ISSAL) to produce 1,50,000 MTPA Alloy Steel giving the Company better control over product quality as well as deliveries.
Successfully completed Public Issue of ISSAL which was hugely oversubscribed.

1993-1994

Rights issue of Rs. 28 Crore in the year 1993 followed by rights issue of Rs. 58 Crore, for modernization and technology upgradation of Seamless Tube plant.
Seamless Tubes & Technologies (India) Ltd, a group Company amalgamated with the Company.
'Indian Seamless Steels and Alloys Ltd.' (ISSAL) commenced commercial production of Steel Rounds.

1998

Steel manufacturing capacity at ISSAL increased to 190,000 MTPA.

1999

Merged into Kalyani Seamless Tubes Ltd., (KSTL), a competing Seamless Tube manufacturer with 90,000 MTPA capacity. The combined entity, which retained the name The Indian Seamless Metal Tubes Ltd., not only had a larger capacity (1,58,000 MTPA) but also a much wider size range (from 6 mm to 273 mm).

2004-2005

Steel manufacturing capacity at ISSAL increased from 190,000 MTPA to 250,000 MTPA.
'The Indian Seamless Metal Tubes Ltd.' and 'Indian Seamless Steels and Alloys Ltd.' merged to form 'ISMT Ltd'.
Exports cross Rs. 100 Crore mark.

2006 - 2007

Raised USD 20 Million through Foreign Currency Convertible Bonds issue.
Acquired Structo Hydraulics AB (based in Storfors, Sweden), Europe's leading supplier of tubes and engineering products for the hydraulic cylinder industry.

2010

ISMT added a PQF Mill, increasing its tube making capacity to 465,000 MTPA.
Simultaneously, Steel making capacity was increased from 250,000 MTPA to 350,000 MTPA.

2011

Exports cross Rs. 500 Crore mark.
Redeemed Foreign currency convertible Bonds (FCCB's) amounting to USD 20 Million along with redemption premium.

2012

Commissioned 40 MW Captive Power Plant located at Chandrapur district (Maharashtra).

2013

Raised long term working capital loans of Rs. 235 Crore.

2014

Operations of Captive Power Plant were suspended due to non-availability of coal & denial of energy banking facilities by MSEDCL.
Levy of Safeguard Duty on imports of seamless tubes into India.
JLF approved and disbursed Corporate Term Loans of Rs. 405 Crore under corrective Action Plan

2016

Levy of Anti-Dumping Duty for a period of 5 years on imports of seamless tubes from China.

COMPANY INFORMATION

Board of Directors

| | |
|----------------|--|
| S C Gupta | - Chairman (upto March 28, 2019) |
| O P Kakkar | - Chairman (w.e.f. June 14, 2019) |
| B R Taneja | - Managing Director |
| Rajiv Goel | - Chief Financial Officer |
| Deepa Mathur | - Director |
| Shyam Powar | - Director |
| Shashank Dixit | - Nominee Director of IDBI Bank Ltd. (upto January 17, 2019) |
| Kanakraj M | - Director (w.e.f. March 1, 2019) |
| R Poornalingam | - Director (w.e.f. December 28, 2018) |

Company Secretary

Chetan Nathani

Auditors

DNV & Co.

Cost Auditors

M/s. Dhananjay. V. Joshi & Associates, Cost Accountants

M/s. Parkhi Limaye & Co., Cost Accountants

Bankers / Lenders

Indian Overseas Bank
Bank of Baroda
ICICI Bank Limited
Andhra Bank
Central Bank of India

State Bank of India
IKB Deutsche Industrie Bank AG
Edelweiss Asset Reconstruction Co. Ltd.
Asset Reconstruction Company (India) Ltd. (ARCIL)
SC Lowy Primary Investment Limited

Registered Office

Lunkad Towers,
Viman Nagar, Pune - 411014
Tel: +91-20-4143 4100/ 6602 4901
Fax: +91-20-26630779
E-mail ID: secretarial@ismt.co.in
Website: www.ismt.com
CIN: L27109PN1999PLC016417

Works

Tube - MIDC Industrial Area, **Ahmednagar** - 414111
MIDC Industrial Area, **Baramati** - 413133
Structo Hydraulics AB, Storfors, **Sweden**
Steel - Jejuri-Morgaon Road, **Jejuri** - 412303
Power - Village Kurla, Warora, **Chandrapur** - 422910

Registrar & Share Transfer Agent

Karvy Fintech P Ltd
(Formerly known as Karvy Computershare P. Ltd)

Directors' Report**To the Members of ISMT Limited**

Your Directors present herewith the Twenty First Annual Report & Audited Financial Statements of the Company for financial year ended March 31, 2019.

FINANCIAL HIGHLIGHTS

The Company had undergone a very difficult period in last few years and peak net sales of Rs. 1,879 Crores in 2011-12 dipped to Rs. 968 Crores in 2015-16 and the net profit of Rs. 29 Crores dipped to net loss of Rs. 382 Crores during the said period. However, a remarkable turnaround has been achieved in last 3 years where the sales have gone back to the same level while the net loss also came down by 40% as can be seen from the following:

| Particulars | Rs. in Crore | |
|--|-----------------|-----------------|
| | Financial Year | |
| | 2018-19 | 2015-16 |
| Net Sales | 1795.44 | 968.44 |
| Gross Sales | 2423.39 | 1331.28 |
| Profit/ (Loss) before Finance Charges, Depreciation, Amortization & Tax (EBIDTA) | 119.87 | 33.65 |
| Cash Profit/ (Loss) | (154.35) | (300.99) |
| Gross Profit/ (Loss) | (156.59) | (246.47) |
| Profit/ (Loss) Before Tax | (228.78) | (372.82) |
| Taxation | - | (9.39) |
| Net Profit/ (Loss) | (228.78) | (382.21) |
| Re-measurement Gains/ (Losses) on Defined Benefit Plans | (0.84) | - |
| Total Comprehensive income for the year | (229.62) | (382.21) |

DIVIDEND

Your Directors are unable to recommend dividend for the year ended March 31, 2019 in view of the losses.

RESERVES

No amount is proposed to be transferred to Reserves.

OPERATIONS

There has been gradual improvement in utilization at all the plants. Steel plant utilization has gone up from 38% in 2015-16 to 50% in 2018-19. There is a quantum jump in tube plant utilization which went up from 22% in 2015-16 to 48% in 2018-19.

MARKET

Total tube sales went up from Rs. 566 Crores in 2015-16 to Rs. 1,317 Crores in 2018-19 i.e. an increase of 133%. In fact the domestic sales increased 2.5 times from Rs. 456 Crores in 2015-16 to Rs. 1,122 Crores in 2018-19 while the exports sales nearly doubled from Rs. 110 Crores in 2015-16 to Rs. 195 Crores in 2018-19.

Steel despatches went up from Rs. 609 Crores in 2015-16 to Rs. 1,020 Crores in 2018-19. Most of the increase was driven by the captive sales which increased from Rs. 207 Crores in 2015-16 to

Rs. 541 Crores in 2018-19 while external sales also went up by 20% from Rs. 402 Crores in 2015-16 to Rs. 478 Crores in 2018-19 despite the slow down in the Auto Industry.

FINANCE

The turnover of the Company doubled over last 3 years from Rs. 968 Crores in 2015-16 to Rs. 1,795 Crores in 2018-19. EBIDTA went up more steeply and EBIDTA in 2018-19 of Rs.120 Crores was more than thrice the EBIDTA in 2015-16 of Rs. 34 Crores. The cash loss in turn halved from Rs. 301 Crores in 2015-16 to Rs. 154 Crores in 2018-19.

The Company has continued to be EBIDTA positive throughout this period and the increasing EBIDTA is a positive for the Lenders of the Company. The Company is proposing to restructure its debt on sustainable basis which, inter alia, could necessitate downsizing of debt including interest. However, pending restructuring, the Company is required to provide full interest in its books to comply with the relevant accounting standards and will give effect to the restructuring once it is implemented.

FUNDS UTILIZATION

The internal cash flows are mainly utilized for incremental working capital requirements, essential maintenance capex and other need based capex and also for payment to Lenders of the Company.

The Company is also regular in payment of its statutory dues.

DEBT RESOLUTION

The Company and the Bankers had been looking at various options permitted by Reserve Bank of India Circular in force from time to time and has finally decided to explore assignment of debt to Asset Reconstruction Company (ARC) as a Resolution Plan. Pursuant to the same, erstwhile Lead Bank viz. Indian Overseas Bank and other major Banks aggregating to about 71% have assigned their debt to ARCs with ARCIL acquiring most of this debt. ARCIL has initiated the process for restructuring the debt on a sustainable basis.

IMPORTS

An effective import duty levied in 2016 provided immediate and much needed relief. After the initial dip, imports from China have again started increasing. There is also increase in non Chinese imports. The Company will seek continuation and widening of the tariff regime to address increasing imports.

ENERGY BANKING

Captive Power Plant of the Company continued to be inoperative throughout the year in the absence of banking facility from MSEDCL. The Company has contested the wrongful denial of the banking facility and the Company's appeal in this regard is pending in the Supreme Court.

NON CORE ASSETS

Captive Power Plant in Maharashtra had in the past been identified as asset held for sale. Given the continuing weakness in the economic environment, the Company does not foresee disposal of the same in the short term. Hence, it has been decided to reclassify the said asset as non-current asset under the head "Property, Plant & Equipment".

Directors' Report (Contd.)

Despite non operation for last 5 years, the Captive Power Plant has been kept in good working condition. It also has easy access to raw material being located close to the coal mines. The Company also has surplus land and other infrastructure for increasing the capacity. The Company is also evaluating the possibility of restarting the Power Plant.

Port and Power project in Tamil Nadu does have long term potential. The Company, through its wholly owned subsidiary, has also got about 1,000 acres of freehold land which can be put to alternate use once there is improvement in the investment scenario.

RESEARCH & DEVELOPMENT

As part of Company's overall strategy, Company remained focused on developing new products for all its market segments including Energy, OCTG, Bearing, Auto & Mining Sectors. R&D activities also focused on process cost reductions. Details of R&D activities undertaken are enumerated in Annexure 'B' attached to this Report.

DIRECTORS & KEY MANAGERIAL PERSONNEL

Mr. R Poornalingam & Mr. Kanakraj Madhavan were appointed as Additional Directors (Independent) of the Company w.e.f. December 28, 2018 & March 1, 2019 respectively.

Mr. Shyam Powar is re-appointed as Independent Director of the Company, subject to shareholders approval at the ensuing AGM. Post completion of the tenure as Independent Directors, Mr. S C Gupta and Ms. Deepa Mathur continued on the Board as Non-Executive Directors (Non-Independent) till the ensuing AGM.

Mr. Shashank Dixit, Nominee Director & Mr. S C Gupta, Non-executive Director resigned as Directors of the Company w.e.f. January 18, 2019 & March 29, 2019 respectively.

The Board placed on record its sincere appreciation and gratitude for services rendered by Mr. Shashank Dixit and Mr. S C Gupta during their respective association with the Company.

The term of Mr. Rajiv Goel as Whole-time Director expired on September 30, 2018. He was further re-appointed as such upto September 30, 2019.

The term of Mr. B R Taneja as Managing Director expired on November 30, 2018. He was further re-appointed as such upto November 30, 2020.

Eight (8) meetings of the Board of Directors were held during the year. Detailed information is given in the Corporate Governance report.

The Independent Directors have given a Declaration pursuant to Section 149(7) of the Companies Act, 2013 (Act).

The Company has devised a Policy for annual performance evaluation of the Board, its Committees & individual Directors which include criteria for performance evaluation of the non-executive & executive directors.

The performances of non-independent directors & Committees of the Board have been evaluated by independent directors. The

performances of independent directors have been evaluated by Chairman of the Nomination & Remuneration Committee (NRC) with inputs from all directors. The performance of the Board as a whole is evaluated by the Chairman with inputs from all directors. The performance evaluation of Chairman of NRC is evaluated by Chairman with inputs from all the directors.

The above evaluations have been carried out once during the year.

The details of familiarization Programme of Independent Directors with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company and related matters are put up on the website of the Company at www.ismt.co.in

AUDITORS REMARKS

In respect of the Qualified Opinion and Emphasis of Matter by the Auditors on the Financial Statements of the Company, it has been explained in the Notes forming part of the said Financial Statements i.e. Note Nos. 1.31, 3.12, 3.16, 3.17, 3.18, 3.19 and 3.20 which are self-explanatory and therefore do not call for any further comments.

The Auditors have discussed the key matters for each of the qualifications.

COST AUDITORS

The Company is required to maintain cost records as specified u/S 148(1) of the Act and accordingly such accounts and records are made and maintained by the Company.

Pursuant to Section 148 of the Act read with Rules framed thereunder, your Directors had, on recommendation of the Audit Committee, approved the appointment & remuneration of the following Cost Auditors of the Company for FY2018-19:

- (i) M/s Dhananjay V. Joshi & Associates; and
- (ii) M/s Parkhi Limaye & Co.

The payment of remuneration for FY2018-19 to aforesaid Cost Auditors is subject to ratification by the Members at the ensuing Annual General Meeting.

The Cost Audit Report for FY2017-18 was filed within the prescribed time limit as per the Companies (Cost Record and Audit) Rules, 2014.

SUBSIDIARIES

As on date of this report, the Company has ten direct and indirect subsidiary companies. In accordance with Section 129(3) of the Act, a statement containing salient features of the financial statements of subsidiaries in Form AOC-1 is provided separately in this Annual Report. A report on performance & financial position of each of the subsidiaries is provided in financial statements forming part of this Annual Report. The Company has also framed a Policy for determining Material Subsidiaries which is available on website: www.ismt.com.

FIXED DEPOSITS

The Company has not accepted any deposits from the public.

Directors' Report (Contd.)**MANAGEMENT DISCUSSION & ANALYSIS AND CORPORATE GOVERNANCE REPORT**

Pursuant to SEBI (LODR) Regulations, 2015 (Listing Regulations), a separate section on Management Discussion & Analysis & Corporate Governance' Report is forming part of this Report.

The Managing Director & CFO have certified to the Board with regard to the financial statements & other matters as required under Regulation 17(8) of the Listing Regulations.

Certificate from Auditors of the Company regarding compliance of conditions of Corporate Governance is also annexed to this Report.

EXTRACT OF ANNUAL RETURN

The extract of Annual Return in Form MGT-9 is forming part of this Report as Annexure 'A'.

Further, the latest Annual Return of the Company in Form MGT-7 is placed on website of the Company at www.ismt.com

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS & OUTGO

Information required under Section 134(3)(m) of the Act is forming part of this Report as Annexure 'B'.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 134(3)(c) read with Section 134(5) of the Act, your Directors make the following statement:

- i) That in preparation of annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii) that the Directors have selected such accounting policies & applied them consistently & made judgments & estimates, that are reasonable & prudent so as to give a true & fair view of the state of affairs of the Company at end of financial year March 31, 2019 and of the Loss of the Company for that period;
- iii) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) That the Directors have prepared the annual accounts on a going concern basis;
- v) That the Directors had laid down internal financial controls to be followed by the Company & that such internal financial controls are adequate & were operating effectively; and
- vi) That the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

NOMINATION & REMUNERATION POLICY

The Nomination & Remuneration Policy of the Company on director's appointment & remuneration including criteria for determining qualifications, positive attributes, independence of a director & other matters is available on website of the Company at www.ismt.com.

The criteria for performance evaluation as laid down by the Nomination & Remuneration Committee have been defined in the Nomination & Remuneration Policy.

Details pertaining to Section 197(12) of the Act read with Rules framed thereunder are forming part of this Report as Annexure 'C'.

A statement showing details of employees in terms of Rule 5(2) and (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 forms part of this Report. However, in terms of Section 136 of the Act, the Annual Report excluding the aforesaid information is being sent to the members and other entitled thereto. The said statement is available for inspection by the Members at the Registered Office of the Company during business hours on working days up to the date of the ensuing AGM. If any Member is interested in obtaining a copy thereof, such Member may write to the Company Secretary in this regard.

SECRETARIAL AUDIT REPORT

Pursuant to Section 204 of the Act & Rules made thereunder the Board has appointed M/s. MRM Associates, Company Secretaries as Secretarial Auditors to undertake Secretarial Audit of the Company for the period ended March 31, 2019.

The Report of the Secretarial Auditors in Form MR-3 is forming part of this Report as Annexure 'D'.

In respect of the Audit observations, following are the comments of the Board:

- i. **Delay in submission of financial Results:**
Submission of the financial results got delayed only by 2 weeks due to delay in financials of foreign subsidiaries.
- ii. **Inadequate Board composition:**
Listing Regulations usually provide 3 months to fill vacancy of independent directors.
Accordingly, the Company within 3 months filled the vacancy of Independent Director.
- iii. **Promoter shareholding not in demat form:**
One Promoter Group (holding 0.02% shares in physical form) was classified as such by virtue of being related to a former promoter of the Company.
The Company proposes to take steps to reclassify the said promoter group to public category.

Directors' Report (Contd.)

iv. Disqualification of Director

The concerned director was erroneously disqualified by ROC. Nevertheless, on the date of appointment in the Company, the said Director was not disqualified. Subsequently, he has resigned from the Board on becoming aware of his disqualification.

v. Non-filing of forms with ROC

Due to pre-scrutiny/ technical error on MCA website, the Company could not file few forms with ROC. However, the said forms were subsequently filed through form GNL-2, which were duly approved by ROC.

PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

Particulars of Loans, Guarantees and Investments covered under Section 186 of the Act have been mentioned in the Notes to the Financial Statements forming part of this Annual Report.

RISK MANAGEMENT

The Company has constituted a Risk Management Committee to address organization wide risk including credit, security, property, regulatory and other risks. The Committee is assisting the Board in ensuring that there is adequate risk management policy in place capable of addressing those risks.

INTERNAL FINANCIAL CONTROLS

The Company has an internal financial control framework which is commensurate with the size, scale and complexity of its operations. The Statutory Auditors of the Company review the same on periodical basis.

CORPORATE SOCIAL RESPONSIBILITY

Pursuant to Section 135 of the Act a CSR Committee has been constituted by the Board consisting of three directors including one independent director.

Pursuant to the provisions of Section 135 of the Act, no profits were available for spending on CSR activities.

AUDIT COMMITTEE & VIGIL MECHANISM

Pursuant to Section 177 of the Act, an Audit Committee constituted by the Board consists of at least three directors with independent directors forming a majority.

The Whistle Blower Policy/ Vigil Mechanism of the Company was established by the Board & available on website at www.ismt.com.

CONTRACTS & ARRANGEMENTS WITH RELATED PARTIES

During the year, the Company has not entered into any contract/ arrangement/ transaction with related parties which were either not at an arm's length or not in the ordinary course of business & further could be considered material in accordance with the policy of the Company on materiality of related party transactions.

Hence, there is no information to be provided in Form AOC-2 while particulars of Related Party Transactions in terms of Ind AS-24 are forming part of the enclosed financial statements.

The Policy on materiality of related party transactions and dealing with related party transactions as approved by the Board may be accessed on the website at www.ismt.com

GENERAL

1. No significant or material orders were passed by Regulators or Courts or Tribunals which impact the going concern status & Company's operations in future.
2. The Company has complied with the provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013 and during the year, there were no cases filed/pending under the said Act.
3. The Company has complied with the applicable secretarial standards.

ACKNOWLEDGEMENTS

Your Directors take this opportunity to express its sincere gratitude for continued support & co-operation received by the Company from Government of India, Government of Maharashtra, Reserve Bank of India, Stock Exchanges, other regulatory agencies & shareholders. The Board would also like to acknowledge continued support of its bankers, vendors, clients & investors. The Directors also wish to place on record their appreciation of all employees for their dedication & team work.

**For and on behalf of
the Board of Directors**

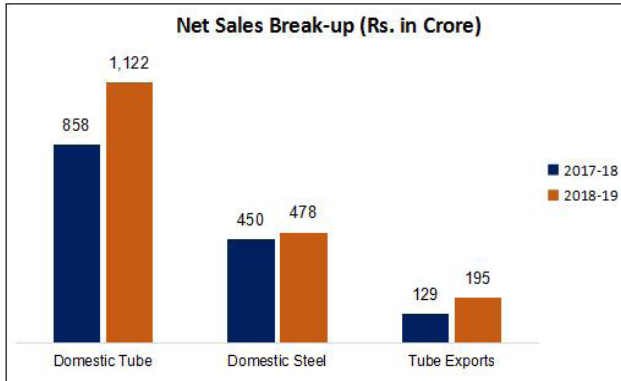
Pune
June 14, 2019

**O P Kakkar
Chairman**

Management Discussion and Analysis

Company Performance (F.Y. 2018-19):

| | |
|--------------------------|----------------------|
| Total Revenue | : Rs. 1832.04 Crore |
| EBDITA | : Rs. 119.87 Crore |
| Cash Profit/ (Loss) | : Rs. (154.35) Crore |
| Profit/ (Loss) after Tax | : Rs. (228.78) Crore |



Sales of Domestic and Export seamless tubes and pipes increased by 31% and 51% respectively in the current year over previous year.

Growth in Domestic demand and lower imports consequent on levy of Anti Dumping Duty on imports of the seamless tubes and pipes from China resulted in Domestic seamless tube sales volumes increase over previous year.

Rs. in Crore

| Particulars | 2018-19 | 2017-18 | Change |
|--------------|---------|---------|--------|
| Net Sales | 1795 | 1437 | 25% |
| Domestic | | | |
| - Tube | 1122 | 858 | 31% |
| - Steel | 478 | 450 | 6% |
| Tube Exports | 195 | 129 | 51% |

INDUSTRY STRUCTURE AND DEVELOPMENTS

Seamless Tubes Industry

Seamless Tube is a capital intensive industry and deploys high end technology. While the industry competes with other types of pipes and tubes in certain applications, it clearly is a preferred choice when it comes to better surface finish, machine-ability, strength to weight ratio and longer life. Seamless Tubes find applications in Oil and Gas exploration industry, Power Sector, Automotive, Construction Equipment, Bearing, Material handling equipment, Structural Components and host of other Mechanical applications. The Seamless Tube consumption is largely dependent on economic developments and with expected long term economic growth, the Company is assured of a secular market in future.

Steel Industry

ISMT has integrated Steel Plant which uses the Electric arc furnace technology to produce Steel.

ISMT is predominantly engaged in the manufacturing of specialty alloy and bearing Steel. The end user segments are largely Bearing, Automotive, Engineering and Forging Customers apart from some customers requiring steel for specialized application. The fortunes of the specialty and alloy steel products is closely linked to automotive and auto component industry.

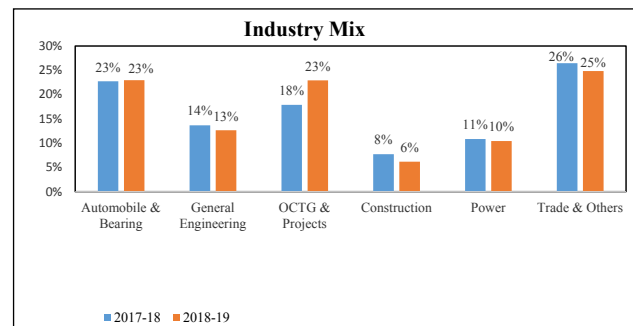
Captive Power Plant

The operations of the Captive Power Plant remained suspended during the year on account of non-availability of energy banking facility from Maharashtra State Electricity Distribution Company Limited (MSEDCL).

MARKET

ISMT is a diversified value added Seamless Tube supplier catering to following major industries:

- Oil and gas : As casings & Tubings during oil/ gas exploration.
- Power : In Boilers & Heat Exchangers
- Construction Equipment : In mining and earth moving equipment
- Automotive & General Engineering : Applications in two wheeler to four wheeler as front forks, axel, Steeling columns, Air bag system etc.
- Bearings : Inner and outer races of Bearings
- Others : In greenfield projects for fluid transportation, Construction of Stadiums and airports, gas cylinders, crane booms etc.



Sales value in absolute terms in all the Industry segments increased over previous year.

OPPORTUNITIES & THREATS

Opportunities

The imposition of Anti Dumping Duty on Chinese imports of seamless tubes and pipes for a period of five years continues to be an opportunity especially with the growing Indian economy. An opportunity in increase in export sales can also be expected due to future increase in demand for seamless pipes from developing countries.

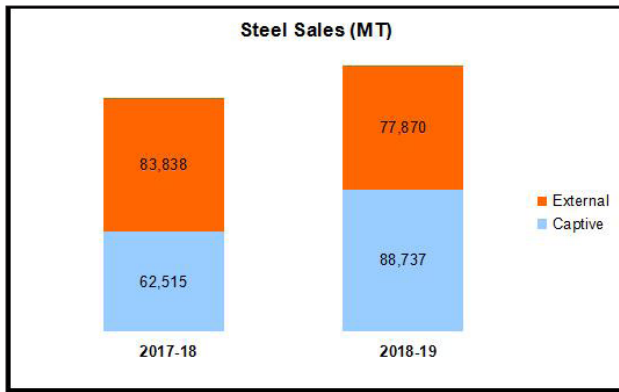
Management Discussion and Analysis (Contd.)

Threats

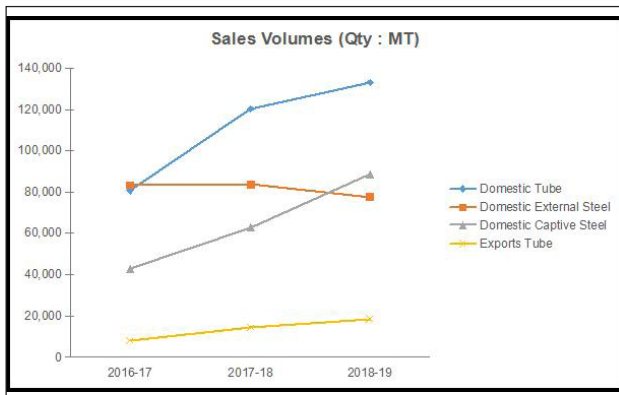
There is a continuous threat of imposition of duties from developed economies. Also strict ecological regulations may lead to technological changes.

SEGMENT/ PRODUCT INFORMATION

Your Company is engaged in manufacturing Seamless Tubes and Engineering Steels. Seamless Tube accounted for 73% of ISMT's total external sales value while Steel accounted for the balance 27%. Captive consumption of steel increased to 53% as compared to that of 43% for previous year.



Total sales quantity of both seamless tube and steel put together showed an increasing trend. The same for the year 2018-19 was 318,121 MT as against 280,959 MT for 2017-18 and 214,975 MT for 2016-17.



OUTLOOK

Levy of Final Anti Dumping Duty on import of seamless tube into India from China coupled with 'Make in India' program of the Government of India is likely to lead to increase in volume of the Company's product in domestic market.

RISKS & CONCERNS

Your Company regularly evaluates and reviews potential risks on account of various factors such as government policies, natural/man-made disasters, and political risks. Apart from above, the Company is exposed to changes in foreign exchange rates and commodity prices. Any change in laws & regulations, whether domestically or internationally could affect the business and financial condition of your Company.

The long term success of a Company largely depends on effectively identifying and analyzing the risks involved. The Company has adequate risk management system towards identification and evaluation of potential risks and the same are evaluated and reviewed regularly by the management so as to minimize/ eliminate the adverse impact if any.

INTERNAL CONTROL SYSTEMS

The Company has adequate and effective internal control systems and processes in place, which are designed to provide reasonable assurance with regards to recording and providing reliable financial and operational information, safeguarding the assets, statutory compliance, executing transactions with proper requisite approvals and ensuring compliance with applicable laws and regulations. The Audit Committee of Directors on a periodic basis reviews the effectiveness and adequacy of the internal control systems and processes and suggests improvements if any.

In addition to the Chief Internal Auditor, the Company has also appointed an external Chartered Accountants firm as internal auditors to conduct internal audit of the function and activities of the Company.

FINANCIAL PERFORMANCE

Some of the key financial parameters are as under:

Finance Cost

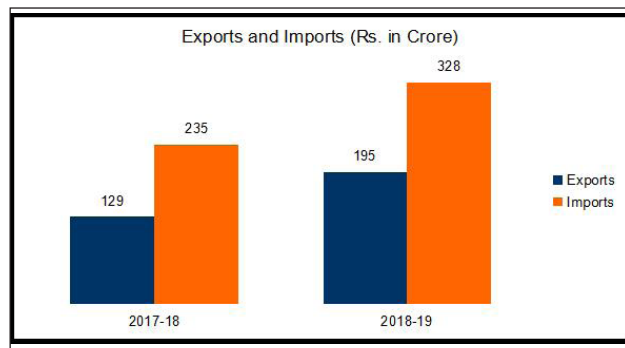
The Finance cost for the year was almost same as that for previous year at Rs. 276 Crore and stood at 15% of Net Revenue.

During the year imported raw material consumption increased to Rs. 328 Crore from Rs. 235 Crore in the previous year. The increase is in line with increase in sales turnover.

Exports are expected to continue its growth trend on account of increase in demand from developing countries. Going forward this should lead to growing net Foreign Exchange inflows. The Company's forex exposure is managed both through a natural hedge and by contracting appropriate treasury products, with a view to balancing risks while optimizing borrowing costs. Appropriate hedging tools are used under the board approved risk management policy framework. The forex risk is reviewed periodically and managed in line with the objectives laid in the policy.

Foreign Currency Term Loans accounted for over 27% of the Company's outstanding term debt as on March 31, 2019. The same accounted for 26% of total outstanding term debt as on March 31, 2018.

Management Discussion and Analysis (Contd.)



The Company's major exports are to North America and Europe and the imports are mainly from USA, Europe, Gulf and South Africa.

Working Capital

While the inventory level in absolute term for the current year is same as that for previous year, the debtors level increased by Rs. 65 Crore over previous year. The increase in debtors was on account of increase in sales turnover. In term of holding period calculated on yearly sales, the inventory level has reduced while debtor level was almost same as that for previous year.

Rs. in Crore

| Particulars | 2018-19 | 2017-18 |
|----------------------------|---------|---------|
| Inventory | 341 | 334 |
| Stock Turnover (times) | 5.27 | 4.31 |
| Debtors | 295 | 225 |
| Debtors Turnover (times) | 6.09 | 6.38 |
| Creditors | 100 | 102 |
| Creditors Turnover (times) | 12.48 | 9.90 |

The Company is making all possible efforts to keep the inventory and debtor's level at the minimum possible in the current stressed financial scenario.

Energy Cost

Energy Cost accounted for 16% of the Company's net revenues at Rs. 289 crore. In the current financial year, operations of the Captive Power Plant remained suspended.

| Particulars | 2018-19 | 2017-18 | Change |
|---|---------|---------|--------|
| Power consumption (KWH/ Ton of Production) | | | |
| - Steel Division | 884 | 839 | (5%) |
| - Tube Division | 558 | 546 | (2%) |
| Avg. Electricity Rate per Unit from MSEDCL (Rs. / KWH) | 8.44 | 7.44 | (13%) |

There was a increase in electricity rate per unit by 13% as compared to previous year on account of increase in power tariff by state electricity board.

The power consumption per unit of tube production increased marginally by 2% and that of steel division by 5% as compared to previous year.

Your Company is consistently focused on achieving higher energy efficiency across value chain and is simultaneously committed towards utilising environment friendly means in the process.

| Particulars | 2018-19 | 2017-18 | Change |
|---|---------|---------|--------|
| Furnace oil Consumption (K Ltrs/ Ton of Production) | | | |
| - Steel Division | 32 | 45 | 29% |
| - Tube Division | 72 | 70 | (3%) |
| Avg. Furnace Oil rate Rs. per Litre | 36.00 | 27.19 | (32%) |

Increase in furnace oil rate per litre is driven by international oil prices which is beyond the scope of the Company.

Increase in melting shop production led to reduction in furnace oil consumption per Metric Ton of production of steel division over previous year. Furnace oil consumption of tube division increased marginally by 3%.

Significant scope exists for reduction in power and Fuel consumption per unit of production once the capacity utilization at manufacturing plants improve.

KEY FINANCIAL RATIOS

Some of the key financial ratios for current year as compared to previous year are as under:

| Particulars | 2018-19 | 2017-18 | Change |
|-------------------------|---------|---------|--------|
| Debtors Turnover | 6.09 | 6.38 | (5%) |
| Inventory Turnover | 5.27 | 4.31 | 22% |
| Interest Coverage Ratio | 0.17 | 0.12 | 39% |
| Current Ratio | 0.25 | 0.26 | (3%) |
| Debt Equity Ratio | -ve | -ve | N.A. |
| Operating Profit Margin | 6.7% | 6.0% | 11% |
| Net Profit Margin | -ve | -ve | N.A. |
| Return on Net Worth | -ve | -ve | N.A. |

Owing to the increase in sales turnover and resultant increase in Earnings before Interest and Taxes (EBIT), the interest coverage ratio has almost doubled as compared to previous year. While EBIT increased by 39%, Finance Cost remained at almost same level as that of previous year.

HUMAN RESOURCES DEVELOPMENT AND INDUSTRIAL RELATIONS

The Industrial relations continued to remain peaceful throughout the year. The personnel expenses increased by 5% during the year over previous year on account of yearly increments. The Company continues to believe that the culture of sharing knowledge within the employees and involving them to be part of the solution, enables the Company curtail costs and excel. In the current economic scenario, the focus was on aligning HR to support cost control and conserve cash, while ensuring organizational confidence and employee motivation, to enable the Company sail through the current challenges and prepare itself for the future opportunities.

EMPLOYEE RELATED INFORMATION

As on March 31, 2019

| Particulars | Total |
|--------------------|--------------|
| Managers | 254 |
| Officers & Staff | 746 |
| Workmen | 1141 |
| Total | 2141 |

CAUTIONARY STATEMENT

The statements in the Management Discussion and Analysis describing the Company's objectives, projections, estimates and expectations or predictions may be forward looking statements within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include economic conditions affecting demand / supply and price conditions, in domestic and overseas markets in which the Company operates, changes in the government regulations, tax laws and other statutes and other incidental factors.

CORPORATE GOVERNANCE REPORT

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Corporate Governance is a set of principles, systems and processes to be followed by the Directors, Management and employees of the Company for enhancement of shareholder value keeping in view interest of stakeholders at large viz. Shareholders, Customers, Employees, Society, Suppliers, Lenders etc. The Company continues to adopt and practice the principles of good Corporate Governance while ensuring high level of integrity, accountability and transparency at all levels in the organization. The Company believes that good governance is the foundation for any successful organization and continuously endeavors to improve the standards of governance.

BOARD OF DIRECTORS

The Board of Directors of the Company has an optimum combination of executive and non-executive directors and comprises of 7 Directors including 3 Independent Directors and 2 Executive Directors.

The composition of the Board of Directors, their attendance at the Board Meetings held during the year 2018-19 and at the last Annual General Meeting and other details are as follows:

| Name of the Director | Category | Financial Year 2018-19 Attendance at | | No. of Directorships in other public companies@ | Committee positions in other public companies** | |
|------------------------------------|--|--|-------------|--|---|----------|
| | | Board Meetings | Last AGM | | Member | Chairman |
| Mr. S.C. Gupta [^] | NED | 6 | Yes | NA | NA | NA |
| Mr. B.R. Taneja | Promoter-ED | 6 | Yes | - | - | - |
| Mr. Rajiv Goel | ED | 8 | Yes | - | - | - |
| Mr. O.P. Kakkar | NED | 5 | Yes | - | - | - |
| Mr. R. Poornalingam ^{^^} | Independent-NED | 4 | Yes | 3* | 4 | 4 |
| Ms. Deepa Mathur [#] | NED | 7 | Yes | - | - | - |
| Mr. Shyam Powar | Independent-NED | 4 | No | - | - | - |
| Mr. Shashank Dixit ⁺ | NED (Lender viz. IDBI Bank Nominee) | 4 | Yes | NA | NA | NA |
| Mr. Kankraj Madhavan ⁺⁺ | Independent-NED | 0 | NA | - | - | - |

NED: Non-Executive Director; ED: Executive Director

@ Does not include directorships in Private Limited Companies, Foreign Companies and companies under Section 8 of the Companies Act, 2013.

[^] Tenure as Independent director completed on 28.12.2018, appointed as Non-Independent director w.e.f. 29.12.2018 and ceased to be director w.e.f. 29.03.2019; ^{^^} Appointed as director w.e.f. 28.12.2018; [#] Tenure as Independent director completed on 28.12.2018, appointed as Non-Independent director w.e.f. 29.12.2018; ⁺ ceased to be director w.e.f. 18.01.2019; ⁺⁺ Appointed as director w.e.f. 01.03.2019; * Mr. R Poornalingam is an Independent Director in other listed entities viz. Loyal Textile Mills Ltd. and TAAL Enterprises Ltd.

** Includes only Audit Committees and Stakeholders' Relationship Committees.

During the financial year 2018-19, Eight Board Meetings were held as under:

| Sr. No. | Date of Meeting | Sr. No. | Date of Meeting |
|---------|-------------------|---------|-------------------|
| 1 | June 11, 2018 | 5 | December 28, 2018 |
| 2 | August 10, 2018 | 6 | February 12, 2019 |
| 3 | October 01, 2018 | 7 | February 14, 2019 |
| 4 | November 05, 2018 | 8 | March 01, 2019 |

As on March 31, 2019, the composition of the Board was in conformity with Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations).

The Board has complete access to all the relevant information available within the Company.

Appointment/ Re-appointment of Directors

In terms of the Articles of Association of the Company and relevant provisions of the Companies Act, 2013 (Act), Mr. Rajiv Goel, Director of the Company, retires by rotation at the ensuing Annual General Meeting (AGM) and being eligible, offers himself for re-appointment.

Re-appointment of Mr. Shyam Powar as an Independent Director is being placed before the Members at the ensuing AGM for their approval.

Brief resume of Directors proposed to be appointed/ re-appointed is given in the Notice convening the AGM.

AUDIT COMMITTEE

Audit Committee of the Board of Directors of the Company is mainly entrusted with the responsibility to supervise the Company's financial reporting process. The composition, powers, role, scope and terms of reference of the Audit Committee are in conformity with the stipulations in Regulation 18 of the Listing Regulations and Section 177 of the Act.

The Audit Committee, inter alia, performs the functions of reviewing annual/ quarterly financials, approval of related party transactions, recommending appointment of Auditors and their remuneration, Review of the Management Discussions and Analysis, Internal Audit Reports.

The composition of Audit Committee and attendance of each member is as under:

| Name of Director | Chairman/ Member | Number of Meetings Attended |
|------------------------|---------------------|-----------------------------------|
| Mr. R. Poornalingam* | Chairman | 2 |
| Ms. Deepa Mathur** | Member | 5 |
| Mr. S.C. Gupta^ | Member | 4 |
| Mr. Shyam Powar | Member | 4 |
| Mr. Kanakraj Madhavan+ | Member | NA |

* w.e.f. 28.12.2018; ^upto 27.12.2018; + w.e.f. 01.03.2019; ** Chairperson upto 27.12.2018

During the year under review, six meetings of Audit Committee were held as under:

| Sr. No. | Date of Meeting |
|---------|-------------------|
| 1 | April 27, 2018 |
| 2 | June 11, 2018 |
| 3 | August 10, 2018 |
| 4 | November 05, 2018 |
| 5 | February 12, 2019 |
| 6 | February 14, 2019 |

Mr. R Poornalingam, Chairman of the Audit Committee was present at the last Annual General Meeting held on December 28, 2018.

MANAGERIAL REMUNERATION

a. NOMINATION AND REMUNERATION COMMITTEE:

The Company has a Nomination and Remuneration Committee of Directors ("NRC").

The terms of reference of NRC are in conformity with Regulation 19 of the Listing Regulations and Section 178 of the Act. The NRC, inter alia, performs the functions of recommending to the Board appointment of directors and senior management, create evaluation framework for independent directors and the Board, recommend to the Board remuneration payable to directors and senior management.

The composition of NRC and attendance of members is as under:

| Name of Director | Chairman/ Member | Number of Meetings Attended |
|----------------------|---------------------|-----------------------------------|
| Mr. Shyam Powar | Chairman | 1 |
| Mr. S.C. Gupta* | Member | 3 |
| Ms. Deepa Mathur | Member | 4 |
| Mr. R. Poornalingam^ | Member | 1 |

*Ceased to be director w.e.f. 29.03.2019; ^ appointed w.e.f. 28.12.2018

During year under review, four meetings of NRC were held as under:

| Sr. No. | Date of Meeting |
|---------|-------------------|
| 1 | June 11, 2018 |
| 2 | October 01, 2018 |
| 3 | December 28, 2018 |
| 4 | March 01, 2019 |

The Company does not have any Employee Stock Option Scheme.

b. Remuneration Policy:

- Based on recommendations of NRC, the remuneration of the Whole-time Directors is decided by the Board of Directors which, inter-alia, is based on the criteria such as industry benchmarks, financial performance of the Company, performance of the Whole-time Directors etc.
- The Company pays remuneration by way of salary, perquisites and allowances to Executive Directors. No remuneration was paid by way of commission to any Non-Executive Director.
- Based on recommendations of the NRC, the Board of Directors decides the payment of remuneration to the Non-Executive Directors.
- The Company paid sitting fees of Rs. 60,000/- each for attending Board and Audit Committee Meetings and Rs. 40,000/- each for all other committee meetings to the Non-Executive Directors subject to terms of remuneration, if any, paid.
- Performance evaluation of the Independent Directors shall be done by the Board of Directors on such criteria as deemed appropriate by the NRC.
- The Company has framed a Remuneration Policy for Directors, KMPs and Senior Management upon recommendation of NRC as approved by the Board.

c. Remuneration to Directors:

A Statement on remuneration paid/ payable to Whole-time Directors viz. Mr. B.R. Taneja and Mr. Rajiv Goel (subject to Lenders approval) and sitting fees paid to Non-Executive Directors, during FY 2018-19 is given below:

| Name of the Director | Salary and Perquisites (Rs.) | Commission (Rs.) | Sitting Fees (Rs.) |
|----------------------|------------------------------|------------------|--------------------|
| Mr. S.C. Gupta | - | - | 10,80,000 |
| Mr. B.R. Taneja | 1,88,00,000 | - | - |
| Mr. Rajiv Goel | 1,47,78,000 | - | - |
| Mr. O.P. Kakkar | - | - | 3,00,000 |
| Mr. Shashank Dixit | - | - | 2,40,000 |
| Mr. Shyam Powar | - | - | 6,80,000 |
| Ms. Deepa Mathur | - | - | 12,40,000 |
| Mr. R Poornalingam | - | - | 4,00,000 |
| Mr. Kanakraj M | - | - | - |
| TOTAL | 3,35,78,000 | - | 39,40,000 |

Note: Salary and perquisites include other allowances, Contribution to Provident Fund and Superannuation, Leave Travel Allowance, Medical Reimbursement and Accommodation provided.

Details of shares of the Company held by Non-Executive Directors as on March 31, 2019:

| Name of the Director | Number of equity shares |
|----------------------|-------------------------|
| Mr. O.P. Kakkar | 75,000 |
| Ms. Deepa Mathur | 1,204 |
| Mr. Shyam Powar | 47,865 |
| R. Poornalingam | Nil |
| Kanakraj Madhavan | 2,254 |

STAKEHOLDERS' RELATIONSHIP COMMITTEE

The Company has a Stakeholders' Relationship Committee of Directors ("SRC") to look into the redressal of shareholder and investors' complaints like Transfer or Credit of Shares, non-receipt of Annual Reports/ Dividends etc.

Composition, Meetings and Attendance during the year:

The composition of SRC and attendance of each member is as under:

| Name of the Director | Chairman/ Member | Number of Meetings Attended |
|----------------------|------------------|-----------------------------|
| Mr. S.C. Gupta* | Chairman | 4 |
| Ms. Deepa Mathur | Member | 4 |
| Mr. Shyam Powar | Member | 1 |
| Mr. Kanakraj M | Member | 0 |

*Ceased to be director w.e.f. 29.03.2019 ^ w.e.f. 01.03.2019

During the year under review, four meetings of SRC were held as under:

| Sr. No. | Date of Meeting |
|---------|-------------------|
| 1. | June 11, 2018 |
| 2. | August 10, 2018 |
| 3. | November 05, 2018 |
| 4. | February 12, 2019 |

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Company has a Corporate Social Responsibility Committee of Directors as per Section 135 of the Act.

Composition and Meetings during the year:

The composition of the CSR Committee is as under:

| Name of the Director | Chairman/ Member |
|----------------------|------------------|
| Mr. O.P. Kakkar | Chairman |
| Mr. S.C. Gupta* | Member |
| Mr. Shyam Powar^ | Member |

*Ceased to be director w.e.f. 29.03.2019; ^ appointed w.e.f. 11.06.2018

No CSR Committee meetings held during the year.

INDEPENDENT DIRECTORS MEETING

The Independent Directors met on March 21, 2019 to discuss:

- The performance of Non-Independent Directors and the Board as a whole.
- The performance of Executive Directors.
- The quality, quantity and timeliness of flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

All the Independent Directors were present at the Meeting.

COMPLIANCE OFFICER

Mr. Chetan Nathani, Company Secretary is the Compliance Officer of the Company for ensuring compliance with the requirements of the Listing Regulations, the SEBI Insider Trading Regulations and such other SEBI Regulations.

During the year, all the complaints/ grievances received from shareholders, have been attended to and resolved, except one. No valid transfer/ transmission of shares were pending as on March 31, 2019.

Details of investor complaints received and redressed during Financial Year 2018-19 are as follows:

| | |
|--|-----|
| Number of complaints pending at beginning of year | NIL |
| Number of complaints received during the year | 19 |
| Number of complaints disposed of during the year | 18 |
| Number of complaints remaining unresolved at the end of the year | 1 |

CODE OF CONDUCT

The Board has laid down a Code of Conduct for all Board Members and Senior Management Personnel of the Company. The Code of Conduct is also available on the website of the Company www.ismt.com.

CEO/ CFO CERTIFICATION

MD and CFO Certificate under Regulation 17(8) of Listing Regulations is enclosed herewith.

GENERAL BODY MEETINGS

Location and time of General Meetings held in last three years:

| Year | Type | Date | Venue | Time | Number of Special Resolutions passed |
|---------|------|------------|--|--------------|--------------------------------------|
| 2017-18 | AGM | 28.12.2018 | Hotel Hyatt Pune 88 Nagar Road, Kalyani Nagar, Pune - 411 006 | 10.30 A.M | 4 |
| 2016-17 | AGM | 28.09.2017 | --do-- | 10.30 A.M | None |
| 2015-16 | AGM | 27.09.2016 | Hotel Hindustan International, Neco Garden Road, Viman Nagar, Pune - 411 014 | 11.30 A.M | 6 |

All special resolutions moved at the AGM for year 2015-16, 2017-18, were passed with requisite majority by way of e-voting and poll.

OTHER DISCLOSURES

- There were no cases of materially significant related party transactions having potential conflict with the interests of the Company at large.
- There were no instances of material non-compliances and no strictures or penalties imposed on the Company either by SEBI, Stock Exchanges or any statutory authorities on any matter related to capital markets during the last three years.
- None of the Directors have any relation inter-se.
- The quarterly internal audit reports are placed before the Audit Committee.
- The Company has established Vigil Mechanism and Whistle Blower Policy. It is hereby affirmed that no personnel has been denied access to the Audit Committee.
- Familiarization Programmes for Independent Directors and various policies including Policy on determination of material subsidiaries and dealing with related party transactions are placed on the Company's website www.ismt.com
- In the opinion of the Board of Directors of the Company, the independent directors fulfill the conditions specified in the Listing Regulations and are independent of the Management.
- The details of complaints filed and disposed of during the year and pending on March 31, 2019 under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 are given in the Directors Report.
- The Company has duly complied with the requirements specified in Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) of the Listing Regulations.

- A certificate from Practicing Company Secretary is enclosed herewith confirming that none of the directors of the Company on the Board have been debarred or disqualified from being appointed or continuing as directors of companies by SEBI/ Ministry of Corporate Affairs or any such authority.
- Total fees for all services paid by the Company and its subsidiaries, on a consolidated basis, to the statutory auditors and all entities in the network firm/ network entity of which the statutory auditor is a part for FY2018-19 is Rs. 51.00 Lakhs.
- Following is the list of core skills/ expertise/ competencies identified by the Board of Directors of the Company as required in the context of its business and sectors for it to function effectively and those actually available with the Board:
 - Business Management;
 - Operations, Planning and Strategy;
 - Finance and Accounts;
 - Legal;
 - Corporate Restructuring;
 - Administration; and
 - Marketing

MEANS OF COMMUNICATION

The quarterly results are normally published in one English daily newspaper and one vernacular (Marathi) daily newspaper. The quarterly results and other details are also displayed on the Company's website www.ismt.com.

DESIGNATED EXCLUSIVE EMAIL ID OF THE COMPANY

The Company has the following E-mail Id exclusively for investor servicing: secretarial@ismt.co.in

GENERAL SHAREHOLDER INFORMATION

| | |
|---------------------------------------|---|
| AGM Date and Time | September 28, 2019 10.30 a.m. |
| Venue | Hotel Blue Diamond, Pune - IHCL SeleQtions, 11, Koregaon Park, Pune - 411001 |
| Financial Year | April 01, 2018 to March 31, 2019 |
| Dividend Payment date | Not Applicable |
| Listed on Stock Exchange | 1) BSE Ltd PJ Towers, Dalal Street, Fort, Mumbai - 400 001 2) National Stock Exchange of India Ltd. Exchange Plaza, Plot No. C/1, G Block, BKC, Bandra (E), Mumbai - 400 051 |
| Security Code (BSE) | 532479 |
| Security Code (NSE) | ISMTLTD |
| ISIN Number allotted to equity shares | INE732F01019 |
| Registered Office | Lunkad Towers, Viman Nagar, Pune - 411 014 |

The Company has paid annual listing fees for the Financial Year 2019-'20 to both the Stock Exchanges where the shares of the Company are listed.

Stock Market Data and Share Price Performance

(Rs.)

| Month | Market price | | | | BSE 500 INDEX | |
|----------------|--------------|------|-------|------|---------------|----------|
| | BSE | | NSE | | High | Low |
| | High | Low | High | Low | | |
| April 2018 | 10.29 | 7.33 | 10.25 | 7.40 | 15064.12 | 14159.26 |
| May 2018 | 8.55 | 5.76 | 8.40 | 5.85 | 15109.38 | 14351.64 |
| June 2018 | 8.20 | 6.13 | 8.05 | 5.90 | 14936.98 | 14314.91 |
| July 2018 | 6.75 | 6.00 | 6.75 | 6.05 | 15327.53 | 14379.24 |
| August 2018 | 8.80 | 6.40 | 8.90 | 6.30 | 15906.13 | 15205.80 |
| September 2018 | 7.35 | 6.28 | 7.25 | 6.35 | 15937.92 | 14337.77 |
| October 2018 | 6.26 | 5.00 | 6.20 | 4.95 | 14564.81 | 13287.30 |
| November 2018 | 6.98 | 5.60 | 6.80 | 5.55 | 14481.82 | 13874.76 |
| December 2018 | 9.80 | 6.17 | 9.60 | 6.15 | 14681.14 | 13735.91 |
| January 2019 | 8.70 | 7.18 | 8.70 | 7.25 | 14595.97 | 14001.25 |
| February 2019 | 7.70 | 6.06 | 7.85 | 6.20 | 14553.39 | 13839.50 |
| March 2019 | 8.50 | 6.87 | 8.65 | 6.65 | 15316.93 | 14246.80 |

Source: BSE and NSE websites.

REGISTRAR AND SHARE TRANSFER AGENT

The Shareholders may contact the RTA at the following address:

Karvy Fintech Pvt. Ltd.

Karvy Selenium, Tower B, Plot 31-32, Gachibowli,
Financial District, Nanakramguda, Hyderabad - 500 032

Tel: +91 40 67161632 FAX: +91 40 23001153

Email: einward.ris@karvy.com Web: www.karvyfintech.com

As regards to the shareholding in electronic form shareholders are requested to write to their respective Depository Participant and provide Bank Mandate details, N-ECS particulars, email Id etc. so as to facilitate expeditious payment of Corporate Action, if any.

SHARE TRANSFER SYSTEM

The Company's shares are traded compulsorily in Demat segment on the Stock Exchanges. Shares received for transfer in physical mode are processed and valid transfers are approved within prescribed time limit.

Pursuant to Regulation 40(9) of the Listing Regulations, certificate on half yearly basis have been filed with the Stock Exchanges for due compliance of share transfer formalities by the Company. In terms of guidelines issued by SEBI, the Reconciliation of Share Capital Audit Report for all the quarters have been filed with the Stock Exchanges, which inter-alia gives details about the reconciliation of Share Capital (both physical and demat).

DISTRIBUTION OF SHAREHOLDING OF THE COMPANY AS ON MARCH 31, 2019

| Shareholding of Nominal Value of Rs. | No. of Shareholders | % to Total No. of shareholders | No. of Shares held | % to Total |
|--------------------------------------|---------------------|--------------------------------|--------------------|------------|
| Upto 5000 | 82027 | 95.00 | 14376831 | 9.81 |
| 5001 10000 | 1844 | 2.14 | 2853777 | 1.95 |
| 10001 20000 | 1098 | 1.27 | 3200453 | 2.18 |

| | | | | |
|------------------|--------------|---------------|------------------|---------------|
| 20001 30000 | 524 | 0.61 | 2625874 | 1.79 |
| 30001 40000 | 183 | 0.21 | 1283724 | 0.88 |
| 40001 50000 | 153 | 0.18 | 1454721 | 0.99 |
| 50001 100000 | 263 | 0.30 | 3792015 | 2.59 |
| 100001 And above | 248 | 0.29 | 116913988 | 79.80 |
| Total | 86340 | 100.00 | 146501383 | 100.00 |

SHAREHOLDING PATTERN

| Sr. No. | Category | As on March 31, 2019 | |
|---------|---|----------------------|--------------------------|
| | | No. of shares | % of total no. of shares |
| 1 | Promoters | 75523109 | 51.55 |
| 2 | Mutual Funds/ Banks/ Financial Institutions | 2038407 | 1.39 |
| 3 | Bodies Corporate | 11113760 | 7.59 |
| 4 | Public | 36264619 | 24.76 |
| 5 | NRIs | 10236395 | 6.99 |
| 6 | Others | 11325093 | 7.72 |
| | Total | 146501383 | 100.00 |

DEMATERIALIZATION OF SHARES AND LIQUIDITY

90.55 % of total Equity Capital is held in demat form with NSDL and CDSL as on March 31, 2019

OUTSTANDING GDRS/ ADRS/ WARRANTS OR ANY CONVERTIBLE INSTRUMENTS, CONVERSION DATE AND LIKELY IMPACT ON EQUITY

The Company has no outstanding GDRs and the Company has not issued any ADRs / Warrants or any convertible instruments during the period under review.

CORPORATE FILING AND DISSEMINATION SYSTEM

The financial and other information filed by the Company with BSE (through BSE Listing Centre) and NSE (through NEAPS), from time to time is available on the website of BSE Limited at www.bseindia.com and website of NSE at www.nseindia.com.

UNCLAIMED / OUTSTANDING DIVIDEND ON EQUITY SHARES:

To facilitate investors who have not claimed the dividend amount for earlier years on the Equity Shares from the Company, details of the unclaimed amount are being displayed on the Ministry of Corporate Affairs (MCA) website: www.iepf.gov.in

Investors are requested to browse the said website to find out the outstanding amount, if any, and claim the same from the Company, before transfer to the Investor Education and Protection Fund as per the provisions of the Act.

PLANT LOCATIONS

The Company has manufacturing facilities in Maharashtra at:

1. MIDC Industrial Area, Ahmednagar - 414111
2. MIDC Industrial Area, Baramati - 413133
3. Jejuri Morgaon Road, Jejuri – 412303
4. Village Kurla, Warora, Chandrapur - 422910

ADDRESS FOR CORRESPONDENCE

ISMT Limited, Lunkad Towers, Viman Nagar, Pune - 411 014, Maharashtra

DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH THE COMPANY'S CODE OF CONDUCT

As required by Regulation 17(5)(a) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations), this is to confirm that the Company has adopted a Code of Conduct for all Board Members and Senior Management of the Company. The Code is available on Company's website.

As per Regulation 26 of the Listing Regulations, this is to confirm that the Company has received from Senior Management Team of the Company and all Members of the Board, declarations of compliance with Code of Conduct for the financial year 2019-'20.

For the purpose of this declaration, Senior Management Team comprises of employees in the Vice President and above Cadre as on March 31, 2019

Pune
June 14, 2019

For ISMT Limited
B. R. Taneja
Managing Director

CEO/ CFO CERTIFICATION TO THE BOARD

(Under Regulation 17(8) of SEBI (LODR) Regulations, 2015)

To,

The Board of Directors

ISMT Limited

We, B.R. Taneja, Managing Director and Rajiv Goel, Chief Financial Officer of ISMT Limited, to the best of our knowledge and belief, certify that:

- (1) We have reviewed the financial statements and the cash flow statement for the year ended March 31, 2019 and that to the best of our knowledge and belief:
 - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (2) There are, to best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
- (3) We accept the responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to the financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (4) We have indicated to the Auditors and the Audit Committee:
 - (i) There are no significant changes in internal control over financial reporting during the financial year ended March 31, 2019;
 - (ii) All significant changes in accounting policies during the financial year ended March 31, 2019 and that the same have been disclosed in the notes to the financial statements; and
 - (iii) There are no instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

B.R. Taneja
Managing Director
Pune, June 14, 2019

Rajiv Goel
Chief Financial Officer

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(Pursuant to Regulation 34(3) and Schedule V Para C clause (10) (i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,

The Members of
ISMT Limited
Lunkad Towers,
Viman Nagar,
Pune – 411 014

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of ISMT Limited having CIN L27109PN1999PLC016417 and having registered office at Lunkad Towers, Viman Nagar, Pune – 411 014 (hereinafter referred to as ‘the Company’), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me by the Company and its Officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ended on 31st March, 2019 have been debarred or disqualified

from being appointed or continuing as Directors of companies by SEBI, Ministry of Corporate Affairs or any such other Statutory Authority.

| Sr. No. | Name of Director | DIN | Date of appointment in the Company |
|----------------|-------------------------|------------|---|
| 1 | Mr. B R Taneja | 00328615 | 29/11/2015 |
| 2 | Mr. Rajiv Goel | 00328723 | 29/11/2005 |
| 3 | Mr. O P Kakkar | 00329426 | 08/11/2012 |
| 4 | Mr. Shyam Powar | 01679598 | 13/11/2015 |
| 5 | Ms. Deepa Mathur | 00449912 | 10/08/2015 |
| 6 | Mr. R Poornalingam | 00955742 | 28/12/2018 |
| 7 | Mr. Kanakraj M | 08373391 | 01/03/2019 |

Ensuring the eligibility for the appointment/ continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **VGP & Associates**
Company Secretaries

Vijayendra G. Padaki
Practising Company Secretary
M.No:- A-40375
CP No:- 17832

Place: Virar

Date : June 1, 2019

Independent Auditors' Report on compliance with the conditions of Corporate Governance as per provisions of Chapter IV of SEBI (LODR) Regulations, 2015

To

The Members of ISMT Limited

1. The accompanying Corporate Governance Report prepared by ISMT Limited ("the Company"), contains details as stipulated in Regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C, D and E of Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("the Listing Regulations") ('applicable criteria') with respect to Corporate Governance for the year ended March 31, 2019. This Report is required by the Company for annual submission to the Stock exchange and annexing the same with report of the Board of Directors to the shareholders.

Managements' Responsibility

2. The preparation of the Corporate Governance Report is the responsibility of the Management of the Company including the preparation and maintenance of all relevant supporting records and documents. This responsibility also includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Corporate Governance Report.
3. The Management along with the Board of Directors are also responsible for ensuring that the Company complies with the conditions of Corporate Governance as stipulated in the Listing Regulations, issued by the Securities and Exchange Board of India.

Auditor's Responsibility

4. Pursuant to the requirements of the Listing Regulations, our responsibility is to express a reasonable assurance in the form of an opinion whether the Company has complied with the specified requirement of the Listing Regulations referred to in paragraph 1 above.
5. We conducted our examination of the Corporate Governance Report in accordance with the Guidance Note on Reports or Certificates for Special Purposes and the Guidance Note on Certification of Corporate Governance, both issued by the Institute of Chartered Accountants of India ("ICAI"). The Guidance Note on Reports or Reports for Special Purposes requires that we comply with the ethical requirements of the Code of Ethics issued by ICAI.
6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

7. The procedures selected depend on the auditors' judgement, including the assessment of the risks associated in compliance of the Corporate Governance Report with the applicable criteria. The procedures include, but not limited to, verification of secretarial records and financial information of the Company and obtained necessary representations and declarations from directors including independent directors of the Company.
8. The procedures also include examining evidence supporting the particulars in the Corporate Governance Report on a test basis. Further, our scope of work under this report did not involve us performing audit tests for the purposes of expressing an opinion on the fairness or accuracy of any of the financial information or the financial statements of the Company taken as a whole.

Opinion

9. Based on the procedures performed by us as referred in paragraph 7 and 8 above and according to the information and explanations given to us, we are of the opinion that the Company has complied with the conditions of Corporate Governance as stipulated in the Listing Regulations, as applicable for the year ended March 31, 2019, referred to in paragraph 1 above.

Other matters and Restriction on Use

10. This Report is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.
11. This Report is provided to the Company solely for the purpose of enabling it to comply with its obligations under the Listing Regulations with reference to Corporate Governance Report accompanied with by a report thereon from the Statutory Auditors and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care or for any other purpose or to any other party to whom it is shown or into whose hands it may come without our prior consent in writing. We have no responsibility to update this Report for events and circumstances occurring after the date of this Report.

For **D N V & Co**
Chartered Accountants
Firm Registration No 102079W

CA Bharat Jain
Partner
Membership No: 100583

Place: Pune
Date: June 14, 2019

Annexure 'A' to the Directors' Report
Extract of Annual Return as on the financial year ended on March 31, 2019

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

| | | |
|-------|---|---|
| (i) | CIN | L27109PN1999PLC016417 |
| (ii) | Registration Date | 01/09/1999 |
| (iii) | Name of the Company | ISMT LIMITED |
| (iv) | Category / Sub-Category of the Company | Public Company Limited by Shares |
| (v) | Address of the Registered office and contact details | Lunkad Towers, Viman Nagar, Pune -411014 Tel : 020-41434100 |
| (vi) | Whether listed company | Yes |
| (vii) | Name, Address and Contact details of Registrar and Transfer Agent | Karvy Fintech Pvt. Ltd Karvy Selenium, Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad - 500 032 Tel: +91 40 67161632 FAX: +91 40 23001153 Email: einward.ris@karvy.com Web: www.karvyfintech.com |

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company :

| Sl. No. | Name and Description of main products/ services | NIC Code of the Product/ service | % to total turnover of the company |
|---------|---|----------------------------------|------------------------------------|
| 1 | Seamless Tube & Hollow | 24311 | 57.93% |
| 2 | Steel | 24109 | 42.07% |

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -

| S. No. | Name of the Company | Address of the Company | CIN/GLN | Holding/ Subsidiary/ Associate | % of Shares Held * |
|--------|--|---|-----------------------|--------------------------------|--------------------|
| 1 | ISMT Enterprises SA | 7, Rue de Bitbourg, L-1273, Luxembourg | NA | Subsidiary | 99.62 |
| 2 | Tridem Port & Power Company P Ltd | MMPDA Towers, 2nd Floor, 184, Royapettah High Road, Chennai - 600 014 | U10101TN2007PTC070594 | Subsidiary | 100 |
| 3 | Indian Seamless Inc. | Suite, 1700, One Riverway, Houston, TX 77056, USA | NA | Subsidiary | 100 |
| 4 | Structo Hydraulics AB | Box 1003, SE - 68829 Storfors, Sweden | NA | Subsidiary | 99.62 |
| 5 | ISMT Europe AB | Box 1, 68821 Storfors, Sweden | NA | Subsidiary | 99.62 |
| 6 | Nagapattinam Energy P Ltd | MMPDA Towers, 2nd Floor, 184, Royapettah High Road, Chennai 600014 | U40100TN2008PTC069515 | Subsidiary | 100 |
| 7 | PT ISMT Resources | Wisma Metropolitan II, 6th Floor, J1 Jenderal Sudirman Kav, Jakarta 12920 | NA | Subsidiary | 100 |
| 8 | Best Exim P Ltd | Lunkad Towers, Viman Nagar, Off Pune Nagar Road, Pune - 411014 | U51399PN2004PTC019783 | Subsidiary | 100 |
| 9 | Success Power and Infraprojects P Ltd | Lunkad Towers, Viman Nagar, Pune-411014 | U40108PN1996PTC099133 | Subsidiary | 100 |
| 10 | Marshal Microwave Infrastructure Development Company P Ltd | Lunkad Towers, Viman Nagar, Pune Nagar Road, Pune-411014 | U45203PN2007PTC129795 | Subsidiary | 100 |

* Representing Aggregate % of shares held by the Company and/ or its subsidiaries.

Extract of Annual Return as on the financial year ended on March 31, 2019 (Cont.)

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

IV. SHARE HOLDING PATTERN (Equity Share Capital breakup as percentage of Total Equity)

(i) Category-wise Shareholding

| Category of Shareholders | No. of Shares held at the beginning of the year | | | | No. of Shares held at the end of the year | | | | % Change during the year |
|--|---|--------------|-----------------|-------------------|---|--------------|-----------------|-------------------|--------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| A. Promoter s | | | | | | | | | |
| (1) Indian | | | | | | | | | |
| a) Individual/ HUF | 4935033 | 0 | 4935033 | 3.37 | 4877960 | 0 | 4877960 | 3.33 | -0.04 |
| b) Central Govt | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| c) State Govt(s) | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| d) Bodies Corp. | 70621622 | 23527 | 70645149 | 48.22 | 70621622 | 23527 | 70645149 | 48.22 | 0.00 |
| e) Banks / FI | | | | | | | | | |
| f) Any other | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| Sub-total (A)(1) :- | 75556655 | 23527 | 75580182 | 51.59 | 75499582 | 23527 | 75523109 | 51.55 | -0.04 |
| (2) Foreign | | | | | | | | | |
| a) NRI-Individuals | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| b) Other-Individuals | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| c) Bodies Corporate | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| d) Banks/ FI | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| e) Any other | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| Sub-total (A)(2) :- | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| Total shareholding of Promoter (A)=(A)(1)+(A)(2) | 75556655 | 23527 | 75580182 | 51.59 | 75499582 | 23527 | 75523109 | 51.55 | -0.04 |
| B. Public Shareholding | | | | | | | | | |
| 1. Institutions | | | | | | | | | |
| a) Mutual Funds | 8589 | 50681 | 59270 | 0.05 | 8589 | 38981 | 47570 | 0.03 | -0.02 |
| b) Banks / FI | 1984529 | 6308 | 1990837 | 1.36 | 1984529 | 6308 | 1990837 | 1.36 | 0.00 |
| c) Central Govt | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| d) State Govt(s) | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| e) Venture Capital Funds | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| f) Insurance Companies | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| g) FIIs | 295 | 4300 | 4595 | 0.00 | 295 | 1200 | 1495 | 0.00 | 0.00 |
| h) Foreign Venture Capital Funds | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| i) Others (specify) | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| Sub-total (B)(1):- | 1993413 | 61289 | 2054702 | 1.41 | 1993413 | 46489 | 2039902 | 1.39 | -0.02 |
| 2. Non-Institutions | | | | | | | | | |
| a) Bodies Corp. | 11994626 | 134127 | 12128753 | 8.28 | 10987458 | 126302 | 11113760 | 7.59 | -0.69 |
| b) Individuals | | | | | | | | | |
| i) Individual shareholders holding nominal share capital upto Rs. 1 lakh | 18224919 | 7333316 | 25558235 | 17.45 | 18485838 | 6324218 | 24810056 | 16.94 | -0.51 |
| ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh | 9643929 | 70627 | 9714556 | 6.63 | 11383936 | 70627 | 11454563 | 7.82 | 1.19 |
| c) Others (specify) | | | | | | | | | |
| i) Trusts | 5000 | 5212951 | 5217951 | 3.56 | 5000 | 5212951 | 5217951 | 3.56 | 0.00 |
| ii) Non-Residents | 9232862 | 2225894 | 11458756 | 7.82 | 8198632 | 2037763 | 10236395 | 6.99 | -0.83 |

Extract of Annual Return as on the financial year ended on March 31, 2019 (Cont.)

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

| Category of Shareholders | No. of Shares held at the beginning of the year | | | | No. of Shares held at the end of the year | | | | % Change during the year |
|--|---|-----------------|------------------|-------------------|---|-----------------|------------------|-------------------|--------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| iii) HUF | 1416951 | 0 | 1416951 | 0.97 | 1628843 | 0 | 1628843 | 1.11 | 0.14 |
| iv) IEPF | 3371297 | 0 | 3371297 | 2.30 | 4476804 | 0 | 4476804 | 3.06 | 0.76 |
| Sub-total (B)(2):- | 53889584 | 14976915 | 68866499 | 47.01 | 55166511 | 13771861 | 68938372 | 47.06 | 0.05 |
| Total Public Shareholding (B)=(B)(1)+ (B)(2) | 55882997 | 15038204 | 70921201 | 48.41 | 57159924 | 13818350 | 70978274 | 48.45 | 0.04 |
| C. Shares held by Custodian for GDRs & ADRs | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| Grand Total (A+B+C) | 131439652 | 15061731 | 146501383 | 100.00 | 132659506 | 13841877 | 146501383 | 100.00 | 0.00 |

(ii) Shareholding of Promoters

| Sl. No. | Shareholder's Name | Shareholding at beginning of the year | | | Share holding at end of the year | | | % change in share holding during the year |
|--------------|---------------------------------|---------------------------------------|----------------------------------|--|----------------------------------|----------------------------------|--|---|
| | | No. of Shares | % of total Shares of the company | % of Shares Pledged / encumbered to total shares | No. of Shares | % of total Shares of the company | % of Shares Pledged / encumbered to total shares | |
| 1 | Indian Seamless Enterprises Ltd | 68918858 | 47.04 | 79.80 | 68918858 | 47.04 | 91.23 | 0.00 |
| 2 | Vishkul Leather Garments P Ltd | 0 | 0.00 | 0.00 | 0 | 0.00 | 0.00 | 0.00 |
| 3 | Misrilall Mines P Ltd | 601197 | 0.41 | 0.00 | 601197 | 0.41 | 0.00 | 0.00 |
| 4 | Tulika Estate & Holding P Ltd | 543023 | 0.37 | 0.00 | 543023 | 0.37 | 0.00 | 0.00 |
| 5 | Satya Leasing Company Ltd | 304027 | 0.21 | 0.00 | 304027 | 0.21 | 0.00 | 0.00 |
| 6 | Prismo (India) Ltd | 210872 | 0.14 | 0.00 | 210872 | 0.14 | 0.00 | 0.00 |
| 7 | Shentracon Finalease P Ltd | 24802 | 0.02 | 0.00 | 24802 | 0.02 | 0.00 | 0.00 |
| 8 | Misrilall Properties P Ltd | 23527 | 0.02 | 0.00 | 23527 | 0.02 | 0.00 | 0.00 |
| 9 | Shentracon Holdings P Ltd | 18543 | 0.01 | 0.00 | 18543 | 0.01 | 0.00 | 0.00 |
| 10 | Lighto Technologies P Ltd | 300 | 0.00 | 0.00 | 300 | 0.00 | 0.00 | 0.00 |
| 11 | Ashok Kumar Jain (HUF) | 2536181 | 1.73 | 0.00 | 2536181 | 1.73 | 0.00 | 0.00 |
| 12 | Baldevraj T Taneja | 9033 | 0.01 | 0.00 | 9033 | 0.01 | 0.00 | 0.00 |
| 13 | Salil Baldev Taneja | 233040 | 0.16 | 0.00 | 233040 | 0.16 | 0.00 | 0.00 |
| 14 | B R Taneja (HUF) | 81760 | 0.06 | 0.00 | 81760 | 0.06 | 0.00 | 0.00 |
| 15 | Jagdish Prasad Sureka | 40448 | 0.03 | 0.00 | 0 | 0.00 | 0.00 | -0.03 |
| 16 | Tara Jain | 1414848 | 0.97 | 0.00 | 1414848 | 0.97 | 0.00 | 0.00 |
| 17 | Ramesh Sureka | 132155 | 0.09 | 0.00 | 132155 | 0.09 | 0.00 | 0.00 |
| 18 | Savitri Devi Sureka | 99386 | 0.07 | 0.00 | 139834 | 0.10 | 0.00 | 0.03 |
| 19 | Raj K Sureka | 85754 | 0.06 | 0.00 | 0 | 0.00 | 0.00 | -0.06 |
| 20 | Sanjay Sureka | 56423 | 0.04 | 0.00 | 0 | 0.00 | 0.00 | -0.04 |
| 21 | Alka P Mehta | 73473 | 0.05 | 0.00 | 73473 | 0.05 | 0.00 | 0.00 |
| 22 | Aayushi Jain | 41424 | 0.03 | 0.00 | 41424 | 0.03 | 0.00 | 0.00 |
| 23 | Mini Sureka | 650 | 0.00 | 0.00 | 0 | 0.00 | 0.00 | 0.00 |
| 24 | Priti Sureka | 20213 | 0.01 | 0.00 | 105967 | 0.07 | 0.00 | 0.06 |
| 25 | Akshay Jain | 10313 | 0.01 | 0.00 | 10313 | 0.01 | 0.00 | 0.00 |
| 26 | Rohin Raj Sureka | 10000 | 0.01 | 0.00 | 10000 | 0.01 | 0.00 | 0.00 |
| 27 | Avishi Sureka | 10000 | 0.01 | 0.00 | 10000 | 0.01 | 0.00 | 0.00 |
| 28 | Jagdish Prasad Sureka(HUF) | 79932 | 0.05 | 0.00 | 79932 | 0.05 | 0.00 | 0.00 |
| Total | | 75580182 | 51.59 | 79.80 | 75523109 | 51.55 | 91.23 | -0.04 |

Extract of Annual Return as on the financial year ended on March 31, 2019 (Cont.)

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

(iii) Change in Promoters' Shareholding

| Sl. No. | Particulars | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---------|---|---|----------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the Company | No. of shares | % of total shares of the Company |
| 1 | At the beginning of the year | 75580182 | 51.59 | | |
| 2 | Date wise Increase/ Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | # | # | # | # |
| 3 | At the End of the year | 75523109 | 51.55 | | |

Following are the details of datewise shareholding change

| Sl. No. | Name | Shareholding | | Date | Increase(+)/ Decrease(-) in Shareholding | Reason | Cumulative Shareholding during the year (01-04-2018 to 31.03.2019) | |
|---------|-----------------------|---|----------------------------------|------------|--|--------------|--|----------------------------------|
| | | No. of shares at beginning (01.04.2018)/ end of year (31.03.2019) | % of total shares of the Company | | | | No. of shares | % of total shares of the company |
| 1 | Jagdish Prasad Sureka | 40448 | 0.03 | 01.04.2018 | | | | |
| | | | | 29.06.2018 | -40448 | Transmission | 0 | 0.00 |
| | | 0 | 0.00 | 31.03.2019 | | | | |
| 2 | Savitri Devi Sureka | 99386 | 0.07 | 01.04.2018 | | | | |
| | | | | 29.06.2018 | 40448 | Transmission | 139834 | 0.10 |
| | | 139834 | 0.10 | 31.03.2019 | | | | |
| 3 | Raj K Sureka | 85754 | 0.06 | 01.04.2018 | | | | |
| | | | | 01.06.2018 | -85754 | Transmission | 0 | 0.00 |
| | | 0 | 0.00 | 31.03.2019 | | | | |
| 4 | Sanjay Sureka | 56423 | 0.04 | 01.04.2018 | | | | |
| | | | | 08.02.2019 | -30130 | Sale | 26293 | 0.02 |
| | | | | 15.02.2019 | -16535 | Sale | 9758 | 0.01 |
| | | | | 22.02.2019 | -9758 | Sale | 0 | 0.00 |
| | | 0 | 0.00 | 31.03.2019 | | | | |
| 5 | Priti Sureka | 20213 | 0.01 | 01.04.2018 | | | | |
| | | | | 01.06.2018 | 85754 | Transmission | 105967 | 0.07 |
| | | 105967 | 0.07 | 31.03.2019 | | | | |
| 6 | Mini Sureka | 650 | 0.00 | 01.04.2018 | | | | |
| | | | | 22.02.2019 | -650 | Sale | 0 | 0.00 |
| | | 0 | 0.00 | 31.03.2019 | | | | |

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

| Sl. No. | Name of the shareholder | Shareholding | | Date | Increase(+)/ Decrease(-) in Shareholding | Reason | Cumulative Shareholding during the year (01-04-2018 to 31.03.2019) | |
|---------|-----------------------------|---|-------------------------------|------------|--|--------|--|----------------------------------|
| | | No. of shares at the beginning (01.04.2018)/ end of year (31.03.2019) | % total shares of the Company | | | | No. of shares | % of total shares of the company |
| 1 | JITEN KIRTANLAL SHAH | 7418640 | 5.06 | 01.04.2018 | 0 | NA | NA | NA |
| | | 7418640 | 5.06 | 31.03.2019 | | | | |
| 2 | ISSAL EMPLOYEE WELFARE FUND | 5000000 | 3.41 | 01.04.2018 | 0 | NA | NA | NA |
| | | 5000000 | 3.41 | 31.03.2019 | | | | |

Extract of Annual Return as on the financial year ended on March 31, 2019 (Cont.)

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

| | | | | | | | | |
|----|-------------------------------------|------------|--------|------------|--------|----------|---------|------|
| 3 | INVESTOR EDUCATION PROTECTION FUND | 3371297 | 2.30 | 01.04.2018 | | | | |
| | | | | 27.04.2018 | 25560 | Transfer | 3396857 | 2.32 |
| | | | | 20.07.2018 | 427461 | Transfer | 3824318 | 2.61 |
| | | | | 01.02.2019 | 652486 | Transfer | 4476804 | 3.06 |
| | | 4476804 | 3.06 | 31.03.2019 | | | | |
| 4 | LIFE INSURANCE CORPORATION OF INDIA | 1983208 | 1.35 | 01.04.2018 | 0 | NA | NA | NA |
| | | 1983208 | 1.35 | 31.03.2019 | | | | |
| 5 | MAHARASHTRA SEAMLESS LIMITED | 1445000 | 0.99 | 01.04.2018 | 0 | NA | NA | NA |
| | | 1445000 | 0.99 | 31.03.2019 | | | | |
| 6 | GVN FUELS LIMITED | 1416246 | 0.97 | 01.04.2018 | | | | |
| | | | | 18.01.2019 | -10315 | Sale | 1405931 | 0.96 |
| | | | | 08.02.2019 | -22765 | Sale | 1383166 | 0.94 |
| | | | | 15.02.2019 | 4775 | Purchase | 1387941 | 0.95 |
| | | 1387941 | 0.95 | 31.03.2019 | | | | |
| 7 | DANIEL VYAPPAR PVT LTD | 1342889 | 0.92 | 01.04.2018 | 0 | NA | NA | NA |
| | | 1342889 | 0.92 | 31.03.2019 | | | | |
| 8 | CONCORD TREXIM PVT LTD | 1260674 | 0.86 | 01.04.2018 | 0 | NA | NA | NA |
| | | 1260674 | 0.86 | 31.03.2019 | | | | |
| 9 | PUSHPANJALI INVESTRADE LTD | 1066541 | 0.73 | 01.04.2018 | 0 | NA | NA | NA |
| | | 1066541 | 0.73 | 31.03.2019 | | | | |
| 10 | ANGEL BROKING PVT LTD | 59759 | 0.04 | 01.04.2018 | | | | |
| | | | | 06.04.2018 | 9771 | Purchase | 69530 | 0.05 |
| | | | | 13.04.2018 | 1276 | Purchase | 70806 | 0.05 |
| | | | | 20.04.2018 | 16371 | Purchase | 87177 | 0.06 |
| | | | | 27.04.2018 | 23676 | Purchase | 110853 | 0.08 |
| | | | | 04.05.2018 | -18310 | Sale | 92543 | 0.06 |
| | | | | 11.05.2018 | 20527 | Purchase | 113070 | 0.08 |
| | | | | 18.05.2018 | 16 | Purchase | 113086 | 0.08 |
| | | | | 25.05.2018 | -62192 | Sale | 50894 | 0.03 |
| | | | | 01.06.2018 | -894 | Sale | 50000 | 0.03 |
| | | | | 08.06.2018 | 4082 | Purchase | 54082 | 0.04 |
| | | | | 15.06.2018 | 9377 | Purchase | 63459 | 0.04 |
| | | | | 22.06.2018 | -19629 | Sale | 43830 | 0.03 |
| | | | | 29.06.2018 | -1214 | Sale | 42616 | 0.03 |
| | | | | 06.07.2018 | -5328 | Sale | 37288 | 0.03 |
| | | | | 13.07.2018 | 500 | Purchase | 37788 | 0.03 |
| | | | | 20.07.2018 | 442 | Purchase | 38230 | 0.03 |
| | | | | 27.07.2018 | 12428 | Purchase | 50658 | 0.03 |
| | | | | 03.08.2018 | -27 | Sale | 50631 | 0.03 |
| | | | | 10.08.2018 | -16609 | Sale | 34022 | 0.02 |
| | | | | 17.08.2018 | -1170 | Sale | 32852 | 0.02 |
| | | | | 24.08.2018 | 9798 | Purchase | 42650 | 0.03 |
| | | | | 31.08.2018 | -2045 | Sale | 40605 | 0.03 |
| | | | | 07.09.2018 | 2949 | Purchase | 43554 | 0.03 |
| | | | | 14.09.2018 | 1607 | Purchase | 45161 | 0.03 |
| | | | | 21.09.2018 | 2587 | Purchase | 47748 | 0.03 |
| | | | | 28.09.2018 | 3461 | Purchase | 51209 | 0.03 |
| | | | | 05.10.2018 | 9602 | Purchase | 60811 | 0.04 |
| | | | | 12.10.2018 | -983 | Sale | 59828 | 0.04 |
| | | | | 19.10.2018 | -2341 | Sale | 57487 | 0.04 |
| | | | | 26.10.2018 | -5055 | Sale | 52432 | 0.04 |
| | | 02.11.2018 | -426 | Sale | 52006 | 0.04 | | |
| | | 09.11.2018 | -9807 | Sale | 42199 | 0.03 | | |
| | | 16.11.2018 | -3901 | Sale | 38298 | 0.03 | | |
| | | 23.11.2018 | 4967 | Purchase | 43265 | 0.03 | | |
| | | 30.11.2018 | 2619 | Purchase | 45884 | 0.03 | | |
| | | 07.12.2018 | 191792 | Purchase | 237676 | 0.16 | | |
| | | 14.12.2018 | 245136 | Purchase | 482812 | 0.33 | | |

Extract of Annual Return as on the financial year ended on March 31, 2019 (Cont.)

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

| | | | | | | | |
|--|--------|------|------------|-------|----------|--------|------|
| | | | 21.12.2018 | 70700 | Purchase | 553512 | 0.38 |
| | | | 28.12.2018 | -2617 | Sale | 550895 | 0.38 |
| | | | 04.01.2019 | 3095 | Purchase | 553990 | 0.38 |
| | | | 11.01.2019 | -1842 | Sale | 552148 | 0.38 |
| | | | 18.01.2019 | -130 | Sale | 552018 | 0.38 |
| | | | 25.01.2019 | 2742 | Purchase | 554760 | 0.38 |
| | | | 01.02.2019 | 14478 | Purchase | 569238 | 0.39 |
| | | | 08.02.2019 | 39317 | Purchase | 608555 | 0.42 |
| | | | 15.02.2019 | 19511 | Purchase | 628066 | 0.43 |
| | | | 22.02.2019 | 7568 | Purchase | 635634 | 0.43 |
| | | | 01.03.2019 | 67096 | Purchase | 702730 | 0.48 |
| | | | 08.03.2019 | 15357 | Purchase | 718087 | 0.49 |
| | | | 15.03.2019 | 25299 | Purchase | 743386 | 0.51 |
| | | | 22.03.2019 | 80302 | Purchase | 823688 | 0.56 |
| | | | 29.03.2019 | 66035 | Purchase | 889723 | 0.61 |
| | 889723 | 0.61 | 31.03.2019 | | | | |

(v) Shareholding of Directors & Key Managerial Personnel:

| Sl. No. | Name of the Directors and KMP | Shareholding | | Date | Increase(+)/ Decrease(-) in Shareholding | Reason | Cumulative Shareholding during the year (01-04-2018 to 31.03.2019) | |
|---------|--|--|-------------------------------------|------------|--|--------|--|--|
| | | No. of shares at the beginning (01.04.2018)/ end of year (31.03.2019) | % total shares of the Company | | | | No. of shares | % of total shares of the Company |
| 1 | B. R. Taneja - Managing Director | 9033 | 0.01 | 01.04.2018 | 0 | NA | NA | NA |
| | | 9033 | 0.01 | 31.03.2019 | | | | |
| 2 | Rajiv Goel - Whole-time Director & CFO | 2000 | 0.00 | 01.04.2018 | 0 | NA | NA | NA |
| | | 2000 | 0.00 | 31.03.2019 | | | | |
| 3 | O. P. Kakkar - Non-Executive Director | 111480 | 0.08 | 01.04.2018 | | | | |
| | | | | 21.09.2018 | -11480 | Sale | 100000 | 0.07 |
| | | | | 28.09.2018 | -10600 | Sale | 89400 | 0.06 |
| | | | | 05.10.2018 | -4400 | Sale | 85000 | 0.06 |
| | | | | 09.11.2018 | -10000 | Sale | 75000 | 0.05 |
| | | 75000 | 0.05 | 31.03.2019 | | | | |
| 4 | R Poornalingam - Independent Director | 0 | 0.00 | 01.04.2018 | 0 | NA | NA | NA |
| | | 0 | 0.00 | 31.03.2019 | | | | |
| 5 | Kanakraj M - Independent Director | 2254 | 0.00 | 01.04.2018 | 0 | NA | NA | NA |
| | | 2254 | 0.00 | 31.03.2019 | | | | |
| 6 | Deepa Mathur- Independent Director | 1204 | 0.00 | 01.04.2018 | 0 | NA | NA | NA |
| | | 1204 | 0.00 | 31.03.2019 | | | | |
| 7 | Shyam Powar- Independent Director | 47865 | 0.03 | 01.04.2018 | 0 | NA | NA | NA |
| | | 47865 | 0.03 | 31.03.2019 | | | | |
| 8 | Chetan Nathani - Company Secretary | 0 | 0.00 | 01.04.2018 | 0 | NA | NA | NA |
| | | 0 | 0.00 | 31.03.2019 | | | | |

Extract of Annual Return as on the financial year ended on March 31, 2019 (Cont.)

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

V. INDEBTEDNESS
Indebtedness of the Company including interest outstanding/ accrued but not due for payment

Rs. in Crore

| | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total |
|--|--|--------------------|----------|-----------------|
| Indebtedness at beginning of financial year | | | | |
| i) Principal Amount | 2,148.22 | 53.90 | - | 2,202.12 |
| ii) Interest due but not paid | 657.77 | - | - | 657.77 |
| iii) Interest accrued but not due | 0.37 | - | - | 0.37 |
| Total (i+ii+iii) | 2,806.36 | 53.90 | - | 2,860.25 |
| Change in Indebtedness during financial year | | | | |
| Addition (+) / Reduction (-) | 248.98 | (5.22) | - | 243.76 |
| Net Change | | | | |
| Indebtedness at the end of the financial year | | | | |
| i) Principal Amount | 2,138.21 | 48.68 | - | 2,186.89 |
| ii) Interest due but not paid | 916.51 | - | - | 916.51 |
| iii) Interest accrued but not due | 0.61 | - | - | 0.61 |
| Total (i+ii+iii) | 3,055.33 | 48.68 | - | 3,104.01 |

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL
A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(Amount in Rs.)

| Sl. No. | Particulars of Remuneration | Name of MD/WTD/ Manager | | Total Amount |
|---------|---|--|------------------------|--------------------|
| | | B.R.Taneja - MD | Rajiv Goel - WTD & CFO | |
| 1 | Gross salary | | | |
| | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 1,68,00,000 | 69,00,000 | 2,37,00,000 |
| | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 | 20,00,000 | 54,09,600 | 74,09,600 |
| | (c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961 | - | - | - |
| 2 | Stock Option | - | - | - |
| 3 | Sweat Equity | - | - | - |
| 4 | Commission - as % of profit - others, specify... | - | - | - |
| 5 | Others | - | - | - |
| | Total (A) | 1,88,00,000 | 1,23,09,600 | 3,11,09,600 |
| | Ceiling as per the Act* | In view of inadequacy of profit, remuneration is paid/ payable as per the Lenders approval | | |

* Limit of remuneration shall be in terms of Schedule V to the Companies Act, 2013 & excludes contribution by the Company to Provident Fund & Superannuation Fund.

Extract of Annual Return as on the financial year ended on March 31, 2019 (Cont.)

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

B. Remuneration to other directors:**(Amount in Rs.)**

| Sl. No. | Particulars of Remuneration | Name of Directors | | | | | | | Total Amount |
|---------|---|-------------------|------------------|-----------------|------------|-----------------|-----------------|-----------------|------------------|
| | | Deepa Mathur | S.C. Gupta | R Poornalingam | Kanakraj M | Shyam Powar | Shashank Dixit* | O.P. Kakkar | |
| 1 | Independent Directors Fee for attending board/ committee meetings Commission Others, please specify | 9,40,000 | 9,40,000 | 4,00,000 | - | 6,80,000 | - | - | 29,60,000 |
| | Total (1) | 9,40,000 | 9,40,000 | 4,00,000 | - | 6,80,000 | - | - | 29,60,000 |
| 2 | Other Non-Executive Directors Fee for attending board/ committee meetings Commission Others, please specify | 3,00,000 | 1,40,000 | - | - | - | 2,40,000 | 3,00,000 | 9,80,000 |
| | Total (2) | 3,00,000 | 1,40,000 | - | - | - | 2,40,000 | 3,00,000 | 9,80,000 |
| | Total (B)=(1+2) | 12,40,000 | 10,80,000 | 4,00,000 | - | 6,80,000 | 2,40,000 | 3,00,000 | 39,40,000 |
| | Total Managerial Remuneration (A+B) | | | | | | | | 3,50,49,600 |
| | Overall Ceiling as per the Act | NA | | | | | | | |

* Sitting fees paid for attending meetings as Nominee Director is paid in the name of IDBI Bank Ltd.

C. Remuneration to Key Managerial Personnel other than MD/ Manager/ WTD**(Amount in Rs.)**

| Sl. No. | Particulars of Remuneration | Key Managerial Personnel | Total |
|---------|--|---|-----------------|
| | | Chetan Nathani, Company Secretary (w.e.f. 11-06-2018) | |
| 1 | Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961 | 8,33,874 | 8,33,874 |
| 2 | Stock Option | - | - |
| 3 | Sweat Equity | - | - |
| 4 | Commission - as % of profit others, specify... | - | - |
| 5 | Others, please specify: Contribution to PF & other Funds | 61,826 | 61,826 |
| | Total | 8,95,700 | 8,95,700 |

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: NONE

Annexure 'B' to the Directors' Report

Information required under Section 134 of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014 and forming part of the Director's Report for the year ended on March 31, 2019 :

(A) Conservation of Energy

(i) the steps taken or impact on conservation of energy :

1. Thyristor control APFC panel installed to maintain Power factor at Ahmednagar Tube Plant.
2. VFD and Auto ON/OFF Provision done for Mill2 cooling tower fans to auto stop its continuous operation during other stoppages at Ahmednagar Tube Plant.
3. Replacement of 400 watt HPMV Shed lights by 150 watt LED lights at Mill1 & Mill2 area at Ahmednagar Tube Plant.
4. Replacement of HPSV lamps with LED light at PQF Finishing, End Finishing Section and Cold Mill FVDI Area at Baramati Tube Plant.
5. ECR1 air conditioner is run by one pump motor instead of two pump motor at Baramati Tube Plant.

(ii) the steps taken by the company for utilising alternate sources of energy: NONE

(iii) the capital investment on energy conservation equipment :

Installation of Thyristor control APFC panel to maintain Power factor at Ahmednagar Tube Plant (Rs. 0.40 Crore).

(B) Technology absorption

(i) the efforts made towards technology absorption:

1. Development of tube for propeller shaft used in 4x4 vehicles (Export), at Ahmednagar Tube Plant.
2. Development of Drill Rod tubes with stringent tolerances at Ahmednagar Tube Plant.
3. Development of Auto Plug Changer at Baramati Tube Plant which benefited reduction in cycle time, increase in plug life and reduction in breakdown time.

(ii) the benefits derived like product improvement, cost reduction, product development or import substitution: Developments as mentioned in B(i) above have become functional. Apart from improvement in productivity and cost reduction it has helped develop in house expertise.

Measures were undertaken to reduce both fixed and variable costs in the current scenario of reduced plant operations.

(iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year) – Not Applicable

(iv) as part of the Company's overall strategy, throughout the year the Company remained focused on developing value added products for all its market segments including Energy, OCTG, Bearing, Auto and Mining Sectors. R & D activities also focused on process cost reductions. The expenditure incurred on Research and Development are detailed below:

(Rs. in Crore)

| Sr. No. | Particulars | 2018-19 | 2017-18 |
|---------|--------------------------------|---------|---------|
| i) | Capital | 0.50 | 0.00 |
| ii) | Recurring | 0.51 | 0.45 |
| | Total | 1.01 | 0.45 |
| | Total R & D as a % of Turnover | 0.06% | 0.03% |

(C) Foreign exchange earnings and Outgo

The Company continues to strive to improve its export earnings across regions and across sectors. Your company has established strong foothold in the value added seamless tubes segment in the overseas market and continue to pursue product certifications. Further details in respect of exports are set out in the annual report.

The information on foreign exchange earnings and outgo is furnished in the Notes on accounts.

Annexure 'C' to the Director's Report

DETAILS PERTAINING TO REMUNERATION PURSUANT TO SECTION 197 (12) OF THE COMPANIES ACT, 2013 READ WITH RULE THEREUNDER

- 1) The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary in the financial year 2018-19, Ratio of the remuneration of each Director to median remuneration of employees of the Company for the financial year 2018-19, is given below:

| Sr. No. | Name of the Directors/ Key Managerial Personnel (KMP) and Designation | Remuneration of Directors/KMP for financial year 2018-19 (Rs) | % increase in remuneration in the Financial Year 2018-19 | Ratio of the remuneration of each Director to median remuneration of executive employees |
|---------|---|---|--|--|
| 1 | B. R. Taneja, Managing Director | 1,88,00,000 | 4% | 38:1 |
| 2 | Rajiv Goel, Whole-time Director & Chief Financial Officer | 1,47,78,000 | 9% | 30:1 |
| 3 | Chetan Nathani, Company Secretary* | 8,95,700 | N.A. | N.A. |

* Appointed as KMP w.e.f. June 11, 2018

- 2) The median remuneration of employees of the Company during the financial year was Rs. 4.96 Lakh p. a.
- 3) In the financial year under review, there was a increase of 11.83% in the median remuneration of employees.
- 4) There were 2,141 permanent employees on the rolls of the Company as on March 31, 2019.
- 5) Average percentile increase made in the salaries of employees other than the managerial personnel in the financial year 2018-19 was 5%. The percentile increase in the managerial remuneration for the same financial year was 7%.
- 6) It is hereby affirmed that the remuneration is as per the Remuneration Policy of the Company.

Annexure 'D' to the Director's Report

Form No. MR-3

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2019

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
ISMT LIMITED
Lunkad Towers,
Vimannagar, Pune,
Maharashtra-411014

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **ISMT LIMITED** (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the **ISMT LIMITED**, books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, its agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2019 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the **ISMT LIMITED** for the financial year ended on 31st March, 2019 according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - c. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

- vi. The company meticulously follows the provisions of other applicable laws pertaining to the industry to which the company relates and has devised requisite systems for their desired compliance

We have also examined compliance with the applicable clauses of the following:

- i) Secretarial Standards issued by the Institute of Company Secretaries of India.
- ii) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 :

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above except the following:

Pursuant to Regulation 31(2) of the SEBI (LODR), Regulations 2015 – Listed entity shall ensure that 100 % shareholding of promoter(s) and promoter group is in dematerialized form, however, 23,527 number of equity shares of the Promoter group viz. Misrilall Properties Pvt. Ltd., equivalent to 0.02% of the total share capital are still in physical form.

The Company has informed us that this entity was classified as promoter group by virtue of being related to promoter late Mr. A K Jain who was also a director of the Company. Mr. A K Jain passed away on April 12, 2013.

The Company is now taking steps to reclassify them from Promoter to Public Category.

1. Details of notices received from Stock Exchanges during the audit period is tabled below:

| Sr. No. | Action taken by | Details of Violation | Details of the Action taken, E.g., fines, warning letter, debarment, etc. | Observations/ Remarks of the Practicing Company Secretary |
|---------|-----------------|---|---|--|
| 1. | BSE & NSE | Regulation 33(3)(d) of SEBI (LODR) Regulations, 2015: There was a delay of 12 days in submission of annual audited standalone & Consolidated financial results along with the audit report for the financial year ending 31.03.2018 to Stock Exchanges. | BSE & NSE each issued letters imposing fine of Rs. 60,000/-. | <ul style="list-style-type: none"> • For the financial Year ended on 31st March, 2018, the Company was supposed to submit the financial results to the Stock Exchange within 60 days, i.e. on or before 30th May, 2018. • The Company approved the annual audited standalone & consolidated financial results along with the audit report for the financial year ending 31.03.2018 in the Board meeting held on 11th June, 2018 and submitted the results to the Stock Exchange/s immediately. |

| | | | | |
|----|-----------|--|--|---|
| 2. | BSE & NSE | Regulation 17(1) (b) of SEBI (LODR) Regulations, 2015: Delay in appointment of an Independent Director on the Board of the Company | BSE & NSE each issued letters imposing fine of Rs. 15,000/-. | <ul style="list-style-type: none"> Non-compliance with the requirements pertaining to the composition of the Board. The tenure of three existing independent directors of the company got completed on 28th December, 2018. On the same day, the company appointed a new independent director and re-appointed an existing independent director for the second term while there was a vacancy for third independent director. The Company has informed us that it had conveyed to stock exchanges vide letter dt. 05.02.2019 that R. 25(6) of SEBI (LODR) Regulations, 2015 provides 3 months to appoint a new independent director & that the Company has accordingly appointed an independent director within 3 months period. |
|----|-----------|--|--|---|

We further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act except the following;

2. (i) Mr. Satish Chandra Gupta has been reappointed as a Non-executive director in the company w.e.f. 29th December, 2018. He was disqualified under section 164(2) of the Companies Act, 2013 to hold office of directorship in any Company vide ROC General Letter dated 31st December, 2018. On becoming aware about his disqualification, he has discontinued to be a member of the board.

3. (i) Following E-forms were not filed with MCA for the appointment of Directors due to pre-scrutiny error:

| Date of Event | E-Forms | Particulars |
|---------------|---------------|---|
| 28-12-2018 | E-Form-DIR-12 | For the Appointment of Mr. S C Gupta as a Non-Executive Non Independent Director in the Board Meeting which is pending due to Technical issues with MCA website however, in order to comply with the Provisions of the Companies Act, 2013 the Company has filed Form GNL 2 which has been approved and taken on record by the ROC. |
| 01-10-2018 | E-Form-DIR-12 | For the Re-appointment of Mr. Rajiv Goel w.e.f. 01-10-2018 to 30-09-2019 in the Board Meeting. The Company has informed us that the form DIR-12 intimating Re-appointment of Mr. Rajiv Goel as Whole-time Director could not be filed with ROC since MCA system is not allowing to file the same. However, the Company has filed with ROC form DIR-12 of Mr. Rajiv Goel by attaching the same to form GNL-2 which has been approved and taken on record by the ROC. |

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through and recorded as part of the minutes.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period the Company has not taken any actions having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. referred to above.

**For MRM ASSOCIATES
COMPANY SECRETARIES**

CS M. B. KASODEKAR
PARTNER

Membership No. F 2756

C. P. No: 1681

Unique Code of Partnership Firm: P2001MH006700

Place: Pune

Date : June 7, 2019

Directors' Report (Contd.)**'ANNEXURE A' TO SECRETARIAL AUDIT REPORT**

To,
The Members,
ISMT LIMITED
Lunkad Towers,
Vimannagar, Pune,
Maharashtra-411014

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. We have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**For MRM ASSOCIATES
COMPANY SECRETARIES
CS M. B. KASODEKAR**

PARTNER

Membership No. F 2756

C. P. No: 1681

Unique Code of Partnership Firm: P2001MH006700

Place: Pune

Date : June 7, 2019

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ISMT LIMITED

Report on the Audit of the Standalone Financial Statements

1. Qualified Opinion

We have audited the standalone financial statements of ISMT Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2019 and the statement of Profit and Loss (including Other Comprehensive Income), statement of changes in equity and the statement of cash flows for the year ended and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity the accounting principles generally accepted in India including Indian Accounting Standards ("Ind AS") prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules as amended and other accounting principles generally accepted in India, of the state of affairs (financial position) of the Company as at 31 March 2019, and its loss (financial performance including other comprehensive income), the changes in equity and its cash flows for the year ended on that date.

2. Basis for Qualified Opinion

- A. The Company has outstanding Minimum Alternate Tax (MAT) entitlement, classified as Deferred Tax Asset as per Ind AS- 12, Income Taxes, of Rs. 82.05 Crores as on March 31, 2019. Taking into consideration the loss during the period ended March 31, 2019 and carried forward losses under the Income Tax, in our opinion, it is not probable that the MAT entitlement can be adjusted within the specified period against the future taxable profits under the provisions of Income Tax Act, 1961. In view of the same, in our opinion, the MAT entitlement cannot be continued to be recognised as an asset in terms of Ind AS-12 and "Guidance note on accounting for credit available in respect of MAT under the Income Tax Act, 1961". Non-writing off of the same has resulted in understatement of loss for the year ended March 31, 2019 and overstatement of other equity by Rs. 82.05 Crores and its consequential effect on the Earnings per Share of the Company.
- B. The Company, through its subsidiary, has invested Rs. 48.43 Crores in Structo Hydraulics AB Sweden (SHAB). Net receivables (net of write offs) to the Company from SHAB against supplies made is Rs.

15.41 Crores and payment made towards invocation of guarantee given by the Company in respect of loans availed by SHAB is Rs. 33.33 Crores (USD 5 Million). The Company has received the approval from regulatory authorities for treating said payment against invocation as equity investment in SHAB (considered as investment on adoption of Ind AS) and the Company is taking steps for implementation of the same. SHAB has been incurring losses and its net worth is also partially eroded due to continuing losses. No provision for diminution in value of investment and net receivable against supplies is made by the Company as explained in Note No.3.16. We are unable to comment on the same and ascertain its impact, if any, on net loss for year ended March 31 2019, carrying value of investment and other equity as at March 31, 2019 in respect of above matters.

- C. The Company had recognized claim in earlier years, of which outstanding balance as on March 31, 2019 is Rs. 39.53 Crores, against Maharashtra State Electricity Distribution Company Ltd. (MSEDCL) for non-implementation of Energy Banking Agreement. The Company had appealed to Appellate Tribunal (APTEL) against the order passed by Maharashtra Electricity Regulatory Commission (MERC) and the same has been dismissed by the APTEL. The Company has preferred appeal before the Hon'ble Supreme Court against the order of APTEL. The realization of this claim is contingent and dependent upon the outcome of the decision of the Supreme Court. In our opinion the recognition of above claim, being contingent asset in nature, is not in conformity with Ind AS-37, Provisions, Contingent liabilities and Contingent assets. Recognition of the above claim has resulted into overstatement of carrying value of non-current assets and other equity by Rs.39.53 Crores as at March 31, 2019. Refer Note No. 3.20 (i).
- D. The Company has reclassified 40 MW Captive Power Project (CPP) at Chandrapur, Maharashtra, which was asset held for sale to Property Plant & Equipment for reasons stated in Note No. 3.20(ii). The Company has expressed its inability to determine recoverable value of CPP on re-classification on account of the uncertainty on the alternatives available and for the reasons stated in said note; hence, the CPP is measured on the Balance sheet date at the adjusted carrying amount of Rs. 236.08 Crores and not at lower of the adjusted carrying amount and the recoverable amount as required by Ind AS 105 "Non-current Assets Held for Sale and Discontinued Operations". In view of the aforesaid, we are unable to determine the impact of the same, if any, on net loss for year ended March 31 2019, carrying value of the CPP and other equity as at March 31, 2019.

- E. The Company is unable to determine the recoverable value of investment (including advances) in Tridem Port and Power Company Private Limited (TPPCL), wholly owned subsidiary company, of Rs 116.08 Crores on Balance Sheet date for the reasons stated in Note No.3.17. Hence impairment loss, if any, is not recognised as required by Ind AS 36 “Impairment of the Assets”. In view of the aforesaid, we are unable to determine the impact of the same, if any, on the net loss for the year ended March 31 2019, carrying value of the investment and other equity as at March 31, 2019.

- F. Pending approval/ sanction of debt restructuring scheme by lenders and balance confirmation from lenders, the Company has not provided for the overdue /penal interest, if any. The quantum and its impact, if any, on the net loss for the year ended March 31 2019, carrying value of the Borrowings (i.e. Current Financial Liabilities) and other equity as at March 31,2019 is unascertainable. Refer Note No 3.19.

We conducted our audit in accordance with Standards on Auditing (“SAs”) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in Auditor’s Responsibilities 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 standalone financial statements under the provisions of the Act and Rules made there under, 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 we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion on the standalone financial statements.

3. Material uncertainty Related to Going Concern

The Company has accumulated losses and its net worth has been fully eroded due to continuous losses and the Company’s current liabilities exceeded its current assets as at March 31, 2019. These conditions indicate the existence of a material uncertainty 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 Note No. 3.18.

Our opinion is not modified in respect of this matter.

4. Emphasis of Matter(s)

We draw attention to Note No. 1.31 of standalone financial statements regarding remuneration payable to Managing Director and Executive Director amounting to Rs. 3.16 Crores for the year ended March 31, 2019 (Rs. 6.02 Crores cumulative up to March 31, 2019) is subject to approval of Lenders.

Our opinion is not qualified in respect of this matter.

5. Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in the Basis for Qualified Opinion section referred in para 2 above and Material Uncertainty Related to Going Concern section in para 3 above, We have determined the matters described in Annexure A to be the key audit matters to be communicated in our report.

6. Information Other than the Standalone Financial Statements and Auditor’s Report Thereon

The Company’s Board of Directors is responsible for the preparation of the other information. The other Information comprises the information included in Company’s Annual Report, but does not include the standalone financial statements and our auditor’s report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor’s report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

7. Management’s Responsibility for the Standalone Financial Statements

The Company’s Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 (“the Act”) with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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 statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

8. Auditor's Responsibilities for the Audit of the Standalone Financial Statements

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

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

- a) Identify and assess the risks of material misstatement of the financial statements, 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.
- b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, 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.
- c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- d) Conclude on the appropriateness of management's 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 financial statements 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.
- e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone 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 standalone 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

9. Report on Other Legal and Regulatory Requirements

- a) As required by The Companies (Auditor's Report) Order, 2016 issued by the Central Government of India (Ministry of Corporate Affairs) in terms of sub section (11) of section 143 of the Companies Act, 2013, we give in Annexure B, a statement on the matters specified in paragraphs 3 and 4 of the Order.
- b) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act except to the extent referred in Annexure III to this report.
- c) As required by section 143 (3) of the Act, we report, to the extent applicable, that:
- i) We have sought and obtained all the information and explanations, except for the matter described in the Basis for Qualified Opinion paragraph above, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - ii) except for the effects/possible effects of the matters described in the Basis for Qualified Opinion paragraph above, in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - iii) The Company has no branch offices whose accounts are audited by branch auditors;
 - iv) except for the effects/possible effects of the matters described in the Basis for Qualified Opinion paragraph above, The Balance Sheet, the Statement of Profit and Loss (Including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the books of account;
 - v) In our opinion, except for the effects/possible effects of the matters described in the Basis for Qualified Opinion paragraph above, the aforesaid standalone financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act and the rules prescribed there under;
- vi) The matters described in the Basis for Qualified Opinion paragraph above, in our opinion, may have an adverse effect on the functioning of the Company.
 - vii) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of section 164 (2) of the Act.
 - viii) The qualifications relating to maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion paragraph above.
 - ix) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure C"; and
 - x) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. Refer Note No. 3.1 on Contingent Liabilities disclosing the impact of pending litigation on the financial position of the Company.
 - ii. The Company does not have any long-term contracts including derivative contracts, having any material foreseeable losses, for which provision was required.
 - iii. There has been 3 days delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For DNV & Co.

Chartered Accountants

Firm's registration No.:102079W

CA Bharat Jain

Partner

Membership No.: 100583

Place: Pune

Date: June 14, 2019

Annexure A: KEY AUDIT MATTERS as referred in Para 5 of the Standalone Auditor's Report:

| KEY AUDIT MATTER | RESPONSE TO KEY AUDIT MATTER |
|--|--|
| <p>Revenue Recognition:</p> <p>(Refer Note No. 2.4 for policies in respect of revenue recognition)</p> <p>Revised Ind AS 115 is applicable w.e.f. April 1, 2018 which, inter alia, brings in concept of "Transfer of control" with five step model as against "Transfer of Risk & Reward" in revenue recognition.</p> <p>Revenue from sale of Product is recognised when the control over the products have been transferred to the customer based on the terms and conditions of the sales contracts entered into with the customers across geographies.</p> <p>We have identified recognition of revenue as a key audit matter as revenue is a key performance indicator and there is a risk of revenue being fraudulently overstated arising from pressure to achieve performance targets as well as meeting external expectations.</p> | <p>Our procedures in respect of recognition of revenue included the following:</p> <p>a) Assessing the appropriateness of the revenue recognition accounting policies by comparing with applicable accounting standards.</p> <p>b) Testing the design, implementation and operating effectiveness of the Company's general IT controls and key IT application/manual controls over the Company's systems which govern recording of revenue in the general ledger accounting system.</p> <p>c) Performing substantive testing (including year-end cutoff testing) by selecting samples of revenue transactions recorded during the year (and before and after the financial year) and verifying the underlying documents, which includes sales invoices/contracts and shipping documents.</p> <p>d) Assessing manual journals posted to revenue to identify unusual items other than already identified.</p> <p>e) Evaluating the adequacy of the standalone financial statement disclosures, including disclosures of key assumptions, judgments and sensitivities.</p> |
| <p>Property Plant and Equipment:</p> <p>Refer Note No. 2.5 and 2.21 for policies in respect of Property, Plant and Equipment</p> <p>The carrying amount of Property, Plant and Equipment is Rs1359.58 Crores, which represents 55% of the total assets of the Company.</p> <p>The value in use of these Property, Plant and Equipment have been determined based on certain assumptions and estimates of future performance.</p> <p>The value in use so determined of each Cash Generating Unit (CGU) identified by the management have been used for the impairment evaluation of the Property, Plant and Equipment.</p> <p>Due to the significance of the value of the PPE, the inherent uncertainty and judgment involved in forecasting performance and the estimates involved in discounting future cash flows, we have considered these estimates to be significant to our overall audit strategy and planning.</p> | <p>In view of the significance of the matter our procedures in this area included the following :</p> <p>a) Testing the design, implementation and operating effectiveness of key controls over the impairment review process including the review and approval of forecasts and review of valuation models.</p> <p>b) assessing the valuation methodology used by management and testing the mechanical accuracy of the impairment models</p> <p>c) evaluating the reasonableness of the valuation assumptions, such as discount rates, used by management through reference to external market data;</p> <p>d) challenging the appropriateness of the business assumptions used by management, such as sales growth and the probability of success of new products;</p> <p>e) evaluating the past performances where relevant and assessing historical accuracy of the forecast produced by management;</p> <p>f) Considering whether events or transactions that occurred after the balance sheet date but before the reporting date affect the conclusions reached on the carrying values of the assets and associated disclosures.</p> <p>g) Evaluating the adequacy of the disclosures made in the standalone financial statements</p> <p>h) Also refer para 2D of the Auditor's Report regarding inability to determine net realizable value of some of the assets.</p> |

| | |
|---|---|
| <p>Impairment of Trade Receivables:</p> | |
| <p>Trade Receivables, net of impairment allowance, amounts to Rs.295.04 Crores as on 31st March 2019, which constitutes about 12% of the total Assets of the Company.</p> <p>Management's judgment is involved in identifying impairment in the value of the receivable which has an adverse impact on the profits of the Company.</p> | <p>We have performed the following processes in relation to Management's Judgment in identification of impairment of value of Receivables and adequacy of impairment provision:</p> <ul style="list-style-type: none"> a) We have referred to the defined policy in place stipulating the methodology of making impairment provision in respect of overdue Receivable amounts. b) We have also reviewed age-wise analysis in respect of Receivables and ensured that the provisioning is made according to such policy. The above referred provisioning policy stipulates different provisioning norms for Receivables with confirmations and without confirmations c) We have sought information and explanations from the department Heads regarding the status of receivable for the purpose of ensuring adequate impairment provisions. d) We have also tested subsequent collections made from the overdue receivables |
| <p>Evaluation of Uncertain outcome of pending litigation</p> | |
| <p>Refer Note No. 3.1 for policies in respect of contingent liabilities</p> <p>The Company is subject to periodic challenges by local tax authorities during the normal course of business in respect of indirect tax Matters. The company is having indirect tax liability in dispute amounting to Rs 51.73 Crores.</p> <p>Further the company is having pending legal cases filed against the company with the claim amount involved of Rs 107.75 Crores (net of deposit).</p> <p>These litigations involve significant management judgment to determine the possible outcome of the uncertain tax positions and legal cases, consequently having an impact on related accounting and disclosures in the standalone financial statements.</p> | <p>Our audit procedures include the following substantive procedures:</p> <ul style="list-style-type: none"> a) Obtained understanding of key issues involved in pending tax and other litigations b) Read and analysed select key correspondences, external legal opinions / consultations by management; c) Discussed with appropriate senior management and evaluated management's underlying key assumptions in assessing management's estimate of the possible outcome of the disputed matters. |

ANNEXURE 'B' TO THE INDEPENDENT AUDITOR'S REPORT

Referred to in paragraph 9 A under the heading "Report on Other legal and Regulatory Requirements" of our report on even date:

- (i) a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- b) The Company has a program of verification to cover all the items of fixed assets in a phased manner which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- c) According to the information and explanations given to us, the records examined by us and based on the examination of the conveyance deeds provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date. In respect of immovable properties of land and building that have been taken on lease and disclosed as fixed assets in the financial statements, the lease agreements are in the name of the Company.
- (ii) a) As explained to us, the inventories including majority of the goods lying with third parties have been physically verified by the management at reasonable intervals during the year.
- b) In our opinion and according to the information and explanations given to us, the discrepancies noticed on physical verification between physical stock and the book records were not material and have been properly dealt with in the books of account.
- (iii) As per the records of the Company, it has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans, investments, guarantees and securities.
- (v) The Company has not accepted any Deposit from the public.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for maintenance of cost records under sub-section (l) of section 148 of the Act & we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of records with a view to determine whether they are accurate and complete.
- (vii) a) According to the records of the Company, the Company is regular in depositing undisputed statutory dues including Provident Fund, Employee State Insurance, Income Tax, Goods and Service Tax, Central Sales Tax, Custom Duty, Excise Duty, Value Added Tax, Cess and any other statutory dues with the appropriate authorities. According to the information and explanations given to us, there are no undisputed amounts payable in respect of such statutory dues which have remained outstanding as at March 31, 2019 for a period of more than six months from the day they become payable.
- b) The disputed statutory dues that have not been deposited on account of disputes pending before the appropriate authorities are as mentioned in the Annexure- I to this report.
- (viii) According to the information and explanations given to us, the Company has defaulted in repayment of dues to banks and Government. Details of defaults are mentioned in Annexure-II to this report. The Company does not have any debenture holders.
- (ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and the term loans.
- (x) Based upon the audit procedures performed by us and according to the information and explanations given to us, no fraud on or by the Company by its officers or employees has been noticed or reported during the year.
- (xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act except to the extent referred in Annexure III to this report.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act wherever applicable and the details of such transactions have been disclosed in the Ind AS financial statements as required by the applicable Accounting Standards.
- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For DNV & Co.

Chartered Accountants

Firm's registration No.:102079W

CA Bharat Jain

Partner

Membership No.: 100583

Place: Pune

Date: June 14, 2019

Annexure - I
Particulars of dues of Sales Tax/ Excise Duty/ Custom Duty/ Income Tax not deposited on account of disputes:

Rs. in Crore

| Nature of Statue | Nature of Dues | Amount Disputed | Forum where dispute is pending |
|---------------------------------|----------------|-----------------|--------------------------------|
| Central Sales Tax Act, 1956 | Sales Tax | 0.09 | Tribunal |
| | | 6.42 | Dy. Commissioner (Appeals) |
| | | 0.01 | High Court, Mumbai |
| | | 0.41 | Dy. Commissioner |
| | | 2.18 | Joint Commissioner (Appeal) |
| Maharashtra Sales Tax Act, 1959 | Sales Tax | 0.81 | Tribunal |
| | | 0.47 | High Court, Bombay |
| | | 5.76 | Dy. Commissioner (Appeals) |
| | | 2.11 | Joint Commissioner (Appeal) |
| Central Excise Act, 1944 | Excise Duty | 15.89 | CESTAT |
| | | 6.89 | High Court, Bombay |
| | | 1.96 | Commissioner |
| | | 0.08 | Asst. Commissioner |
| | | 1.00 | Add. Commissioner |
| Customs Act, 1962 | Custom Duty | 1.49 | Dy. Commissioner |
| | | 2.50 | Asst. Commissioner |
| Income Tax Act, 1961 | Income Tax | 0.20 | Tribunal, Pune |

Annexure II
Installments due including interest outstanding as at March 31, 2019:

Rs. in Crore

| Name of the Lenders/ Government | 0-30 Days | 31-60 Days | 61- 90 Days | More than 90 Days | Total |
|---|--------------|--------------|--------------|-------------------|----------------|
| Andhra Bank | 3.93 | 0.84 | 0.93 | 77.95 | 83.65 |
| Bank of Baroda | 9.66 | 2.57 | 2.85 | 279.68 | 294.76 |
| Central Bank of India | 0.57 | 0.33 | 0.36 | 43.77 | 45.03 |
| ICICI Bank Limited | 0.80 | - | - | 79.03 | 79.83 |
| *Edelweiss Asset Reconstruction Co. Ltd. | 1.91 | 0.68 | 0.75 | 30.47 | 33.81 |
| IKB Deutsche Industrie Bank AG | - | - | - | 62.41 | 62.41 |
| **Asset Reconstruction Company India Ltd. | 27.14 | 20.30 | 28.49 | 842.54 | 918.47 |
| *** SC Lowy Primary Investment Limited | 0.43 | - | - | 49.75 | 50.18 |
| State Bank of India | 1.28 | 0.67 | 0.74 | 65.20 | 67.89 |
| Total | 45.72 | 25.39 | 34.12 | 1530.80 | 1636.03 |

* Loans Assigned by ICICI Bank Limited

** Loans Assigned by Indian Overseas Bank, Bank of India, IDBI Bank and Bank of Maharashtra.

***Loans Assigned by Bank of India

Annexure III
Details of Managerial Remuneration paid / provided in excess of requisite approval:

Rs. in Crores

| Designation | Amount paid / provided | Amount paid / provided in excess of the limit prescribed | Amount due as recoverable from Balance Sheet | Steps taken for recovery |
|---|------------------------|--|--|--------------------------|
| Managing Director Remuneration: Paid | 1.23 | 1.23 | #1.23 | - |
| | 0.45 | 0.45 | - | - |
| Executive Director Remuneration: Paid | 0.84 | 0.84 | #0.84 | - |
| | 0.64 | 0.64 | - | - |
| | Total | 3.16 | 3.16 | 2.07 |

Recoverable subject to approval of Lenders.

Rs.2.86 Crores up to F.Y. 2017-18 paid/ provided

ANNEXURE ‘C’ TO THE INDEPENDENT AUDITOR’S REPORT

(Referred to in para 9C(i) under ‘Report on Other Legal & Regulatory Requirements’ section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

We have audited the internal financial controls over financial reporting of ISMT Limited (“Company”) as of March 31, 2019 in conjunction with our audit of standalone financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor’s Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (“Guidance Note”) issued by the Institute of Chartered Accountants of India & the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For DNV & Co.

Chartered Accountants
Firm’s registration No.:102079W

CA Bharat Jain

Partner
Membership No.: 100583
Place: Pune
Date: June 14, 2019

BALANCE SHEET AS AT MARCH 31, 2019

Rs. in Crore

| Particulars | Note No. | As at March 31, 2019 | As at March 31, 2018 |
|--|----------|----------------------|----------------------|
| ASSETS | | | |
| Non - Current Assets | | | |
| a) Property, Plant and Equipment | 1.1 | 1,359.58 | 1,164.61 |
| b) Capital Work-in-Progress | | 2.74 | 2.28 |
| c) Financial Assets | | | |
| i) Investments | 1.2 | 199.62 | 192.53 |
| ii) Trade Receivables | 1.3 | - | - |
| iii) Loans | 1.4 | 24.27 | 20.52 |
| iv) Others Financial Assets | 1.5 | - | - |
| d) Deferred Tax Asset (Net) | 1.6 | 82.05 | 82.05 |
| e) Other Non Current Assets | 1.7 | 49.18 | 46.75 |
| Sub Total | | 1,717.44 | 1,508.74 |
| Current Assets | | | |
| a) Inventories | 1.8 | 340.98 | 333.64 |
| b) Financial Assets | | | |
| i) Trade Receivables | 1.9 | 295.04 | 225.31 |
| ii) Cash and Cash Equivalents | 1.10 | 30.02 | 33.08 |
| iii) Bank Balance other than (ii) above | 1.11 | 13.48 | 18.57 |
| iv) Loans | 1.12 | 1.14 | 0.86 |
| v) Others Financial Assets | 1.13 | 0.91 | 0.91 |
| c) Current Tax Assets (Net) | 1.14 | 4.16 | 3.83 |
| d) Other Current Assets | 1.15 | 67.10 | 64.89 |
| Sub Total | | 752.83 | 681.09 |
| Assets held for Sale (Refer Note No. 3.20 (ii)) | | - | 254.00 |
| Total Assets | | 2,470.27 | 2,443.83 |
| EQUITY AND LIABILITIES | | | |
| EQUITY | | | |
| a) Equity Share Capital | 1.16 | 73.25 | 73.25 |
| b) Other Equity | 1.17 | (892.33) | (662.71) |
| Total Equity | | (819.08) | (589.46) |
| LIABILITIES | | | |
| Non - Current Liabilities | | | |
| a) Financial Liabilities | | | |
| i) Borrowings | 1.18 | 275.09 | 401.71 |
| b) Provisions | 1.19 | 6.66 | 5.06 |
| c) Other Non Current Liabilities | 1.20 | 0.51 | 2.07 |
| Sub Total | | 282.26 | 408.84 |
| Current Liabilities | | | |
| a) Financial Liabilities | | | |
| i) Borrowings | 1.21 | 1,047.69 | 1,066.01 |
| ii) Trade Payables | 1.22 | | |
| Dues of Micro and Small Enterprises | | 12.05 | 0.01 |
| Dues of Creditors other than Micro and Small Enterprises | | 87.55 | 101.80 |
| iii) Other Financial Liabilities | 1.23 | 1,842.71 | 1,434.72 |
| b) Other Current Liabilities | 1.24 | 14.93 | 19.67 |
| c) Provisions | 1.25 | 2.16 | 2.24 |
| Sub Total | | 3,007.09 | 2,624.45 |
| Total Equity and Liabilities | | 2,470.27 | 2,443.83 |
| Significant Accounting Policies | 2 | | |
| Notes to Accounts | 3 | | |

As per our report of even date

For D N V & Co

Chartered Accountants

Firm Registration No. 102079W

CA Bharat Jain

Partner

M. No.100583

Pune, June 14, 2019

For and on behalf of the Board of Directors

B. R. Taneja

Managing Director

DIN NO:00328615

Chetan Nathani

Company Secretary

FCS NO:9836

Pune, June 14, 2019

Rajiv Goel

Chief Financial Officer

DIN NO:00328723

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2019

Rs. in Crore

| Particulars | Note No. | 2018-19 | 2017-18 |
|---|----------|-----------------|----------|
| INCOME | | | |
| Revenue from Operations | | | |
| Sale of Products | 1.26 | 2,423.39 | 1,915.31 |
| Less: Inter Segment Transfers | | 541.28 | 345.94 |
| : Inter Division Transfers | | 86.67 | 104.42 |
| Net Sales | | 1,795.44 | 1,464.95 |
| Other Operating Income | 1.27 | 29.66 | 25.30 |
| Other Income | 1.28 | 6.94 | 10.13 |
| Total Income | | 1,832.04 | 1,500.38 |
| EXPENSES: | | | |
| Cost of Materials Consumed | 1.29 | 971.63 | 796.52 |
| Changes in Inventories of Finished Goods & Work-in-Progress | 1.30 | 7.54 | (13.01) |
| Employee Benefits Expense | 1.31 | 132.84 | 126.09 |
| Finance Costs | 1.32 | 276.46 | 274.85 |
| Depreciation | 1.33 | 54.05 | 58.55 |
| Other Expenses | 1.34 | 600.16 | 504.69 |
| Total Expenses | | 2,042.68 | 1,747.69 |
| Profit / (Loss) Before Exceptional Items and Tax | | (210.64) | (247.31) |
| Exceptional Items | | | |
| i) Foreign Exchange (Gain)/Loss | | (2.24) | (6.38) |
| ii) Depreciation on reclassification of assets held for sale (Refer Note No. 3.20 (ii)) | | 20.38 | - |
| Profit / (Loss) before Tax | | (228.78) | (240.93) |
| Tax Expenses | | | |
| Current Tax | | - | - |
| Deferred Tax | | - | - |
| Earlier Years Tax | | - | (0.98) |
| Profit / (Loss) for the Year | | (228.78) | (239.95) |
| Other Comprehensive Income | | | |
| Items that will not be reclassified to profit and loss | | | |
| (i) Re-measurement of gain/ (loss) on defined benefit plans | | (0.84) | 0.60 |
| (ii) Income tax effect on above | | - | - |
| Other Comprehensive Income | | (0.84) | 0.60 |
| Total Comprehensive Income for the year | | (229.62) | (239.35) |
| Earning per Equity Share (Face Value of Rs. 5/- each) | | (15.62) | (16.38) |
| Significant Accounting Policies | 2 | | |
| Notes to Accounts | 3 | | |

As per our report of even date

For D N V & Co

Chartered Accountants

Firm Registration No. 102079W

CA Bharat Jain

Partner

M. No.100583

Pune, June 14, 2019

For and on behalf of the Board of Directors

B. R. Taneja

Managing Director

DIN NO:00328615

Chetan Nathani

Company Secretary

FCS NO:9836

Pune, June 14, 2019

Rajiv Goel

Chief Financial Officer

DIN NO:00328723

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2019

Rs. in Crore

| | Particulars | 2018-19 | | 2017-18 | |
|------|---|---------|----------------|---------|----------------|
| i) | CASH FLOW FROM OPERATING ACTIVITIES : | | | | |
| | Net Profit / (Loss) Before Tax | | (228.78) | | (240.93) |
| | Adjustments for : | | | | |
| | Depreciation | 54.05 | | 58.55 | |
| | Depreciation on reclassification of assets held for sale | 20.38 | | - | |
| | Finance Costs | 276.46 | | 274.85 | |
| | Interest Income | (4.49) | | (3.90) | |
| | Unrealised Exchange (Gain) / Loss | 5.98 | | (1.63) | |
| | Provision for Doubtful Debts | 4.86 | | 5.68 | |
| | Loss/ (Profit) on Sale of assets (net) | (0.01) | | - | |
| | Investment write off | 0.02 | | - | |
| | Provision for expected credit loss | 0.05 | | (0.99) | |
| | Remeasurement of Defined Benefit Plan | (0.84) | | 0.60 | |
| | Operating Cash Profit before Working Capital Changes | | 356.46 | | 333.16 |
| | | | 127.68 | | 92.23 |
| | Adjustments for : | | | | |
| | Trade and Other Receivables | (87.38) | | (28.47) | |
| | Inventories (Increase) / Decrease | (7.33) | | (11.01) | |
| | Trade Payables and Other Liabilities | 5.48 | | (27.40) | |
| | Taxes (Paid) / Refund | | (0.33) | | 6.69 |
| | Net Cash flow from Operating Activities | | 38.12 | | 32.04 |
| ii) | CASH FLOW FROM INVESTING ACTIVITIES : | | | | |
| | Purchase of Property, Plant and Equipment | (7.45) | | (3.21) | |
| | Sale of Property, Plant and Equipment | 0.04 | | - | |
| | Interest Received | 3.56 | | 2.79 | |
| | Net Cash used in Investing Activities | | (3.85) | | (0.42) |
| iii) | CASH FLOW FROM FINANCING ACTIVITIES : | | | | |
| | Dividend Paid | (0.71) | | (0.56) | |
| | Proceeds from /(Repayment of) Borrowings | (23.30) | | 3.24 | |
| | Interest Paid | (13.32) | | (17.35) | |
| | Net Cash from Financing Activities | | (37.33) | | (14.67) |
| | Net Increase / (Decrease) in Cash and Cash Equivalents | | (3.06) | | 16.95 |
| | Cash and Cash Equivalents at the beginning of the year* | | 33.08 | | 16.13 |
| | Cash and Cash Equivalents at the end of the year * | | 30.02 | | 33.08 |
| | Net Increase / (Decrease) in Cash and Cash Equivalents | | (3.06) | | 16.95 |

Note: The cash flow statement is prepared using the "indirect method" set out in Ind AS 7 - "Statement of Cash Flows".

*Cash and Cash Equivalents comprises the following

Rs. in Crore

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|-------------------------|-------------------------|
| (a) Balance with Banks (in current accounts) | 14.82 | 20.15 |
| (b) Money in Transit | - | 1.77 |
| (c) Cash in Hand | 0.02 | 0.04 |
| (d) Deposits with banks (maturity less than 3 months) | 15.18 | 11.12 |
| Cash and Cash Equivalents | 30.02 | 33.08 |

As per our report of even date

For D N V & Co

Chartered Accountants

Firm Registration No. 102079W

CA Bharat Jain

Partner

M. No.100583

Pune, June 14, 2019

For and on behalf of the Board of Directors

B. R. Taneja

Managing Director

DIN NO:00328615

Chetan Nathani

Company Secretary

FCS NO:9836

Pune, June 14, 2019

Rajiv Goel

Chief Financial Officer

DIN NO:00328723

Notes to Financial Statement for the year ended March 31, 2019

NOTE NO. 1.1 PROPERTY, PLANT AND EQUIPMENT

Rs. in Crore

| Particulars | Land Freehold | Land Leasehold # | Buildings | Plant and machinery | Furniture and Fixtures | Office Equipment | Vehicles | Total |
|---|---------------|------------------|---------------|---------------------|------------------------|------------------|-------------|-----------------|
| Cost or valuation | | | | | | | | |
| As at April 1, 2017 | 2.08 | 217.49 | 126.48 | 1,618.96 | 4.81 | 12.46 | 1.52 | 1,983.80 |
| Additions | - | - | 0.09 | * 16.34 | - | 0.09 | - | 16.52 |
| Disposals | - | - | - | - | - | - | - | - |
| As at March 31, 2018 | 2.08 | 217.49 | 126.57 | 1,635.30 | 4.81 | 12.55 | 1.52 | 2,000.32 |
| Additions | - | - | - | * 12.58 | 0.01 | 0.16 | 0.21 | 12.96 |
| Additions on reclassification of assets held for sale ## | 11.39 | - | 6.98 | 278.91 | 0.19 | 0.14 | - | 297.61 |
| Disposals | - | - | - | - | - | - | 0.43 | 0.43 |
| As at March 31, 2019 | 13.47 | 217.49 | 133.55 | 1,926.79 | 5.01 | 12.85 | 1.30 | 2,310.46 |
| Depreciation | | | | | | | | |
| As at April 1, 2017 | - | 8.16 | 50.56 | 700.84 | 4.28 | 11.88 | 1.44 | 777.16 |
| Charge for the year | - | 3.23 | 4.58 | 50.50 | 0.15 | 0.09 | - | 58.55 |
| Disposals | - | - | - | - | - | - | - | - |
| As at March 31, 2018 | - | 11.39 | 55.14 | 751.34 | 4.43 | 11.97 | 1.44 | 835.71 |
| Charge for the year | - | 3.23 | 1.98 | 48.67 | 0.05 | 0.12 | - | 54.05 |
| Depreciation on reclassification of assets held for sale ## | - | - | 4.71 | 56.52 | 0.17 | 0.13 | - | 61.53 |
| Disposals | - | - | - | - | - | - | 0.41 | 0.41 |
| As at March 31, 2019 | - | 14.62 | 61.83 | 856.53 | 4.65 | 12.22 | 1.03 | 950.88 |
| Net Block | | | | | | | | |
| As at March 31, 2018 | 2.08 | 206.10 | 71.43 | 883.96 | 0.38 | 0.58 | 0.08 | 1,164.61 |
| As at March 31, 2019 | 13.47 | 202.87 | 71.72 | 1,070.26 | 0.36 | 0.63 | 0.27 | 1,359.58 |

The company had revalued its Leasehold Land located at Ahmednagar and Baramati in the year 2014-15. Additions so made, due to revaluation, in the leasehold lands amounting to Rs. 210.46 Crore has been credited to Revaluation Reserve in the year 2014-15. Depreciation provided on the revalued amount of Rs. 3.14 Crore (Previous Year Rs. 3.14 Crore) has been transferred from Revaluation Reserve to General Reserve. Similarly additional depreciation attributable to fair value adjustments consequent to Scheme of Arrangement sanctioned by the Hon'ble High court, Mumbai between The Indian Seamless Metal Tubes Limited and the Company amounting to Rs. 3.65 Crore (Previous Year Rs. 3.84 Crore) has been transferred from Amalgamation Reserve to General Reserve.

* Additions to Plant and Machinery includes Foreign Exchange Loss of Rs. 7.97 Crore (Previous Year Gain of Rs. 0.39 Crore).

Represents additions on account of reclassification of assets held for sale. Refer Note No. 3.20 (ii), it includes Foreign Exchange Loss of Rs. 2.46 Crore (Previous Year Loss of Rs. 5.09 Crore).

NOTE NO. 1.2 NON CURRENT FINANCIAL ASSETS - INVESTMENTS

Rs. in Crore

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|----------------------|----------------------|
| I) Investment in Equity Instruments-Unquoted | | |
| a) In Subsidiary Companies (At Cost) | | |
| i) ISMT Enterprises S.A.,Luxembourg 8,06,757 (Previous Year 8,06,757) Equity Shares of Euro 10 each fully paid | 48.43 | 48.43 |
| ii) Tridem Power and Port Company Pvt. Ltd 25,80,300 (Previous Year 25,80,300) Equity Shares of Rs 10 each fully paid | 2.58 | 2.58 |
| iii) Indian Seamless INC. U.S.A. 3,17,900 (Previous Year 3,17,900) Equity Shares of USD of 1 each fully paid | 1.78 | 1.78 |
| Sub Total | 52.79 | 52.79 |
| b) In Other Companies (At Fair Value Through Profit or Loss (FVTPL)) | | |
| OPGS Power Gujarat Pvt. Ltd Nil (Previous Year 10,84,000) Equity Shares of Rs. 0.10 each fully paid (Refer Note. No. 3.21) | - | 0.02 |
| Sub Total | - | 0.02 |
| Total Investment in Equity Investments (a+b) | 52.79 | 52.81 |

Notes to Financial Statement for the year ended March 31, 2019 (Contd.)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|--|-------------------------|-------------------------|
| II) Investment in Subsidiary – Equity Component (At Cost) (Refer Note. No. 3.15) | 146.83 | 139.72 |
| Total Investment in Subsidiary - Equity Component | 146.83 | 139.72 |
| Total Non Current Investment (I+II) | 199.62 | 192.53 |
| Aggregate amount of unquoted investments | 199.62 | 192.53 |
| Financial assets carried at cost | 199.62 | 192.51 |
| Financial assets carried at Fair Value Through Profit or Loss | - | 0.02 |

NOTE NO. 1.3 NON CURRENT FINANCIAL ASSETS - TRADE RECEIVABLES
Rs. in Crore

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|-------------------------------|-------------------------|-------------------------|
| Unsecured Considered Doubtful | 27.51 | 22.66 |
| Less: Provision for Doubtful | 27.51 | 22.66 |
| Total | - | - |

NOTE NO. 1.4 NON CURRENT FINANCIAL ASSETS - LOANS
Rs. in Crore

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|-------------------------|-------------------------|
| Security Deposits (Including paid under protest) | 24.27 | 20.52 |
| Total | 24.27 | 20.52 |

NOTE NO. 1.5 NON CURRENT FINANCIAL ASSETS - OTHERS
Rs. in Crore

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|-------------------------|-------------------------|
| Margin Money Deposits against Guarantees / Letter of Credit / with more than 12 months maturity | - | - |
| Total | - | - |

Previous year figure is Rs. 18000/-.

NOTE NO. 1.6 DEFERRED TAX ASSETS (Net)
Rs. in Crore

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|-------------------------|-------------------------|
| i) Deferred Tax Liabilities | | |
| Depreciation | 245.57 | 245.64 |
| | 245.57 | 245.64 |
| ii) Deferred Tax Assets | | |
| a) Accumulated Tax Losses* | 80.69 | 29.43 |
| b) Unabsorbed Tax Depreciation | 154.23 | 208.03 |
| c) Deduction eligible in future period in respect of expenses already debited to the statement of Profit and Loss | 10.65 | 8.18 |
| | 245.57 | 245.64 |
| iii) MAT Credit Entitlement | 82.05 | 82.05 |
| Deferred Tax Assets (Net) | 82.05 | 82.05 |

* Deferred Tax Asset in respect of carried forward losses are claimed to the extent of Deferred Tax Liability under prudence.

Notes to Financial Statement for the year ended March 31, 2019 (Contd.)

NOTE NO. 1.7 NON CURRENT ASSETS - OTHERS

Rs. in Crore

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|--|-------------------------|-------------------------|
| i) Capital Advances | 1.52 | 0.20 |
| ii) Deferred Expenses | 3.43 | 2.23 |
| iii) Statutory Refunds from Government Authorities | 44.23 | 44.32 |
| Total | 49.18 | 46.75 |

NOTE NO. 1.8 CURRENT ASSETS - INVENTORIES

(Valued at cost or net realisable value whichever is lower)

Rs. in Crore

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|------------------------------------|-------------------------|-------------------------|
| i) Raw Materials | 108.28 | 82.78 |
| ii) Work-in-progress | 76.06 | 59.39 |
| iii) Finished goods | 75.32 | 99.53 |
| iv) Stores, Spares and Consumables | 81.32 | 91.94 |
| Total | 340.98 | 333.64 |

NOTE NO. 1.9 CURRENT FINANCIAL ASSETS - TRADE RECEIVABLES

(Net of bills discounted with Banks)

Rs. in Crore

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|--|-------------------------|-------------------------|
| Unsecured | | |
| Considered Good | 299.21 | 229.42 |
| Less: Provision for Expected Credit Loss | 4.17 | 4.11 |
| Total | 295.04 | 225.31 |

NOTE NO. 1.10 CURRENT FINANCIAL ASSETS - CASH AND CASH EQUIVALENTS

Rs. in Crore

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|-------------------------|-------------------------|
| Cash and Cash Equivalents | | |
| i) Balances with Banks | 14.82 | 20.15 |
| ii) Money -in-Transit | - | 1.77 |
| iii) Cash on Hand | 0.02 | 0.04 |
| iv) Deposits with Banks (maturity less than 3 months) | 15.18 | 11.12 |
| Total | 30.02 | 33.08 |

NOTE NO. 1.11 CURRENT FINANCIAL ASSETS - BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

Rs. in Crore

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|-------------------------|-------------------------|
| Other Earmarked Balances | | |
| i) Unclaimed Dividend Accounts | 0.46 | 1.17 |
| ii) Unclaimed Debentures Accounts | 0.02 | 0.02 |
| iii) Deposits with Banks | 13.00 | 17.38 |
| Total | 13.48 | 18.57 |
| Deposits with Banks includes: | | |
| Margin Money Deposits against Guarantees / Letter of Credit | 4.90 | 10.36 |

Notes to Financial Statement for the year ended March 31, 2019 (Contd.)
NOTE NO. 1.12 CURRENT FINANCIAL ASSETS - LOANS
Rs. in Crore

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|-----------------------------------|-------------------------|-------------------------|
| Unsecured, Considered Good | | |
| Loan and advance to Employees | 1.14 | 0.86 |
| Total | 1.14 | 0.86 |

**NOTE NO. 1.13 CURRENT FINANCIAL ASSETS - OTHERS
(UNSECURED, CONSIDERED GOOD)**
Rs. in Crore

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|--------------------------|-------------------------|-------------------------|
| i) Security Deposits | 0.44 | 0.65 |
| ii) Interest Receivables | 0.47 | 0.26 |
| Total | 0.91 | 0.91 |

NOTE NO. 1.14 CURRENT TAX ASSETS (Net)
Rs. in Crore

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|-------------------------|-------------------------|-------------------------|
| Taxes paid | 4.35 | 4.02 |
| Less: Provision for Tax | 0.19 | 0.19 |
| Total | 4.16 | 3.83 |

NOTE NO. 1.15 OTHER CURRENT ASSETS
Rs. in Crore

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|-------------------------|-------------------------|
| i) Balance with Custom, Excise and GST | 1.32 | 2.31 |
| ii) Export Incentives and Other Refunds | 25.37 | 30.37 |
| iii) Prepaid Expenses | 4.99 | 5.46 |
| iv) Deferred Expenses | 0.99 | 1.05 |
| v) Others | 34.43 | 25.70 |
| Total | 67.10 | 64.89 |

NOTE NO. 1.16 EQUITY SHARE CAPITAL
Rs. in Crore

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|--|-------------------------|-------------------------|
| Authorised | | |
| i) 17,50,00,000 (Previous year 17,50,00,000) Equity Shares of Rs.5/- each. | 87.50 | 87.50 |
| ii) Unclassified Shares | 71.00 | 71.00 |
| | 158.50 | 158.50 |
| Issued, Subscribed and fully Paid up: | | |
| 14,65,01,383 (Previous year 14,65,01,383) Equity Shares of Rs 5/- each fully paid. | 73.25 | 73.25 |

The Company has only one class of issued shares having par value of Rs. 5 /- each holder of equity shares is entitled to one vote per share.

Notes to Financial Statement for the year ended March 31, 2019 (Contd.)

The reconciliation of number of shares outstanding and the amount of share capital is set-out below.

| Particulars | March 31, 2019 | | March 31, 2018 | |
|---|----------------------|---------------|----------------------|---------------|
| | Equity Shares Number | Rs. in Crores | Equity Shares Number | Rs. in Crores |
| Shares outstanding at the beginning of the year | 14,65,01,383 | 73.25 | 14,65,01,383 | 73.25 |
| Shares issued during the year | - | - | - | - |
| Shares bought back during the year | - | - | - | - |
| Shares outstanding at the end of the year | 14,65,01,383 | 73.25 | 14,65,01,383 | 73.25 |

The details of shareholders holding more than 5% shares.

| Name of Shareholders | March 31, 2019 | | March 31, 2018 | |
|-------------------------------------|--------------------|--------------|--------------------|--------------|
| | No. of Shares held | % of Holding | No. of Shares held | % of Holding |
| Indian Seamless Enterprises Limited | 6,89,18,858 | 47.04% | 6,89,18,858 | 47.04% |
| Jiten Kirtanlal Shah | 74,18,640 | 5.06% | 74,18,640 | 5.06% |

During the period of five years immediately preceding the balance sheet date, there are no shares issued without payment being received in cash, issued as bonus shares and shares bought back by the Company.

NOTE NO. 1.17 OTHER EQUITY

Rs. in Crore

| Particulars | Reserve and Surplus | | | | | | | Items of Other Comprehensive Income | Total |
|---|---------------------|----------------------------|---------------------|----------------------|---------------------------|-----------------|-------------------|--|-----------------|
| | Capital Reserve | Capital Redemption Reserve | Revaluation Reserve | Amalgamation Reserve | Reserve for Contingencies | General Reserve | Retained Earnings | Items that will not be reclassified to Profit and Loss | |
| | | | | | | | | Re-measurement of the net defined benefit plans | |
| As at April 1, 2017 (A) | 6.94 | 80.60 | 203.40 | 7.49 | 1.91 | 417.14 | (1,141.58) | 0.74 | (423.36) |
| Adjustments: | | | | | | | | | |
| Add : Transferred to General Reserves | - | - | (3.14) | (3.84) | - | 6.98 | - | - | - |
| Add: Remeasurement of the net defined benefit plans | - | - | - | - | - | - | - | 0.60 | 0.60 |
| Add: Profit / (Loss) for the year | - | - | - | - | - | - | (239.95) | - | (239.95) |
| Total (B) | - | - | (3.14) | (3.84) | - | 6.98 | (239.95) | 0.60 | (239.35) |
| As at March 31, 2018 (C) = (A) + (B) | 6.94 | 80.60 | 200.26 | 3.65 | 1.91 | 424.12 | (1,381.53) | 1.34 | (662.71) |
| Adjustments: | | | | | | | | | |
| Add : Transferred to General Reserves | - | - | (3.14) | (3.65) | (1.91) | 8.70 | - | - | - |
| Add: Remeasurement of the net defined benefit plans | - | - | - | - | - | - | - | (0.84) | (0.84) |
| Add: Profit / (Loss) for the year | - | - | - | - | - | - | (228.78) | - | (228.78) |
| Total (D) | - | - | (3.14) | (3.65) | (1.91) | 8.70 | (228.78) | (0.84) | (229.62) |
| As at March 31, 2019 (E) = (C) + (D) | 6.94 | 80.60 | 197.12 | - | - | 432.82 | (1,610.31) | 0.50 | (892.33) |

NATURE AND PURPOSE OF RESERVES

A Capital Reserve

Represents application money on Equity Share Warrants not exercised.

B Capital Redemption Reserve

Represents Reserve created at the time of redemption of Preference Shares.

Notes to Financial Statement for the year ended March 31, 2019 (Contd.)
C Revaluation Reserve

Represents revaluation of Leasehold Land located at Ahmednagar and Baramati.

D Amalgamation Reserve

Arising out of the Scheme of Arrangement between The Indian Seamless Metal Tubes Limited and the Company.

E Reserve for Contingencies

Arising out of the Scheme of Arrangement between the Company and Jejuri Steel & Alloys Ltd..

F General Reserve

Represents profit transferred from Statement of Profit and Loss Account and are available for distribution to Shareholders.

G Retained Earnings

Represents Net Loss incurred by the Company as on March 31, 2019.

NOTE NO. 1.18 NON CURRENT FINANCIAL LIABILITIES - BORROWINGS
Rs. in Crore

| Particulars | As at | | As at | |
|--------------------------------------|----------------|---------------|----------------|---------------|
| | March 31, 2019 | | March 31, 2018 | |
| SECURED LOANS : | | | | |
| Term Loans : | | | | |
| i) From Banks | | | | |
| a) Rupee Loans | 63.47 | | 275.23 | |
| b) Foreign Currency Loans | 6.50 | | 19.54 | |
| | | 69.97 | | 294.77 |
| ii) Assigned Term Loans * | | | | |
| Rupee Loans | | 194.89 | | 93.52 |
| UNSECURED LOANS : | | | | |
| i) Sales Tax Deferral Loan | | 3.40 | | 7.40 |
| ii) Others – Associate Company | 7.75 | | 7.75 | |
| Less : Ind AS Fair Value Adjustments | 0.92 | 6.83 | 1.73 | 6.02 |
| Total | | 275.09 | | 401.71 |

* Represents term loans assigned by Banks to Asset Reconstruction Companies (ARC's)

Security

- i) Term Loans of Rs. 809.09 Crore (including current maturities of Rs.616.88 Crore) (Previous Year Rs 802.62 Crore including maturities of Rs. 520.27 Crore) are stipulated to be secured by a first charge ranking pari passu on the Company's immovable properties and movable fixed assets both present and future with other term lenders, excluding term loan lenders where exclusive charge on movable fixed assets as mentioned in clause (iii) and (iv) has been stipulated and assets of Captive Power Project of the Company located at Chandrapur district as mentioned in clause (v). These loans are further stipulated to be secured by a second charge ranking pari passu by way of hypothecation with other term lenders on the current assets of the Company on which the first pari passu charge is stipulated to be covered in favour of consortium of banks as mentioned in Note No. 1.21.
- (ii) Term Loans of Rs. 108.00 Crore (including current maturities of Rs. 41.85 Crore) (Previous Year Rs 108.00 Crore including maturities of Rs. 21.60 Crore) are stipulated to be secured by a first charge ranking pari passu on the Company's immovable properties and movable fixed assets both present and future with other term lenders, excluding term loan lenders where exclusive charge on movable fixed assets as mentioned in clause (iv) has been stipulated and on assets of Captive Power Project of the Company located at Chandrapur district as mentioned in clause (v). These loans are further stipulated to be secured by a second charge ranking pari passu by way of hypothecation with other term lenders on the current assets of the Company on which the first pari passu charge is stipulated to be covered in favour of consortium of banks.
- iii) Term Loans of Rs. 12.76 Crore (including current maturities of Rs. 12.76 Crore) (Previous Year Rs. 12.71 Crore including maturities of Rs.12.71 Crore) are stipulated to be secured by exclusive charge on the equipment financed.
- iv) Term Loans of Rs. 84.42 Crore (including current maturities of Rs. 77.92 Crore) (Previous Year Rs. 79.38 Crore including maturities of Rs.59.84 Crore) are stipulated to be secured by exclusive charge on the equipment financed.

Notes to Financial Statement for the year ended March 31, 2019 (Contd.)

- v) Term Loans of Rs. 107.56 Crore (including current maturities of Rs.107.56 Crore) (Previous Year Rs. 105.10 Crore including maturities of Rs. 105.10 Crore) are stipulated to be secured by first charge ranking pari passu on the Company's immovable properties and movable fixed assets relating to Captive Power Projects of the Company located in Chandrapur district.
- vi) Further out of the above term loans from banks, loans amounting to Rs.400.50 Crores are secured by unencumbered properties located at Ahmednagar and Jejuri and also guaranteed by the Managing Director of the Company.
- vii) Maturity Schedule

Rs. in Crore

| Particulars | 1-2 year | 2-3 year | 3-4 year | Beyond 4 years |
|----------------------------|----------|----------|----------|----------------|
| a) Secured Term Loans | 105.01 | 101.54 | 58.31 | - |
| b) Sales Tax Deferral Loan | 2.81 | 0.85 | 0.52 | - |

- viii) Unsecured interest free Loan from Associate Company is towards promoter's contribution and as such there are no specific terms of repayment.

NOTE NO. 1.19 NON CURRENT LIABILITIES - PROVISIONS

Rs. in Crore

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|--|-------------------------|-------------------------|
| Provision for Employee Benefits | | |
| Leave Encashment | 6.66 | 5.06 |
| Total | 6.66 | 5.06 |

NOTE NO. 1.20 NON CURRENT LIABILITIES - OTHERS

Rs. in Crore

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|-------------------------|-------------------------|-------------------------|
| i) Deferred - Sales Tax | 0.51 | 1.34 |
| ii) Deferred Income | - | 0.73 |
| Total | 0.51 | 2.07 |

NOTE NO. 1.21 CURRENT FINANCIAL LIABILITIES - BORROWINGS

Rs. in Crore

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|--|-------------------------|-------------------------|
| SECURED | | |
| Loans Repayable on Demand | | |
| Working Capital Borrowings- Banks Rupee Loans | 180.96 | 763.04 |
| Assigned Working Capital Borrowings * Rupee Loans | 835.41 | 271.65 |
| Unsecured | | |
| Working Capital Borrowings- Banks Rupee Loans | - | 31.32 |
| Assigned Working Capital Borrowings * Rupee Loans | 31.32 | - |
| Total | 1,047.69 | 1,066.01 |

*Represents Working Capital Borrowings assigned by Banks to ARC's.

Security

Working Capital Borrowings from Consortium Banks is secured by first charge ranking pari passu by hypothecation in respect of current assets of the company present and future and are further secured by a second pari passu charge on the company's immovable properties and all movable fixed assets both present and future as referred in Note No. 1.18 (i).

Notes to Financial Statement for the year ended March 31, 2019 (Contd.)
NOTE NO. 1.22 CURRENT FINANCIAL LIABILITIES - TRADE PAYABLES
Rs. in Crore

| Particulars | As at | |
|---|----------------|----------------|
| | March 31, 2019 | March 31, 2018 |
| Acceptances | - | 5.73 |
| Other Trade Payables | | |
| i) Dues of Micro and Small Enterprises (Refer Note No.3.6) | 12.05 | 0.01 |
| ii) Dues of Creditors other than Micro and Small Enterprises | 87.55 | 96.07 |
| Total | 99.60 | 101.81 |

NOTE NO. 1.23 CURRENT FINANCIAL LIABILITIES - OTHERS
Rs. in Crore

| Particulars | As at | | As at | |
|--|----------------|-----------------|----------------|-----------------|
| | March 31, 2019 | | March 31, 2018 | |
| Current Maturities of Long-Term Debt | | | | |
| a) SECURED | | | | |
| Term Loans – Banks | | | | |
| i) Rupee Loans | 177.17 | | 369.87 | |
| ii) Foreign Currency Loans | 253.76 | | 271.07 | |
| | @ | 430.93 | @ | 640.94 |
| Assigned Term Loans * | | | | |
| i) Rupee Loans | 380.74 | | 78.57 | |
| ii) Foreign Currency Loans | 45.30 | | - | |
| | @ | 426.04 | @ | 78.57 |
| b) UNSECURED | | | | |
| Sales Tax Deferral Loan | | 5.06 | | 5.06 |
| c) Other Payables – Capital creditors | | 3.72 | | 4.41 |
| d) Interest accrued but not due on borrowings | | 0.61 | | 0.37 |
| e) Interest accrued and due on borrowings ** | | 916.52 | | 657.77 |
| f) Unclaimed dividends # | | 0.46 | | 1.17 |
| g) Provision for Expenses | | 35.19 | | 27.52 |
| h) Other Liabilities | | 24.18 | | 18.91 |
| Total | | 1,842.71 | | 1,434.72 |

Rs. in Crore

| Delay in No. of Days | As at | | As at | |
|----------------------|----------------|---------------|----------------|---------------|
| | March 31, 2019 | | March 31, 2018 | |
| | Principal @ | Interest ** | Principal @ | Interest ** |
| 0 - 30 Days | 22.28 | 23.44 | 26.31 | 23.45 |
| 31 - 60 Days | 6.69 | 18.70 | 11.01 | 18.71 |
| 61 - 90 Days | 13.42 | 20.70 | 8.90 | 20.64 |
| More than 90 Days | 677.12 | 853.68 | 447.40 | 594.97 |
| Total | 719.51 | 916.52 | 493.62 | 657.77 |

Over due amount of interest and principal installments as on March 31, 2019 are disclosed based on the terms of sanction of loans. (Refer Note No. 3.19 of Notes to Accounts).

* Represents Term Loans assigned by Banks to ARC's.

** Interest accrued and due on borrowings includes Rs. 483.08 Crore (Previous year Rs.123.44 Crore) assigned by Banks to ARC's.

The amounts of unclaimed matured debentures including interest accrued and unclaimed dividends will be transferred to Investor Education and Protection Fund when due.

Notes to Financial Statement for the year ended March 31, 2019 (Contd.)

NOTE NO. 1.24 OTHER CURRENT LIABILITIES

Rs. in Crore

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|----------------------------|-------------------------|-------------------------|
| i) Advances From Customers | 12.48 | 16.42 |
| ii) Deferred Sales Tax | 0.84 | 1.30 |
| iii) Deferred Income | 0.73 | 0.73 |
| iv) Other Liabilities | 0.88 | 1.22 |
| Total | 14.93 | 19.67 |

NOTE NO. 1.25 CURRENT LIABILITIES - PROVISIONS

Rs. in Crore

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|--|-------------------------|-------------------------|
| Provision for Employee Benefits | | |
| i) Gratuity | 0.46 | 0.68 |
| ii) Leave Encashment | 0.89 | 0.56 |
| iii) Superannuation | 0.81 | 1.00 |
| Total | 2.16 | 2.24 |

NOTE NO. 1.26 REVENUE FROM OPERATIONS

SALE OF PRODUCTS

Rs. in Crore

| Particulars | 2018-19 | 2017-18 |
|--------------------|-----------------|-----------------|
| i) Tube | 1,403.88 | 1,108.68 |
| ii) Steel | 1,019.51 | 806.63 |
| Gross Sales | 2,423.39 | 1,915.31 |

NOTE NO. 1.27 OTHER OPERATING REVENUE (GROSS)

Rs. in Crore

| Particulars | 2018-19 | | 2017-18 | |
|---------------------------------|---------|--------------|---------|--------------|
| Other Operating Revenues | | | | |
| i) Sale of Scrap (Gross) | 79.11 | | 65.88 | |
| Less : Inter Segment Transfers | 58.77 | | 48.21 | |
| | | 20.34 | | 17.67 |
| ii) Export Incentives | | 9.32 | | 6.10 |
| iii) Mega Project Incentives | | - | | 1.53 |
| Total | | 29.66 | | 25.30 |

NOTE NO. 1.28 OTHER INCOME

Rs. in Crore

| Particulars | 2018-19 | 2017-18 |
|--|-------------|--------------|
| i) Interest Income (Refer Note. No. 3.22) | 2.70 | 2.22 |
| ii) Miscellaneous Income | 1.15 | 4.92 |
| iii) Interest Income on financial instruments measured at amortised cost | 1.79 | 1.68 |
| iv) Government Grant-Sales Tax Deferral | 1.30 | 1.31 |
| Total | 6.94 | 10.13 |

Notes to Financial Statement for the year ended March 31, 2019 (Contd.)
NOTE NO. 1.29 COST OF RAW MATERIAL CONSUMED

| | Rs. in Crore | |
|--------------------------------------|-----------------|---------------|
| Particulars | 2018-19 | 2017-18 |
| Opening Stock | 82.78 | 61.09 |
| Add : Purchases made during the year | 997.13 | 818.21 |
| | <u>1,079.91</u> | <u>879.30</u> |
| Less : Closing Stock | 108.28 | 82.78 |
| Total | <u>971.63</u> | <u>796.52</u> |

RAW MATERIAL CONSUMED

| | Rs. in Crore | |
|--|---------------|---------------|
| Particulars | 2018-19 | 2017-18 |
| Tube Segment | | |
| Steel Bars | 931.17 | 706.56 |
| Less : Inter Segment Transfers included in above | 534.09 | 335.88 |
| Net Consumption | <u>397.08</u> | <u>370.68</u> |
| Steel Segment | | |
| i) Pig & Sponge Iron, DRI and Steel Scrap | 540.89 | 406.61 |
| ii) Ferro Alloys | 92.42 | 66.13 |
| | <u>633.31</u> | <u>472.74</u> |
| Less : Inter Segment Transfer | 58.76 | 46.90 |
| Net Consumption | <u>574.55</u> | <u>425.84</u> |
| Total Raw Material Consumed | <u>971.63</u> | <u>796.52</u> |

NOTE NO. 1.30 CHANGE IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS

| | Rs. in Crore | |
|--|---------------|----------------|
| Particulars | 2018-19 | 2017-18 |
| Closing Stock | | |
| i) Finished goods | 75.32 | 99.53 |
| ii) Work-in-Progress | 76.06 | 59.39 |
| | <u>151.38</u> | <u>158.92</u> |
| Opening Stock | | |
| i) Finished goods | 99.53 | 55.39 |
| ii) Work-in-Progress | 59.39 | 97.78 |
| | <u>158.92</u> | <u>153.17</u> |
| (Increase)/ Decrease in Inventories | | |
| i) Finished Goods | 24.21 | (44.14) |
| ii) Work-in-Progress | (16.67) | 38.39 |
| | <u>7.54</u> | <u>(5.75)</u> |
| Excise Duty on Opening Stock of Finished Goods | - | (7.26) |
| Total | <u>7.54</u> | <u>(13.01)</u> |

PRODUCTWISE DETAILS OF CLOSING WORK-IN-PROGRESS

| | Rs. in Crore | |
|--------------|--------------|--------------|
| Particulars | 2018-19 | 2017-18 |
| i) Tube | 64.91 | 49.87 |
| ii) Steel | 11.15 | 9.52 |
| Total | <u>76.06</u> | <u>59.39</u> |

Notes to Financial Statement for the year ended March 31, 2019 (Contd.)

NOTE NO. 1.31 EMPLOYEE BENEFITS EXPENSE

Rs. in Crore

| Particulars | 2018-19 | 2017-18 |
|---|---------------|---------------|
| i) Salaries, Wages, Bonus and Allowances # | 113.39 | 107.80 |
| ii) Contributions to Provident Fund & Other Funds | 11.12 | 11.27 |
| iii) Staff Welfare Expenses | 8.33 | 7.02 |
| Total | 132.84 | 126.09 |

Salaries, Wages, Bonus and Allowances includes remuneration paid / payable to Managing Director and Executive Director amounting to Rs. 3.16 Crore (Previous Year of Rs. 2.97 Crore) is subject to approval of Lenders.

NOTE NO. 1.32 FINANCE COSTS

Rs. in Crore

| Particulars | 2018-19 | | 2017-18 | |
|---|---------|---------------|---------|---------------|
| i) Interest Expenses | | | | |
| a) Term Loans | 119.31 | | 118.56 | |
| b) Working Capital and others | 143.20 | | 148.91 | |
| | | 262.51 | | 267.47 |
| ii) Other Finance Costs * | | 7.83 | | 7.38 |
| iii) Exchange Difference regarded as an adjustment to Interest Cost | | 6.12 | | - |
| Total | | 276.46 | | 274.85 |

* Net of interest cost on Employee Defined Benefits Plan- gain of Rs. 0.04 Crore (Previous Year Gain of Rs. 0.02 Crore).

NOTE NO. 1.33 DEPRECIATION

Rs. in Crore

| Particulars | 2018-19 | 2017-18 |
|---------------------------|--------------|--------------|
| Depreciation for the year | 54.05 | 58.55 |
| Total | 54.05 | 58.55 |

NOTE NO. 1.34 OTHER EXPENSES

Rs. in Crore

| Particulars | 2018-19 | | 2017-18 | |
|---|---------|--------|---------|--------|
| i) Materials | | | | |
| a) Stores and Spares | 67.22 | | 65.17 | |
| b) Consumables | 124.19 | 191.41 | 75.37 | 140.54 |
| ii) Energy | | | | |
| a) Power Charges | 199.05 | | 155.03 | |
| b) Fuel | 73.50 | | 55.62 | |
| c) Gases | 16.83 | | 19.27 | |
| d) Coal | - | | 0.02 | |
| | | 289.38 | | 229.94 |
| iii) Direct Manufacturing | | | | |
| a) Processing Charges | 8.22 | | 7.96 | |
| b) Other Direct Expenses | 32.09 | | 25.02 | |
| c) Repairs Maintenance to Plant and Machinery | 6.15 | | 4.83 | |
| d) Repairs to Factory Building | 0.97 | | 0.47 | |
| e) Machine Rentals | 1.71 | | 1.65 | |
| | | 49.14 | | 39.93 |

Notes to Financial Statement for the year ended March 31, 2019 (Contd.)

| Particulars | 2018-19 | | 2017-18 | |
|---|---------|---------------|---------|---------------|
| | | | | |
| iv) Selling & Distribution | | | | |
| a) Freight Charges | 22.33 | | 16.66 | |
| b) Commission on Sales | 6.41 | | 10.33 | |
| c) Selling and Other Expenses | 2.42 | | 4.41 | |
| | | 31.16 | | 31.40 |
| v) Excise Duty on Stock of Finished Goods | | - | | 28.61 |
| vi) Administrative Expenses | | | | |
| a) Rent | 1.33 | | 1.26 | |
| b) Rates and Taxes | 0.95 | | 0.68 | |
| c) Traveling | 2.82 | | 2.63 | |
| d) Communication | 1.05 | | 0.97 | |
| e) Repair and Maintenance (Others) | 0.56 | | 0.55 | |
| f) Insurance | 1.03 | | 1.01 | |
| g) Equipment Lease Rentals | 0.71 | | 0.47 | |
| h) Loss on Sale of Assets* | - | | - | |
| i) Miscellaneous Expenses | 30.62 | | 26.70 | |
| (Refer Note. No. 3.14) | | 39.07 | | 34.27 |
| Total | | 600.16 | | 504.69 |

* Loss on Sale of Assets Rs. 24,092 (Previous year NIL)

Notes to Financial Statement for the year ended March 31, 2019 (Contd.)

1. Corporate Information:

ISMT Limited (“ISMT” or “the Company”) is a public limited company incorporated in India (CIN: L27109PN1999PLC016417) having its registered office in Pune. The Company is mainly engaged in manufacturing of seamless tubes and engineering steels.

These financial statements for the year ended March 31, 2019 were approved for the issue by the Board of Directors at their Board meeting dated June 14, 2019.

2. Significant Accounting Policies:

2.1 Basis of Preparation:

The financial statements of the Company are prepared in accordance with Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act 2013 (“Act”) read with Companies (Indian Accounting Standards) Rules, 2015; as amended and the other relevant provisions of the Act and Rules thereunder.

The financial statements have been prepared on a historical cost basis except for certain financial assets and financial liabilities (including financial instruments) which have been measured at fair value at the end of each reporting period as explained in the accounting policies stated below.

2.2 Functional and presentation currency and Rounding off of the amounts:

The functional and presentation currency of the company is Indian rupees. These standalone financial statements are presented in Indian rupees and all values are stated in Crore of Rupees except otherwise indicated. Due to rounding off, the numbers presented throughout the document may not add up precisely to the totals and percentages may not precisely reflect the absolute figures.

2.3 Current versus non-current classification:

The company has classified all its assets and liabilities under current and non-current as required by Ind AS 1- Presentation of Financial Statements. The asset is treated as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle;
- Held primarily for purpose of trading;
- Expected to be realized within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current

All liabilities are current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or

- There is no unconditional right to defer the settlement of liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

2.4 Revenue Recognition:

The Company derive revenue primarily from manufacturing of seamless tubes and engineering steels.

Effective April 1, 2018, the Company has applied Ind AS 115 “Revenue from Contracts with Customers” which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised. Ind AS 115 replaces Ind AS 18 “Revenue” and Ind AS 11 “Construction Contracts”. The impact of the adoption of the standard on the financial statements of the Company is insignificant.

The Company follows specific recognition criteria as described below before the revenue is recognized.

i Sales :

- a) Revenue from contracts with customers is recognised when the entity satisfies a performance obligation by delivering a promised goods or service to customer at an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services.

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment but excluding taxes or duties collected on behalf of the government and net of returns and allowances, trade discounts and volume rebates.

- b) Inter Division Transfer represents transfer of finished / semi-finished products within the Segment for further processing and sale.

ii Other Operating Revenue:

Other Operating revenue comprises of following items:

- Export incentives
- Sale of scrap

Export Incentives are recognized when right to receive credit as per prevalent scheme is established in respect of the exports made and when there is no significant uncertainty regarding realization of such claim.

iii Interest Income:

Interest income from financial assets is recognized using effective interest rate method.

2.5 Property, Plant and Equipment (PPE):

- i Property, plant and equipment are stated at their original cost of acquisition including taxes, duties, freight, other incidental expenses related to acquisition and installation of the concerned assets and exclude refundable taxes and duties.

Notes to Financial Statement for the year ended March 31, 2019 (Contd.)

- ii Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the cost can be measured reliably. When significant parts of plant and equipment are required to be replaced at intervals, the company depreciates them separately based on their specific useful lives. All other repairs and maintenance costs are recognized as expense in profit and loss statement as and when incurred.
- iii All incidental expenses incurred during project implementation, for the project as well as trial run expenses are treated as expenditure during construction and are capitalized.

2.6 Depreciation:

- i Leasehold Land is amortized over lease period.
- ii Depreciation on Plant & Machinery other than Captive Power Plant is provided on its useful life estimated by the management on Written Down Value method. For these classes of assets, based on the technical evaluation carried out by the external experts, the management has estimated the useful lives in the range of 8 years to 65 years.
- iii Depreciation on Building and Plant & Machinery of Captive Power Plant is provided as per the useful life specified in Part 'C' of Schedule II of the Companies Act, 2013 on Straight Line Method.
- iv Depreciation on Furniture & Fixtures, Office Equipment and vehicle is provided as per the useful life specified in Part 'C' of Schedule II of the Companies Act, 2013 on Written Down Value Method.
- v The management believes that the estimated useful lives are realistic and reflects fair approximation of the period over which the assets are likely to be used. At each financial year end, management reviews the residual values, useful lives and method of depreciation of property, plant and equipment and values of the same are adjusted prospectively where needed.

2.7 Leases:

Leases are classified as finance leases whenever the terms of the lease, transfers substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The determination of whether an arrangement is a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is considered as a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Operating lease payments are recognised as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term except where another systematic basis is more representative of time pattern in which economic benefits from the leased assets are consumed.

2.8 Inventories:

i. **Classification:** Scrap generated from Tube Segment is classified as raw material as the same is mostly used by Steel Segment.

ii. Valuation

- a) Raw Materials are valued at lower of cost or net realisable value. Cost is determined on weighted average basis.
- b) Semi-finished and finished goods are valued at lower of cost or net realisable value. The cost includes raw material on weighted average basis, labour cost, manufacturing expenses, production overheads and depreciation.
- c) Stores, Spares and Coal are valued at cost determined on weighted average basis except for those which have a longer usable life, which are valued on the basis of their remaining useful life.

iii. Inventories include goods in transit under the appropriate heads.

2.9 Employee Benefits:**i. Defined Contribution Plan**

The Company makes defined contribution to Provident Fund and Superannuation Schemes, which are recognized in the Statement of Profit and Loss on accrual basis.

ii. Defined Benefit Plan**• Superannuation Plan:**

Some employees of the Company are entitled to superannuation, a defined contribution plan which is administrated through Life Insurance Corporation of India ("LIC"). Superannuation benefits are recognized in the Profit and loss account.

• Leave Encashment:

The Company provides for the liability at year end on account of unavailed earned leave as per the actuarial valuation.

Gratuity:

The Company provides for gratuity obligations through a Defined Benefits Retirement plan ("The Gratuity Plan") covering all employees. The present value of the obligation under such Defined benefits plan is determined based on actuarial valuation using the Project Unit Credit method with actuarial valuations being carried out at the end of each reporting period.

Notes to Financial Statement for the year ended March 31, 2019 (Contd.)

Re-measurements, comprising of actuarial gains and losses, are recognized immediately in the balance sheet with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Re-measurements are not reclassified to Statement of Profit or Loss in subsequent periods.

The Company operates a defined benefit plan for gratuity, which requires contributions to be made to a separately administered fund.

2.10 Research and Development:

Research and Development costs (other than costs of fixed assets acquired) are charged to Statement of Profit and Loss in the year in which they are incurred.

2.11 Foreign Currency Transactions:

Transactions in foreign currency are recorded at the exchange rate prevailing on the date of the transaction. Foreign currency denominated monetary assets and liabilities at the Balance Sheet date are translated at the exchange rate prevailing on the date of Balance Sheet.

Exchange rate differences resulting from foreign currency transactions settled during the period including year-end translation of assets and liabilities are recognized in the Statement of Profit and Loss.

Non-monetary assets, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the initial transaction.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss are also recognized in OCI or Statement of Profit and Loss, respectively).

The Company has availed the exemption available in IND AS 101, to continue capitalisation of foreign currency fluctuation on long term foreign currency monetary liabilities outstanding on transition date (April 1, 2016).

Effective April 1, 2018, the Company has adopted Appendix B to Ind AS 21, Foreign Currency Transaction and Advance Consideration which clarifies the date of transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expenses or income when an entity has received or paid advance consideration in a foreign currency. The impact of the adoption of the amendment on the financial statements of the Company is insignificant

2.12 Borrowing Costs:

Borrowing Costs directly attributed to the acquisition of fixed assets are capitalized as a part of the cost of asset up to the date the asset is put to use. Other Borrowing Costs are charged to the profit and loss account in the year in which they are incurred.

2.13 Government Incentives:

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognized as income in equal amounts over the expected useful life of the related asset.

When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as a government grant. The loan or assistance is initially recognized and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per accounting policy applicable to financial liabilities.

2.14 Cash and cash equivalents:

Cash and cash equivalents comprises cash on hand and at bank and demand deposits with banks which are short-term, highly liquid investments with original maturities of three months or less, that are readily convertible into a known amount of cash and which are subject to an insignificant risk of changes in value.

2.15 Non-current assets held for sale:

Non-current assets are classified as held for sale if their carrying amounts will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset available for immediate sale in its present condition subject to only terms are usual and customary for sale of such assets.

Non-current assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Property, Plant and Equipment and intangible assets classified as held for sales are not depreciated or amortized.

2.16 Fair Value Measurement:

The Company measures certain financial instruments at fair value at each balance sheet date. Certain accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. The Company has an established control framework with respect to the measurement of fair values and the valuation team regularly reviews significant unobservable inputs and valuation adjustments.

Notes to Financial Statement for the year ended March 31, 2019 (Contd.)

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1 — quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. as derived from prices)

Level 3 — inputs for the asset or liability that are not based on observable market data (unobservable inputs)

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into a different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

2.17 Financial instruments:

A Company recognizes financial assets and financial liabilities when it becomes party to the contractual provisions of the instrument.

I. Financial Assets:**a) Initial recognition and measurement:**

Financial assets are initially measured at its fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets (other than financial assets at fair value through profit or loss) are added to or deducted from the fair value of the concerned financial assets, as appropriate, on initial recognition. Transaction costs directly attributable to acquisition of financial assets at fair value through profit or loss are recognized immediately in profit and loss. However, trade receivable that do not contain a significant financing component are measured at transaction price.

b) Subsequent measurement:

For subsequent measurement, the company classifies financial asset in following broad categories:

i. Financial asset carried at amortized cost (net of any write down for impairment, if any):

Financial assets are measured at amortized cost when asset is held within a business model, whose objective is to hold assets for collecting contractual cash flows and contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest. Such financial assets are subsequently measured at amortized costs using Effective Interest Rate (EIR) method less impairment, if any. The losses arising from impairment are recognized in the statement of profit or loss. Cash and bank balances, trade receivables, loans and other financial asset of the company are covered under this category.

ii. Financial asset carried at fair value through other comprehensive income (FVTOCI):

Financial asset under this category are measured initially as well as at each reporting date at fair value, when asset is held with a business model whose objective is to hold asset for both collecting contractual cash flows and selling financial assets. Fair value movements are recognized in the other comprehensive income.

iii. Financial asset carried at fair value through profit or loss (FVTPL):

Financial asset under this category are measured initially as well as at each reporting date at fair value. Changes in fair value are recognized in the statement of profit or loss.

a) Investment in subsidiaries:

Investments in Subsidiaries are recorded at cost and reviewed for impairment at each reporting date.

b) Other equity instruments:

All other equity instruments are measured as fair value, with value changes recognized in Statement of Profit and Loss, except for those equity instrument for which the Company has elected to present the value changes in 'Other Comprehensive Income'.

c) De-recognition of Financial Assets:

A financial asset is primarily derecognized when rights to receive cash flows from the asset have expired or the Company has transferred its contractual rights to receive cash flows of the financial asset and has substantially transferred all the risk and reward of the ownership of the financial asset.

d) Impairment of financial asset:

In accordance with Ind AS 109, the Company uses 'Expected Credit Loss' (ECL) model, for evaluating impairment of financial assets other than those measured at fair value through profit and loss (FVTPL).

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original effective interest rate.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial asset. 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months from the reporting date.

Notes to Financial Statement for the year ended March 31, 2019 (Contd.)

For trade receivables Company applies 'simplified approach' which requires expected lifetime losses to be recognised from initial recognition of the receivables. The Company uses historical default rates to determine impairment loss on the portfolio of trade receivables. At every reporting date these historical default rates are reviewed and changes in the forward looking estimates are analysed.

For other assets, the Company uses 12 month ECL to provide for impairment loss where there is no significant increase in credit risk. If there is significant increase in credit risk full lifetime ECL is used.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/expense in the Statement of Profit and Loss under the head 'Other expenses'

II. Financial Liabilities:

a) Initial recognition and measurement:

The Company recognizes a financial liability in its Balance Sheet when it becomes party to the contractual provisions of the instrument. The Company classifies all financial liabilities as subsequently measured at amortised cost or FVTPL.

All financial liabilities are recognized initially at fair value and in the case of loans, borrowings and payables, net of directly attributable transaction costs. Financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and derivative financial instruments.

b) Subsequent measurement:

Financial liabilities are carried at amortized cost using the Effective Interest Rate (EIR) method. For trade and other payable maturing within one year from balance sheet date, the carrying amount approximate fair value due to short maturity of these instruments.

c) De-recognition of financial liabilities:

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the Statement of Profit and Loss.

III. Offsetting of Financial Instruments:

Financial assets and Financial Liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

2.18 Segment accounting:

The Company's operating segments are established on the basis of those components of the Company that are evaluated regularly by the Executive Committee, the 'Chief Operating Decision Maker' as defined in Ind AS 108 - 'Operating Segments', in deciding how to allocate resources and in assessing performance. These have been identified taking into account nature of products and services, the differing risks and returns and the internal business reporting systems.

2.19 Earnings per share:

Basic earnings per share is calculated by dividing the net profit for the year attributable to the shareholders of the Company and weighted average number of shares outstanding during the year.

Diluted earnings per share is calculated by dividing the net profit for the year attributable to the shareholders of the Company and weighted average number of equity and potential equity shares outstanding during the year including share options, convertible preference shares and debentures, except where the result would be anti-dilutive. Potential equity shares that are converted during the year are included in the calculation of diluted earnings per share, from the beginning of the year or date of issuance of such potential equity shares, to the date of conversion.

2.20 Provision for Current and Deferred Tax:

The tax expense for the period comprises current and deferred tax. Taxes are recognised in the statement of profit and loss, except to the extent that it relates to the items recognised in the other comprehensive income or in Equity. In which case, the tax is also recognised in the other comprehensive income or in Equity.

Current tax:

Provision for Current tax is made on the basis of relevant provision of The Income Tax Act, 1961 as applicable to the financial year.

Deferred tax:

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary timing difference. Deferred tax assets are recognized for deductible temporary differences, to the extent that they are probable that taxable profit will be available against which the deductible temporary difference can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and adjusted to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Notes to Financial Statement for the year ended March 31, 2019 (Contd.)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted on the reporting date.

Minimum Alternate Tax (MAT) Credit:

MAT credit is recognized as deferred tax asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period.

2.21 Impairment of non-financial Assets:

The Company assesses at each reporting date as to whether there is any indication that any property, plant and equipment and intangible assets or group of assets, called cash generating units (CGU) may be impaired. If any such indication exists the recoverable amount of an asset or CGU is estimated to determine the extent of impairment, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the CGU to which the asset belongs.

An impairment loss is recognized in the Statement of Profit and Loss to the extent, asset's carrying amount exceeds its recoverable amount. The recoverable amount is higher of an asset's fair value less cost of disposal and value in use. Value in use is based on the estimated future cash flows, discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and risk specific to the assets.

The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

2.22 Provision and Contingencies:

Provisions are recognized when the company has present obligation (legal or constructive) as a result of past event and it is probable that outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense related to a provision is presented in the statement of profit and loss net of any reimbursement/contribution towards provision made.

If the effect of the time value of money is material, estimate for the provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

Contingent Liabilities:

Contingent Liabilities are not provided and are disclosed in Notes on Accounts. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

2.23 Events occurring after the Balance Sheet Date:

Events occurring after the Balance Sheet date and till the date on which the financial statements are approved, which are material in the nature and indicate the need for adjustments in the financial statements have been considered

2.24 Standards issued but not yet effective:

The Ministry of Corporate Affairs (MCA) has notified the Companies (Indian Accounting Standards) Amendment Rules, 2019 & Companies (Indian Accounting Standards) Second Amendment Rules, 2019 (the 'Rules') on March 30, 2019. The rules shall be effective from reporting periods beginning on or after April 1, 2019. Amendments to Ind AS as per these rules are mentioned below:

Ind AS 116

Ind AS 116 'Leases', will replace Ind AS 17 'Leases'. The new standard shall require lessees to recognize the leases on their balance sheets with limited exemptions related to low value asset and assets with a lease term lower than 12 months.

Lessee will use a single accounting model for all leases. Accordingly, the lessee is required to recognize "Right-Of-Use" asset representing its right to use the underlying asset and a "Lease Liability" representing its obligation to make lease payments.

The Company is required to adopt Ind AS 116 Leases from 1st April 2019. The Company will have to recognize "Right-Of-Use" assets and "Lease Liability" for its operating leases. Upon application of the new standard, the nature of expenses related to the leases will change and accordingly the Company will recognize a depreciation charge for right-of-use assets and interest expense on unwinding of lease liabilities as against lease expenses recognized up to 31st March 2019. The new standard also provides two broad alternative transition approach - Retrospective Method and Cumulative Effect Method with practical expedient.

The Company is in the process of evaluating the impact of this amendment on its financial statements.

Notes to Financial Statement for the year ended March 31, 2019 (Contd.)

Amendment to Existing issued Ind AS

- **Appendix C, Uncertainty over Income Tax Treatments to Ind AS 12**

This amendment clarifies how the recognition and measurement requirements of Ind-AS 12 'Income taxes', are applied where there is uncertainty over income tax treatments. An uncertain tax treatment is any tax treatment applied by an entity where there is uncertainty over whether that treatment will be accepted by the tax authority.

- **Prepayment Features with Negative Compensation, Amendments to Ind AS 109**

The amendment to Ind AS 109 – 'Financial Instruments' enables entities to measure certain pre-payable financial assets with negative compensation at amortised cost. These assets, which include some loan and debt securities, would otherwise have to be measured at fair value through profit and loss.

- **Plan Amendment, Curtailment or Settlement, Amendments to Ind AS 19**

The amendment to Ind-AS 19 - Employee Benefits clarify that if a plan amendment, curtailment or settlement occurs, it is mandatory that the current service cost and the net interest for the period after the re-measurement are determined using the assumptions used for the re-measurement.

- **Annual Improvements to Ind AS**

Ind AS 23, "Borrowing Cost"- clarified that if a specific borrowing remains outstanding after the related qualifying asset is ready for its intended use or sale, it becomes part of general borrowings.

Ind AS 12, "Income Taxes"- clarified that the income tax consequences of dividends on financial instruments classified as equity should be recognised according to where the past transactions or events that generated distributable profits were recognised. These requirements apply to all income tax consequences of dividends.

These amendments are effective for annual periods beginning on or after April 1, 2019. The Company is in process of evaluating the impact of this amendments on its financial statements.

2.25 Key accounting judgments, estimates and assumptions:

The preparation of the Company's standalone financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenue, expenses, assets, liabilities and the accompanying disclosures along with contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require material adjustments to the carrying amount of assets or liabilities affected in future periods. The Company continually evaluates these estimates and assumptions based on the most recently available information.

In particular, information about significant areas of estimates and judgments in applying accounting policies that have the most significant effect on the amounts recognized in the standalone financial statements are as below:

- Assessment of functional currency;
- Financial instruments;
- Estimates of useful lives and residual value of PPE and intangible assets;
- Impairment of financial and non-financial assets;
- Valuation of inventories;
- Measurement of recoverable amounts of cash-generating units;
- Measurement of Defined Benefit Obligations and actuarial assumptions;
- Allowances for uncollected trade receivable and advances
- Provisions;
- Evaluation of recoverability of deferred tax assets; and
- Contingencies.

Revisions to accounting estimates are recognized prospectively in the Statement of Profit and Loss in the period in which the estimates are revised and in any future periods affected

Notes to Financial Statement for the year ended March 31, 2019 (Contd.)
NOTE NO 3 : NOTES TO ACCOUNTS
3.1 CONTINGENT LIABILITIES AND COMMITMENTS (to the extent not provided for)
Rs. in Crore

| | Particulars | As at March 31, 2019 | As at March 31, 2018 |
|------------|---|-------------------------|-------------------------|
| i) | Contingent Liabilities | | |
| a) | <u>Claims against the Company not acknowledged as debt</u> | | |
| | Sales Tax | 18.37 | 14.67 |
| | Income Tax disputed by the Company | - | 1.43 |
| | Excise and Customs Duty | 33.36 | 26.22 |
| | Others | 107.75 | 139.24 |
| b) | Bills discounted on behalf of third party | - | 32.39 |
| ii) | Commitments | | |
| a) | Capital Commitments | | |
| | Estimated amount of contract remaining to be executed on capital account and not provided for (net of advances) | 7.50 | 5.24 |

3.2 Considering the uncertainty related to realisation, the following items are not considered to accrue till they are settled / sanctioned / received as the case may be:

- a) Insurance claims except specific claims stated separately
- b) Interest on receivables and
- c) Electricity Refund (Additional Supply Charges).

3.3 In accordance with Ind AS 18 on "Revenue" and Schedule III to the Companies Act, 2013, Sales for the period April 1, 2017 to June 30, 2017 were reported gross of Excise Duty and net of Value Added Tax (VAT)/ Sales Tax. Excise Duty was reported as a separate expense line item. Consequent to the introduction of Goods and Services Tax (GST) with effect from 1 July 2017, VAT/ Sales Tax, Excise Duty etc. have been subsumed into GST and accordingly the same is not recognised as part of sales as per the requirements of Ind AS 18. Accordingly, Revenue from operation for the year ended March 31, 2019 are not comparable with the figures of the previous year.

3.4 Segment Reporting :
Identification of Segments:

Company's operating segments are established on the basis of those components of the Company that are evaluated regularly by the Executive Committee, the 'Chief Operating Decision Maker' as defined in Ind AS 108 - 'Operating Segments', in deciding how to allocate resources and in assessing performance. These segments have been identified taking into account nature of products and services, the differing risks and returns and the internal business reporting systems.

The Company is engaged primarily into manufacturing of Steel and Tubes. The Company's primary segments are Tube Segment and Steel Segment.

Revenue and expenses have been identified to a segment on the basis of relationship to operating activities of the segment. Revenue and expenses which relate to enterprise as a whole and are not allocable to a segment on reasonable basis have been disclosed as unallocable.

Segment assets and segment liabilities represent assets and liabilities in respective segments. Investments, tax related assets and other assets and liabilities which cannot be allocated to a segment on a reasonable basis have been included under "Unallocable Assets / Liabilities".

Inter Division Transfer represents transfer of finished / semi-finished products within the Segment for further processing and sale. Profit or loss on inter Division transfers are eliminated at the Company level.

Notes to Financial Statement for the year ended March 31, 2019 (Contd.)

Rs. in Crore

I Segment Information

| Sr No | Particulars | As on March 31, 2019 | | | | As on March 31, 2018 | | | |
|-------|---|----------------------|-----------------|-------------|-----------------|----------------------|---------------|-------------|-----------------|
| | | Tube Segment | Steel Segment | Unallocable | Total | Tube Segment | Steel Segment | Unallocable | Total |
| i) | Segment Revenue | | | | | | | | |
| | Total External Sales (Gross) | 1,317.21 | 478.23 | | 1,795.44 | 1,004.26 | 460.69 | | 1,464.95 |
| | Add : Inter Segment Transfers (Gross) | - | 541.28 | | 541.28 | - | 345.94 | | 345.94 |
| | : Inter Division Transfers (Gross) | 86.67 | - | | 86.67 | 104.42 | - | | 104.42 |
| | | <u>1,403.88</u> | <u>1,019.51</u> | | <u>2,423.39</u> | <u>1,108.68</u> | <u>806.63</u> | | <u>1,915.31</u> |
| | Less : Inter Segment Transfers (Net) | - | 541.28 | | 541.28 | - | 345.94 | | 345.94 |
| | Inter Division Transfers (Net) | 86.67 | - | | 86.67 | 104.42 | - | | 104.42 |
| | Net Sales | <u>1,317.21</u> | <u>478.23</u> | | <u>1,795.44</u> | <u>1,004.26</u> | <u>460.69</u> | | <u>1,464.95</u> |
| ii) | Segment Results | | | | | | | | |
| | Profit Before Finance Costs , Foreign Exchange Loss and Taxes | 48.53 | 13.57 | 3.72 | 65.82 | (10.18) | 29.62 | 8.10 | 27.54 |
| | Less : Finance Costs | | | | 276.46 | | | | 274.85 |
| | : Foreign Exchange Loss | | | | (2.24) | | | | (6.38) |
| | : Depreciation on reclassification of assets held for sale | | | | 20.38 | | | | - |
| | Profit / (Loss) Before Tax | | | | <u>(228.78)</u> | | | | <u>(240.93)</u> |
| | Less : Tax Expenses | | | | - | | | | <u>(0.98)</u> |
| | Profit / (Loss) After Tax | | | | <u>(228.78)</u> | | | | <u>(239.95)</u> |
| | Add : Other Comprehensive Income | | | | (0.84) | | | | 0.60 |
| | Profit / (Loss) After Comprehensive Income | | | | <u>(229.62)</u> | | | | <u>(239.35)</u> |
| iii) | Other Information | | | | | | | | |
| | Total Segment Assets | 1,463.96 | 393.00 | - | 1,856.96 | 1,404.89 | 403.22 | - | 1,808.11 |
| | Total Segment Liabilities | 120.69 | 59.72 | - | 180.41 | 116.70 | 57.22 | - | 173.92 |
| | Total cost incurred for acquiring Segment Assets (excluding revaluation of Leasehold Land) | 11.22 | 1.76 | 2.46 | 15.44 | (0.18) | 1.69 | - | 1.51 |
| | Segment Depreciation | 40.92 | 13.13 | 20.38 | 74.43 | 45.06 | 13.49 | - | 58.55 |
| | Non - Cash Expenses | 4.41 | 0.56 | - | 4.97 | 4.64 | 0.44 | - | 5.08 |
| | Total Unallocable Assets | | | | 613.31 | | | | 635.72 |
| | Total Unallocable Liabilities | | | | 3,108.94 | | | | 2,859.37 |

II Information about Geographical Segment - Secondary Segment

The Company's operations are located in India. The following table provides an analysis of the Company's sales by geography in which the customer is located, irrespective of the origin of the goods.

Rs. in Crore

| Particulars | 2018-19 | 2017-18 |
|--|-----------------|-----------------|
| Revenue from External Customers | | |
| Domestic | 1,600.50 | 1,336.04 |
| Exports | 194.94 | 128.91 |
| Total revenue | <u>1,795.44</u> | <u>1,464.95</u> |

III Revenue from Major Customers

Revenue under the segment 'Steel' include Rs 92.66 Crore (Previous Year: Rs 61.02 Crore of one customer) from two customers having more than 10% revenue of total segment revenue. There is no single customer that accounts for more than 10% of the revenue in Tube Segment .

3.5 Pending reconciliation / confirmations of Trade Receivables / Trade Payables, adjustments for differences, if any , would be made at the time of reconciliation or on receipt of confirmation. The management is of the opinion that the impact of such adjustments, if any, is not likely to be significant.

Notes to Financial Statement for the year ended March 31, 2019 (Contd.)**3.6 Dues to Micro and Small Enterprises**

Disclosure as required by the Micro, Small and Medium Enterprises Act, 2006 (Act) is as given below, has been determined to the extent such parties have been identified on the basis of information available with the Company

Principal outstanding amount due to MSME suppliers as on March 31,2019 is Rs. 12.05 Crore (Previous Year 0.01 Crore) including interest accrued and remaining unpaid of Rs. 0.31 Crore (previous Year Rs. 0.35 Crores) and an amount of Rs. 0.03 Crore (Previous Year Nil) has been paid to MSME suppliers during the year.

3.7 Leases**Operating Lease:**

- a) The Company has entered into lease agreements for certain office premises and Plant and Machinery for a period ranging from 5 to 10 years which are renewable by mutual consent on mutually agreeable terms. There are no restrictions imposed by lease arrangements and there are no sub leases. There are no contingent rents. Disclosures as required under Ind-AS 17 on "Lease" are given below:

Future minimum Lease payments under operating lease:

Rs. in Crore

| | Particulars | 2018 - 19 | 2017 - 18 |
|----|--|-------------|-----------|
| 1) | Machine Rentals and Rent debited to statement of profit and loss during the year | 2.47 | 2.33 |
| 2) | Future Minimum Lease payments payable in: | | |
| | i) Less than one year | 1.29 | 2.39 |
| | ii) One to five years | 4.50 | 8.09 |
| | iii) More than five years | 1.88 | 1.88 |

- b) The Company enters into cancellable operating leases in respect of office premises and others which are cancellable by giving appropriate notices as per respective agreements. During the year Rs 0.58 Crore (Previous year Rs 0.58 Crore) has been charged to Statement of Profit and Loss on account of lease rentals.

3.8 Foreign currency fluctuation on long term borrowing capitalised

The Company has elected to continue the policy adopted under previous GAAP for accounting the foreign exchange differences arising on settlement or translation of long-term foreign currency monetary items outstanding as of April 1, 2016 i.e. foreign exchange differences arising on settlement or translation of long-term foreign currency monetary items relating to acquisition of depreciable assets are adjusted to the carrying cost of the assets and depreciated over the balance life of the asset. Accordingly, the Company has capitalised such exchange fluctuation loss to Plant & Machinery of Rs 10.43 Crore and loss of Rs 5.48 Crore (including Assets held for sale) for the year ended March 31, 2019 and March 31, 2018 respectively.

3.9 Related Party Transactions.

In accordance with the requirements of Ind AS 24, on related party disclosures, name of the related party, related party relationship, transactions, outstanding balances and with whom transactions have taken place during the reporting periods are given below:

Name and Relationships of the Related Parties:**I Key Management Personnel (KMP)**

| Sr No | Name of the Related Party | Designation |
|-------|---------------------------|--|
| 1 | Mr. B.R. Taneja | Managing Director |
| 2 | Mr. Rajiv Goel | Chief Financial Officer |
| 3 | Mr. S C Gupta | Non-Executive Director (upto March 28, 2019) |
| 4 | Mr. O P Kakkar | Non-Executive Director |
| 5 | Ms. Deepa Mathur | Non-Executive Director |
| 6 | Mr. Shyam Powar | Independent Director |
| 7 | Mr. R Poornalingam | Independent Director (w.e.f. December 28, 2018) |
| 8 | Mr. Kanakraj M | Independent Director (w.e.f. March 1, 2019) |
| 9 | Mr. Shashank Dixit | Nominee Director - IDBI Bank (upto January 17, 2019) |

Notes to Financial Statement for the year ended March 31, 2019 (Contd.)

II Entities where control exists - Subsidiary, Indirect Subsidiaries and Associate Companies

| Sr No | Name of the Related Party |
|----------|---|
| A | Direct Subsidiary Companies |
| 1 | ISMT Enterprises SA, Luxembourg |
| 2 | Tridem Port and Power Company Private Limited. |
| 3 | Indian Seamless Inc, USA. |
| B | Indirect Subsidiary Companies |
| 1 | Structo Hydraulics AB, Sweden |
| 2 | ISMT Europe AB, Sweden |
| 3 | Nagapattinam Energy Private Limited. |
| 4 | Best Exim Private Limited. |
| 5 | Success Power and Infracore Private Limited |
| 6 | Marshal Microware Infrastructure Development Company Private Limited. |
| 7 | PT ISMT Resources, Indonesia |
| C | Associate Companies |
| 1 | Indian Seamless Enterprises Limited |
| 2 | Taneja Aerospace and Aviation Limited |
| 3 | First Airways Inc, USA |

i) Details of Transaction with Key Management Personnel:

Rs. in Crore

| Sr No | Nature of Transactions | 2018-19 | 2017-18 |
|-------|---------------------------|---------|---------|
| 1 | Managerial Remuneration * | 3.36 | 3.15 |
| 2 | Sitting Fees | 0.39 | 0.28 |

* Excludes provision for compensated leave and gratuity for KMP as liabilities are provided on overall company basis and is not identified separately in actuarial valuation.

ii) Details of transactions with Subsidiary and Associates Companies:

Rs. in Crore

| Sr No | Nature of Transactions / Relationship | Subsidiary Companies | | Associate Companies | |
|---|--|----------------------|---------|---------------------|---------|
| | | 2018-19 | 2017-18 | 2018-19 | 2017-18 |
| 1 | Sale of Finished Goods | 125.72 | 94.87 | 18.90 | 13.89 |
| 2 | Commission on Sales | 4.88 | 6.93 | - | - |
| 3 | Quality claims / Reimbursement of Expenses | 0.91 | 0.98 | - | - |
| 4 | Rent Paid | 0.01 | 0.01 | - | - |
| 5 | Interest Paid | - | - | 0.14 | 0.15 |
| 6 | Provision for Doubtful debts | - | 0.03 | - | - |
| 7 | Loans and Advances Given | 7.11 | 1.10 | - | - |
| 8 | Advances received | - | 1.96 | - | - |
| 9 | Repayment of Advance received | - | - | 1.00 | - |
| Outstanding as at Balance Sheet date | | | | | |
| 1 | - Receivables (net of provisions) | 61.26 | 31.00 | 8.05 | 2.21 |
| 2 | - Payables | 1.04 | 1.17 | - | 0.08 |
| 3 | - Advance Receivable-(Equity Component) | 146.83 | 139.72 | - | - |
| 4 | - Advance Payable | - | 1.96 | - | 1.00 |
| 5 | - Unsecured Loan Payable | - | - | 7.75 | 7.75 |

Notes to Financial Statement for the year ended March 31, 2019 (Contd.)

- a) Sale of finished goods to Subsidiary Companies include sales Structo Hydraulics AB Rs. 20.96 Crore (Previous Year Rs. 17.89 Crore), ISMT Europe AB Rs. 104.76 Crore (Previous Year Rs. 76.98 Crore). Sales of finished goods to Associate Companies include sales to Indian Seamless Enterprises Limited Rs. 11.73 Crore (Previous Year Rs. 6.18 Crore), Taneja Areospace and Aviation Limited Rs. 0.35 Crore (Previous Year Rs. 3.27 Crore) and First Airways Inc, USA Rs. 6.82 Crore (Previous Year Rs. 4.44 Crore) .
- b) Commission on sales paid to Subsidiary Companies include paid to ISMT Europe AB, Rs. 4.65 Crore (Previous Year Rs. 6.70 Crore) and Indian Seamless Inc, USA Rs. 0.22 Crore (Previous Year Rs. 0.22 Crore).
- c) Quality claims of Subsidiary Companies include paid/ provided for to Structo Hydraulics AB Rs. 0.58 Crore (Previous Year Rs. 0.59 Crore), ISMT Europe AB Rs. 0.33 Crore (Previous Year Rs. 0.34 Crore), and reimbursement of expenses paid to Indian Seamless Inc, USA Rs. Nil Crore on account of overseas freight and other clearing charges (Previous Year Rs.0.05 Crore).
- d) Rent paid to Subsidiary Company - Tridem Port and Power Company Private Limited is Rs. 0.01 Crore (Previous Year Rs. 0.01 Crore).
- e) Interest paid to Associate Company - Taneja Aerospace and Aviation Limited is Rs. 0.14 Crore (Previous Year Rs.0.15 Crore).
- f) Advances given to Subsidiary Company Tridem Port and Power Company Private Limited Rs. 7.11 Crore (Previous Year Rs. 1.10 Crore) for its Port and Power Project .
- g) Provision for doubtful debts of Subsidiary Company - ISMT Europe AB Rs. Nil Crore (Previous Year Rs. 0.03 Crore).
- h) Advance received from Subsidiary Company - ISMT Europe AB towards sale of finished goods is amounting to Rs. Nil Crore (Previous Year Rs. 1.96 Crore).
- i) Repayment of Advance received to Associate Company - Taneja Aerospace and Aviation Limited is Rs. 1.00 Crore (Previous Year Rs.Nil Crore).

3.10 Income Tax Expenses

A The major components of income tax expenses for the year are as under:

| | | Rs. in Crore | |
|-----------|--|--------------|---------------|
| | Particulars | 2018 -19 | 2017 -18 |
| I | Income Tax recognised in the statement of profit and loss | | |
| | Current tax | - | - |
| | Deferred tax | - | - |
| | Earlier Year Tax | - | (0.98) |
| | Total Income Tax recognised in the statement of profit and loss | Nil | (0.98) |
| II | Income Tax recognised in Other Comprehensive Income | | |
| | Deferred tax | - | - |
| | Total Income Tax recognised in Other Comprehensive Income | Nil | Nil |

B Reconciliation of income tax expenses and the accounting profit for the year is under:

| | | Rs. in Crore | |
|--|--|-----------------|----------|
| | Particulars | 2018 -19 | 2017 -18 |
| | Accounting profit before income tax expenses | (228.78) | (240.93) |
| | Enacted tax rates in India (%) | 34.944% | 34.608% |
| | Expected income tax expenses | | |
| | Tax Effect of : | (79.94) | (83.38) |
| | Expenses not deductible | 89.18 | 70.93 |
| | Accelerated capital allowances | 8.53 | 0.60 |
| | Expenses on which no deduction is admissible | (0.03) | 0.93 |
| | (Profit) / Loss in respect of which deferred tax assets not recognized for the year* | (17.74) | 10.92 |
| | Tax expenses recognised in statement of profit and loss | - | - |
| | Adjustments recognised in current year in relation to the current tax of earlier years | - | (0.98) |
| | Income Tax Expenses | - | (0.98) |
| | Effective tax rate (%) | Nil | Nil |

There are certain income-tax related legal proceedings which are pending against the Company. Potential liabilities, if any have been adequately provided for.

*Deferred tax assets on unabsorbed depreciation/business loss have been recognised to the extent of deferred tax liabilities on taxable temporary differences available.

Notes to Financial Statement for the year ended March 31, 2019 (Contd.)

C Significant components of Deferred tax assets & liabilities recognized in Financial Statements As at March 31, 2019

Rs. in Crore

| Particulars | As at April 1, 2018 | Charged / (credited) to Statement of income | Charged / (credited) to OCI | As at March 31, 2019 |
|---|------------------------|--|-----------------------------------|----------------------------|
| <u>Tax effect of item constituting Deferred Tax Liabilities</u> | | | | |
| i) Depreciation | 245.64 | (0.07) | - | 245.57 |
| | <u>245.64</u> | <u>(0.07)</u> | <u>-</u> | <u>245.57</u> |
| <u>Tax effect of item constituting Deferred Tax Assets</u> | | | | |
| i) Accumulated Tax losses* | 29.43 | 51.26 | - | 80.69 |
| ii) Unabsorbed Tax Depreciation | 208.03 | (53.80) | - | 154.23 |
| iii) Deduction eligible in future period in respect of expenses already debited to the Statement of Profit and Loss | 8.18 | 2.47 | - | 10.65 |
| iv) MAT Credit Entitlement | 82.05 | - | - | 82.05 |
| | <u>327.69</u> | <u>(0.07)</u> | <u>-</u> | <u>327.62</u> |
| Net Defrred Tax Asset/ (Liability) | 82.05 | 0.00 | - | 82.05 |

As at March 31, 2018

Rs. in Crore

| Particulars | As at April 1, 2017 | Charged / (credited) to Statement of income | Charged / (credited) to OCI | As at March 31, 2018 |
|---|------------------------|--|-----------------------------------|----------------------------|
| <u>Tax effect of item constituting Deferred Tax Liabilities</u> | | | | |
| i) Depreciation | 233.60 | 12.04 | - | 245.64 |
| | <u>233.60</u> | <u>12.04</u> | <u>-</u> | <u>245.64</u> |
| <u>Tax effect of item constituting Deferred Tax Assets</u> | | | | |
| i) Accumulated Tax losses* | 11.56 | 17.87 | - | 29.43 |
| ii) Unabsorbed Tax Depreciation | 197.23 | 10.80 | - | 208.03 |
| iii) Deduction eligible in future period in respect of expenses already debited to the Statement of Profit and Loss | 24.81 | (16.63) | - | 8.18 |
| iv) MAT Credit Entitlement | 82.05 | - | - | 82.05 |
| | <u>315.65</u> | <u>12.04</u> | <u>-</u> | <u>327.69</u> |
| Net Defrred Tax Asset/ (Liability) | 82.05 | - | - | 82.05 |

*Deferred tax assets on unabsorbed business loss have been recognised to the extent of deferred tax liabilities on taxable temporary differences available. It is expected that any reversals of the deferred tax liability would be offset against the reversal of the deferred tax assets.

The Company has unused tax losses under the head Business Loss and unabsorbed depreciation as per the Income Tax Act, 1961. Based on the probable uncertainty regarding the set off of these losses, the Company has not recognized deferred tax asset in the Balance Sheet. Details of tax losses under the head business losses and unabsorbed depreciation with expiry is as follows:

Rs. in Crore

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|------------------------|-------------------------|-------------------------|
| Within five years | 462.84 | 403.00 |
| Geater than five years | - | 110.60 |
| No expiry | 510.37 | 510.07 |
| Total | 973.21 | 1,023.67 |

Notes to Financial Statement for the year ended March 31, 2019 (Contd.)
3.11 Disclosure as required by Ind AS - 19 Employee Benefits
Retirement benefit obligations
1 Defined Contribution plan

The Company has recognized the following amounts as an expense and included under the head “ Employee Benefits Expense”

– Contribution to Provident and other Fund :

Rs. in Crore

| Particulars | 2018-19 | 2017-18 |
|--|-------------|-------------|
| a) Employer's Contribution to Provident Fund and Employee Pension Scheme | 6.05 | 5.15 |
| b) Employer's Contribution to Superannuation Fund | 2.96 | 2.78 |
| Total | 9.01 | 7.93 |

In respect of provident fund trust setup by the Company, there is no deficit of interest shortfall with regards to future obligation arising due to interest shortfall (i.e. Government interest to be paid on the Provident Fund Scheme exceeding rate of interest earned on investment).

2 Defined benefit plan
Gratuity

Gratuity is payable to all eligible employees of the company on retirement, death, permanent disablement and resignation in terms of the provision of the Payment of Gratuity Act, 1972. The benefits would be paid at the time of separation.

The following tables summarises the changes in the projected benefit obligation and plan assets and amounts recognised in the Balance Sheet as at March 31, 2019 and March 31, 2018, being the respective measurement dates:

Rs. in Crore

| Particulars | Gratuity (Funded) | |
|---|-------------------|--------------|
| | 2018 - 19 | 2017 - 18 |
| a) Changes in present value of defined benefit obligations | | |
| Present value of defined benefit obligation at the beginning of the Year | 32.20 | 29.46 |
| Current Service Cost | 1.68 | 2.79 |
| Interest Cost | 2.46 | 2.07 |
| Actuarial changes arising from change in financial assumptions | (3.46) | 0.24 |
| Actuarial changes arising from change in experience adjustments | 4.21 | (0.81) |
| Benefits paid | (2.19) | (1.55) |
| Present value of defined benefit obligation at the end of the Year | 34.90 | 32.20 |
| b) Changes in fair value of Plan Assets: | | |
| Fair value of Plan Assets as at beginning of the Year | 31.52 | 28.53 |
| Interest Income | 2.41 | 2.09 |
| Employer Contribution | (0.09) | 1.07 |
| Return on plan assets excluding interest income | 0.68 | 0.03 |
| Benefits paid | (0.08) | (0.20) |
| Fair value of plan Assets as at end of the Year | 34.44 | 31.52 |

Rs. in Crore

| Particulars | Gratuity (Funded) | | Leave Encashment (Non Funded) | |
|--|-------------------|-------------|-------------------------------|-------------|
| | 2018 - 19 | 2017 - 18 | 2018 - 19 | 2017 - 18 |
| c) Net asset / (liability) recognised in the balance sheet | | | | |
| Present value of defined benefit obligation at the end of the Year | 34.90 | 32.20 | 7.55 | 5.62 |
| Fair value of plan Assets as at end of the Year | 34.44 | 31.52 | - | - |
| Amount recognised in the Balance Sheet | 0.46 | 0.68 | 7.55 | 5.62 |
| Net (liability) / assets - Current | 0.46 | 0.68 | 0.89 | 0.56 |
| Net (liability) / assets - Non - current | - | - | 6.66 | 5.06 |
| d) Expenses recognised in the Statement of Profit and Loss for the year | | | | |
| Current Service Cost | 1.68 | 2.79 | 0.58 | 0.54 |
| Interest Cost on benefit obligation (net) | (0.04) | (0.02) | 0.37 | 0.42 |
| Actuarial (gain)/ Loss | - | - | 2.76 | (0.43) |
| Total expenses included in employee benefits expenses | 1.64 | 2.77 | 3.71 | 0.53 |

Notes to Financial Statement for the year ended March 31, 2019 (Contd.)

Rs. in Crore

| | Particulars | Gratuity (Funded) | |
|----|---|-------------------|---------------|
| | | 2018 - 19 | 2017 - 18 |
| e) | Recognised in other comprehensive income for the year | | |
| | Actuarial changes arising from change in financial assumptions | (3.46) | 0.24 |
| | Actuarial changes arising from change in experience adjustments | 4.21 | (0.81) |
| | Return on plan assets excluding interest income | 0.09 | (0.03) |
| | Recognised in other comprehensive income | 0.84 | (0.60) |
| f) | Estimate of expected defined benefit obligation (in absolute terms i.e undiscounted) | | |
| | within the next 12 months | 6.44 | 5.45 |
| | Between 2 to 5 Years | 12.93 | 10.18 |
| | 6 years and onwards | 29.27 | 27.91 |
| g) | Quantitative sensitivity analysis for significant assumption | | |
| | 1% increase in discount rate | 32.79 | 30.05 |
| | 1% decrease in discount rate | 37.25 | 34.62 |
| | 1% increase in salary growth rate | 37.00 | 34.34 |
| | 1% decrease in salary growth rate | 32.98 | 30.24 |
| | 1% increase in employee withdrawal rate | 35.31 | 32.45 |
| | 1% decrease in employee withdrawal rate | 34.45 | 31.93 |

The above sensitivity analysis is based on a change in an assumption while holding the other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (projected unit credit method) has been applied as when calculating the defined benefit obligation within the balance sheet.

| | Particulars | Gratuity (Funded) | |
|----|--|-------------------|----------------|
| | | 2018 - 19 | 2017 - 18 |
| h) | Percentage of each Category of Plan Assets to total Fair Value of Plan Assets as at end of the Year | | |
| | Government of India Securities | 3.10% | 2.25% |
| | Corporate Bonds | 0.10% | 0.09% |
| | Special Deposit Scheme | 0.30% | 0.25% |
| | Insurer Managed Funds | 93.80% | 95.50% |
| | Others | 2.70% | 1.91% |
| | Total | 100.00% | 100.00% |

| | Particulars | Gratuity (Funded) | | Leave Encashment (Non Funded) | |
|----|--|-------------------|-----------|-------------------------------|-----------|
| | | 2018 - 19 | 2017 - 18 | 2018 - 19 | 2017 - 18 |
| i) | Principal Actuarial Assumptions used as at the Balance Sheet date : | | | | |
| | Discount Rate | 7.70% | 7.90% | 7.70% | 7.90% |
| | Expected Rate of Return on Plan Assets | 7.20% | 7.20% | 0.00% | 0.00% |
| | Salary Escalation Rate | 3% - 6% | 6.00% | 3% - 6% | 6.00% |

The assumption of future salary increase takes into account the inflation, seniority, promotion and other relevant factors such as supply and demand in employment market. Same assumptions were considered for comparative period i.e 2017-18 as considered in previous GAAP on transition to Ind AS. The above information is certified by the Actuary.

- 3.12 As per Ind AS 12 "Income Tax", Minimum Alternate Tax (MAT) credit (unused tax credit) is regarded as Deferred Tax Assets and the same shall be recognised to the extent that it has become probable that future taxable profit will be available against which the unused tax credit can be utilised. In view of business uncertainties and pending debt Resolution, it is difficult for the company to fairly ascertain the probable future taxable profit against which MAT Credit can be utilised. Accordingly, the unabsorbed MAT credit of Rs 82.05 Crore as at March 31, 2019, if any, shall be charged in the Statement of Profit and Loss to the extent it lapses in the respective years. The financial effect, if any, of the same on loss for the year ended March 31, 2019, carrying value of these deferred tax and other equity as at March 31, 2019 is not ascertainable.

Notes to Financial Statement for the year ended March 31, 2019 (Contd.)**3.13 Earnings per share**

Net profit available to equity holders of the Company used in the basic and diluted earnings per share was determined as follows:

| Particulars | 2018 -19 | 2017 -18 |
|--|---------------------|--------------|
| Net Profit / (Loss) for the year attributable to Equity Shareholders (Rs. In Crore) | (228.78) | (239.95) |
| Weighted Average Number of Equity Shares outstanding for basic and diluted | 14,65,01,383 | 14,65,01,383 |
| Nominal Value of Equity Share (in Rs.) | 5.00 | 5.00 |
| Earnings Per Share (in Rs.) (Basic and Diluted) | (15.62) | (16.38) |

3.14 Miscellaneous Expenses includes:**Rs. in Crore**

| Particulars | 2018 -19 | 2017 -18 |
|--|-------------|----------|
| i) Repair and Maintenance - Other Building | 0.01 | 0.01 |
| ii) Director Sitting Fees | 0.39 | 0.28 |
| iii) Auditors Remuneration | | |
| a) Statutory Audit Fees | 0.30 | 0.30 |
| b) Taxation Matters | 0.03 | - |
| c) Out of Pocket Expenses | - | 0.01 |
| iv) Provision for Doubtful Debts | 4.86 | 5.68 |
| v) Investment written off | 0.02 | - |

3.15 Non Current Financial Assets – Investments

Investment in Subsidiary – Others (At Cost)

Rs. in Crore

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|--|-------------------------|-------------------------|
| i) Structo Hydraulics AB, Sweden (Refer Note No. 3.16) | 33.33 | 33.33 |
| ii) Advance to Tridem Power and Port Company Pvt. Ltd. (Refer Note No. 3.17) | 113.50 | 106.39 |
| Total | 146.83 | 139.72 |

3.16 The Company through its Subsidiary Company, ISMT Enterprises S.A., Luxembourg has invested Rs. 48.43 Crore in Structo Hydraulics AB, Sweden (SHAB). The Company has received the approval from regulatory authorities for conversion into equity of an amount of Rs. 33.33 Crore (USD 5 Million) due from SHAB on account of payment towards invocation of guarantee by lender of SHAB, which is considered as investment on adoption of Ind AS and the Company is taking steps for implementation of the same. The net receivables on account of sales made to SHAB as on March 31, 2019 are Rs.15.41 Crore and the same is considered as collectible. No provision, however, has been made as required by Ind AS 36 “Impairment of Assets” in respect of diminution in the value of investment, which is in the nature of forward integration and considered Strategic, Long Term and also in view of improvement in the operating performance of SHAB. The financial effect, if any, of the same on loss for the year ended March 31, 2019, carrying value of the non-current investment and other equity as at March 31, 2019 is not ascertainable.

3.17 Tridem Port and Power Company Private Limited (TPPCL), the wholly owned subsidiary of the Company, along with its subsidiaries had proposed to set up a thermal power project and captive port in Tamil Nadu. TPPCL had obtained the approvals for the projects including acquisition of land but no construction activity had commenced.

However, on account of subsequent adverse developments, the TPPCL had decided not to pursue these projects. There has been negligible interest from the potential buyers due to present power sector scenario. TPPCL has also unsuccessfully tried to sell the freehold land since there were no takers for the project.

Considering premature status of the project, prevailing power sector scenario, ongoing litigations, the various alternative usage of land of the project and inability to successfully pursue the sale of the project or its freehold land, it is not possible to reasonably or reliably determine the recoverable amount and consequently to ascertain whether there is any impairment of the amount invested in TPPCL as required by Ind AS 36 “Impairment of Assets” and hence the aforesaid asset is measured on the Balance sheet date at the carrying amount of Rs 116.08 Crore (including advances given to TPPCL of Rs. 113.50 Crore). The financial effect, if any, of the same on loss for the year ended March 31, 2019, carrying value of the investment and other equity as at March 31, 2019 is not ascertainable.

3.18 As a result of various measures taken by the Company, Revenue and EBIDT of the Company has been continuously improving on year to year basis which is evident from the fact that EBIDT for the financial year 2018-19 has improved to Rs. 119.87 Crore as against EBIDT of Rs.86.09 Crore of financial year 2017-18, Rs 51.96 Crore in financial year 2016-17 and Rs. 33.65 Crore in financial year 2015-16. The levy of anti-dumping duty by the Government of India on import of tubes from China

Notes to Financial Statement for the year ended March 31, 2019 (Contd.)

and a gradual pick-up in demand are some of other factors resulting in increase in Revenue and EBIDT. There has also been a substantial progress on the Resolution Plan agreed to by the Banks. Accordingly the Company has continued to prepare its financial statements on 'Going Concern Basis'.

3.19 Consequent to RBI Circular dated February 12, 2018 the lenders have decided to explore assignment of debt as a Resolution Plan. Accordingly, Banks holding about 71 % of the principal debt have assigned their debt to Asset Reconstructing Companies (ARC's) while Banks holding most of the remaining debt are also pursuing the process for assignment of debt to ARC's. ARC's in turn are expected to restructure the debt on a sustainable basis which inter alia could necessitate downsizing of debt including interest. There has been a substantial progress on the Resolution Plan agreed to by the Banks and restructuring process is also initiated by the Company for the assigned debt in the current quarter. Notwithstanding the pending restructuring of debt and balance confirmations from lenders, interest on the loans has been provided as per the terms of sanction letters of the respective banks on simple interest basis (excluding overdue / penal and compounding of interest). In view of restructuring exercise, occurrence of such interest including interest provided and unpaid in the past years, though unascertained, however the same has been provided out of abundant precaution as required by Ind AS 1 "Presentation of Financial Statements" and Ind AS 37 "Provisions, Contingent Liabilities and Contingent Assets". However the financial effect of non provision of overdue / penal and compounding of interest, if any, on loss for the year ended March 31, 2019, carrying value of the borrowings (current financial liabilities) and other equity as at March 31, 2019 is not ascertainable.

3.20 i) Maharashtra Electricity Regulatory Commission (MERC) had disallowed Company's petition regarding banking of energy facility under Energy Banking Agreement (EBA) vide its orders dated June 20, 2014 and January 12, 2015. The Company filed an appeal before the Appellate Tribunal For Electricity (APTEL) against the said order and the same has been dismissed by the APTEL vide their order dated April 1, 2016. The Company's appeal, challenging the APTEL order is pending before the Hon'ble Supreme Court. The Company had accrued EBA benefit aggregating to Rs. 49.97 Crore upto March 31, 2014, of which amount outstanding as on March 31, 2019 is Rs. 39.53 Crore, representing excess energy charges paid to Maharashtra State Electricity Distribution Company Limited (MSEDCL) on account of non-availability of banking of energy facility. There has been no further accrual since April 1, 2014 on account of suspension of operation of power plant.

Being a sub-judice matter, it is not possible to reasonably or reliably determine the recoverable amount; hence the receivable from MSEDCL is measured on the Balance Sheet date at the carrying amount of Rs.39.53 Crore. The financial effect, if any, of the same on loss for the year ended March 31, 2019, carrying value of the non-current financial assets and other equity as at March 31, 2019 is not ascertainable.

ii) In spite of efforts made, the Company is unable to sell the Captive Power Plant (CPP) which has been classified as 'Asset held for Sale', in terms of Ind AS 105, "Non-current Assets Held for Sale and Discontinued Operations" in earlier years. The Company does not see any exit possibility in near term due to structural weaknesses in this sector. The management has therefore considered it appropriate, in terms of Ind AS 105, "Non-current Assets Held for Sale and Discontinued Operations" to reclassify CPP as non-current asset under the head Property Plant and Equipment on Balance Sheet date.

Pursuant to said re-classification of CPP, the Company has provided depreciation of Rs.20.38 Crore on the CPP from the date of classification as held for sale till March 31, 2019 and the required adjustment to carrying amount of CPP is disclosed under Exceptional item in the Statement of Profit and Loss.

It is not possible to reasonably or reliably determine the recoverable amount of the CPP on Balance Sheet date given the prevailing uncertainties of running the CPP or disposing it as going concern or otherwise. The outcome of the Supreme Court case will also have material bearing on the determination of the recoverable amount..

In view of the above and being a sub-judice matter, it is not possible to reasonably or reliably determine the recoverable amount, hence the asset (on reclassification from held for sale) is measured on the Balance Sheet date at the adjusted carrying amount of Rs.236.08 Crore. The financial effect, if any, of the same on loss for the year ended March 31, 2019, carrying value of the CPP and other equity as at March 31, 2019 is not ascertainable.

3.21 Pursuant to the Share Purchase and Shareholders Agreement executed between the Company and OPGS Gujarat Power Pvt. Ltd (OPGS), investment held by the Company in of Rs. 0.02 Crore has been transferred by OPGS and the said amount is written off in the statement of Profit and Loss Account.

3.22 Interest income includes interest received from Banks of Rs. 1.67 Crore (Previous year Rs. 1.55 Crore).

3.23 Financial risk management

The Company's financial liabilities comprise mainly of borrowings, trade payables and other payables. The Company's financial assets comprise mainly of investments, cash and cash equivalents, other balances with banks, loans, trade receivables and other receivables.

Notes to Financial Statement for the year ended March 31, 2019 (Contd.)
Risk management framework

Company's board of directors has overall responsibility for establishment of Company's risk management framework and formed Risk Management Committee. Management is responsible for developing and monitoring Company's risk management policies, under the guidance of Risk Management Committee. Management identifies, evaluate and analyses the risks to which the company is exposed to and set appropriate risk limits and controls to monitor risks and adherence to limits. Management periodically reviews its risk policy and systems to assess need for changes in the policies to adapt to the changes in market conditions and align the same to the business of the Company.

Company has exposure to following risk arising from financial instruments:

a) Credit risk

Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks, financial institutions, foreign exchange transactions and other financial instruments.

Credit risk from Trade receivables is managed as per the Company's established policy, procedures and control relating to customer credit risk management. Credit limits are established for all customers based on internal criteria reviewed and monitored from time to time. Majority of the customers are long standing customers and regularly monitored by individual business managers who deal with those customers. Management monitors trade receivables on regular basis and take suitable action where needed to control the receivables crossing set criteria / limits.

Management does an impairment analysis at each reporting date as per set procedure and computes credit loss allowance based on a provision matrix. Further, the Company's customers base is widely distributed both economically as well as geographically and in view of the same, the quantum risk also gets spread across wide base and hence management considers risk with respect to trade receivable as low.

Expected credit loss for trade receivables under simplified approach as at the end of each reporting period is as follows:

Rs. in Crore

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|-------------------------|-------------------------|
| Gross Carrying Amount | 299.21 | 229.42 |
| Less: Expected credit loss at simplified approach | 4.17 | 4.11 |
| Carrying amount of trade receivables (net of impairment) | 295.04 | 225.31 |

b) Liquidity risk

The Company manages the liquidity risk by maintaining adequate funds in cash and cash equivalents. Working capital requirements are adequately addressed by internally generated funds. Trade receivables are kept within manageable levels. Company aims to maintain the level of its cash and cash equivalents at levels to meet its expected cash outflows on operational and financial liabilities. Also Refer Note No 3.19 regarding debt resolution with the lenders.

The table below provides details regarding the remaining contractual maturities of financial liabilities at the reporting date based on contractual undiscounted payments.

Rs. in Crore

| Particulars | Less than 1 year | 1 to 5 years | More than 5 years | Total |
|-----------------------------|---------------------|---------------|----------------------|-----------------|
| March 31, 2019 | | | | |
| Borrowings | 1,047.69 | 268.26 | 6.83 | 1,322.78 |
| Trade and other payables | 99.60 | - | - | 99.60 |
| Other financial liabilities | 1,842.71 | - | - | 1,842.71 |
| Total | 2,990.00 | 268.26 | 6.83 | 3,265.09 |
| March 31, 2018 | | | | |
| Borrowings | 1,066.01 | 395.69 | 6.02 | 1,467.72 |
| Trade and other payables | 101.81 | - | - | 101.81 |
| Other financial liabilities | 1,434.72 | - | - | 1,434.72 |
| Total | 2,602.54 | 395.69 | 6.02 | 3,004.25 |

c) Competition and pricing risk

The Company faces competition from local and foreign competitors. Nevertheless, it believes that it has competitive advantage in terms of high quality products and by continuously upgrading its expertise and range of products to meet the needs of its customers.

Notes to Financial Statement for the year ended March 31, 2019 (Contd.)

d) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises following types of risks :

i. Interest Rate Risk

The Company's exposure to the risk of changes in market interest rates relates primarily to the long term debt obligations and Buyer's credit obligations with floating interest rates. The Company has not used any interest rate derivatives.

We refer to Note No 3.19 regarding debt resolution with the lenders. Pending the same, the company is not able to determine its exposure to interest rate risk which primary related to the long term debt and working capital borrowings.

ii. Foreign Currency Risk and sensitivity

The company is exposed to foreign exchange risk arising from export sales, operating and capital expenditure in foreign currency, foreign currency loans and economic exposure on account of mismatch between foreign currency and INR assets and liabilities. The risk is measured through a forecast of highly probable foreign currency cash flows.

Primarily, the exposure in foreign currencies is denominated in USD, EURO. At any point in time, Company covers foreign currency risk by taking appropriate percentage of its net foreign currency exposure by entering into forward exchange contracts on past performance basis mostly with a maturity of less than one year. The Company does not enter into derivative instruments.

Details of Unhedged exposure in foreign currency denominated monetary items:

| Currency | As at March 31, 2019 | | As at March 31, 2018 | |
|-------------------------|-----------------------------|-------------|-----------------------------|-------------|
| | Foreign Currency in Million | Rs in Crore | Foreign Currency in Million | Rs in Crore |
| Unsecured Loans | | | | |
| USD | 39.32 | 271.99 | 39.32 | 255.78 |
| EURO | 4.32 | 33.57 | 4.32 | 34.83 |
| Receivables | | | | |
| USD | 8.21 | 53.97 | 5.52 | 34.01 |
| EURO | 4.03 | 31.47 | 3.83 | 29.98 |
| Australian Dollar | 0.006 | 0.03 | 0.03 | 0.13 |
| GBP | 0.03 | 0.23 | 0 | 0.0001 |
| Payables | | | | |
| USD | 1.01 | 7.01 | 2.87 | 18.65 |
| EURO | 0.08 | 0.62 | 0.11 | 0.91 |
| Interest Payable | | | | |
| USD | 5.67 | 40.37 | 4.25 | 27.75 |
| EURO | 0.77 | 6.17 | 0.56 | 4.54 |

5 % appreciation in USD and EURO with respect to Indian Rupees would have result in increase in loss before tax by Rs 13.46 Crore for March 31, 2019 and increase in Losss before tax by Rs 13.90 Crore for March 31, 2018.

5 % depreciation in USD and EURO with respect to Indian Rupees would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

iii. Commodity price risk

The Company is exposed to the movement in price of key raw materials in domestic and international markets. The Company reviews the prices of key raw materials on weekly basis and enters into most of the contracts for procurement of material on short term fixed price basis.

3.24 Capital Management

For the purpose of the Company's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's Capital management is to safeguard continuity, maintain a strong credit rating and healthy capital ratios in order to support its business and provide adequate return to shareholders through continuing growth.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. The funding requirement is met through a mixture of equity, internal accruals, long term borrowings and short term borrowings.

In order to achieve this overall objective, the Company's capital management, amongst other things, aim to ensure that its meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements.

Notes to Financial Statement for the year ended March 31, 2019 (Contd.)
3.25 Fair value measurement

A) The carrying value and Fair value of Financial assets and liabilities by categories are as follows :

Rs. in Crore

| Particulars | Carrying value of the financial assets/liabilities | | Fair value of the financial assets/liabilities | |
|---|--|----------------------|--|----------------------|
| | As at March 31, 2019 | As at March 31, 2018 | As at March 31, 2019 | As at March 31, 2018 |
| Financial Assets at Fair Value Through Profit and Loss (non-current) | | | | |
| Investment in Equity Shares | - | 0.02 | - | 0.02 |
| Total | - | 0.02 | - | 0.02 |
| Financial Assets at amortised cost (non-current) | | | | |
| Trade Receivables | - | - | - | - |
| Loans | 24.27 | 20.52 | 24.27 | 20.52 |
| Other financial Assets | - | - | - | - |
| Total | 24.27 | 20.52 | 24.27 | 20.52 |
| Financial Assets at amortised cost (current) | | | | |
| Trade Receivables | 295.04 | 225.31 | 295.04 | 225.31 |
| Cash and Cash Equivalents | 30.02 | 33.08 | 30.02 | 33.08 |
| Bank Balances other than Cash and Cash Equivalents | 13.48 | 18.57 | 13.48 | 18.57 |
| Loans | 1.14 | 0.86 | 1.14 | 0.86 |
| Other financial Assets | 0.91 | 0.91 | 0.91 | 0.91 |
| Total | 340.59 | 278.73 | 340.59 | 278.73 |
| Financial Liabilities at amortised cost (non-current) | | | | |
| Sales tax Deferral Loan | 3.40 | 7.40 | 3.40 | 7.40 |
| Long Term Loans from Banks and Others | 271.69 | 394.31 | 271.69 | 394.31 |
| Total | 275.09 | 401.71 | 275.09 | 401.71 |
| Financial Liabilities at amortised cost (current) | | | | |
| Sales Tax Deferral Loan | 5.06 | 5.06 | 5.06 | 5.06 |
| Current Maturities of Long Term Debt | 856.97 | 719.51 | 856.97 | 719.51 |
| Loans Repayable on Demand | 1,047.69 | 1,066.01 | 1,047.69 | 1,066.01 |
| Trade and Other Payables | 99.60 | 101.81 | 99.60 | 101.81 |
| Other financial Liabilities | 980.68 | 710.15 | 980.68 | 710.15 |
| Total | 2,990.00 | 2,602.54 | 2,990.00 | 2,602.54 |

B) Level wise disclosures of financial assets and liabilities by categories are as follows :

Rs. in Crore

| Particulars | As at March 31, 2019 | As at March 31, 2018 | Level | Valuation techniques and key inputs |
|---|----------------------|----------------------|-------|--|
| Financial Assets at amortised cost (non-current) | | | | |
| Deposit for premises / Security Deposits | 24.27 | 20.52 | 3 | Discounted cash flow method using interest rate for similar financial instrument |
| Financial Assets at amortised cost (current) | | | | |

Notes to Financial Statement for the year ended March 31, 2019 (Contd.)

| Particulars | As at March 31, 2019 | As at March 31, 2018 | Level | Valuation techniques and key inputs |
|--|----------------------------|----------------------------|-------|--|
| Deposit for premises / Security Deposits | - | - | 3 | Discounted cash flow method using interest rate for similar financial instrument |
| Financial Liabilities at amortised cost (non-current) | | | | |
| Sales tax Deferral Loan | 3.40 | 7.40 | 3 | Discounted cash flow method using interest rate for similar financial instrument |
| Unsecured Loan from Associate Company | 6.83 | 6.02 | 3 | Discounted cash flow method using interest rate for similar financial instrument |
| Financial Liabilities at amortised cost (current) | | | | |
| Sales tax Deferral Loan | 5.06 | 5.06 | 3 | Discounted cash flow method using interest rate for similar financial instrument |

Fair value of cash and cash equivalents, short term loans, trade receivables, trade payables, other financial assets/liabilities approximate their carrying amounts largely due to the short term maturities of these instruments. Methods and assumptions used to estimate the fair values are consistent with those used for the year ended March 31, 2019.

During the reporting period ended March 31, 2019 and March 31, 2018, there were no transfers between level 1, level 2 and level 3 fair value measurements.

Reconciliation of Level 3 fair values :

The following table shows a reconciliation of the opening and closing balances for Level 3 fair values.es.

Rs. in Crore

| Particulars | Deposit for premises / Security Deposits | Sales Tax Deferral Loan | Loan from Associate Company |
|---|--|-------------------------|-----------------------------|
| Opening Balance (April 01, 2017) | 18.04 | 16.00 | 5.30 |
| Additions during the year | 1.53 | - | - |
| Interest Expenses | - | 1.54 | 0.72 |
| Interest Income | 0.95 | - | - |
| Repayment of Loan | - | (5.08) | - |
| Closing Balance (March 31, 2018) | 20.52 | 12.46 | 6.02 |
| Additions during the year | 2.64 | - | - |
| Interest Income | 1.19 | - | - |
| Interest Expenses | - | 1.06 | 0.81 |
| Repayment of Loan | (0.08) | (5.06) | - |
| Closing Balance (March 31, 2019) | 24.27 | 8.46 | 6.83 |

One percentage point change in the unobservable inputs used in fair valuation of level 3 assets or liabilities does not have significant input in its value.

3.26 Events occurring after the Balance Sheet date

No adjusting or significant non - adjusting events have occurred between the reporting date and the date of authorisation.

3.27 Previous year figures have been regrouped/ rearranged, wherever considered necessary to conform to current year's classification.

As per our report of even date

For D N V & Co

Chartered Accountants

Firm Registration No. 102079W

CA Bharat Jain

Partner

M. No.100583

Pune, June 14, 2019

For and on behalf of the Board of Directors

B. R. Taneja

Managing Director

DIN NO:00328615

Chetan Nathani

Company Secretary

FCS NO:9836

Pune, June 14, 2019

Rajiv Goel

Chief Financial Officer

DIN NO:00328723

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

I Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2019

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

Rs. in Crore

| Sr. No. | Particulars | Audited Figures (as reported before adjusting for qualifications) | Adjusted Figures (audited figures after adjusting for qualifications) |
|---------|---|---|---|
| 1. | Turnover / Total income | 1,832.04 | 1,832.04 |
| 2. | Total Expenditure | 2,060.82 | 2,182.40 |
| 3. | Net Profit/(Loss) | (228.78) | (350.36) |
| 4. | Earnings Per Share | (15.62) | (23.92) |
| 5. | Total Assets | 2,470.27 | 2,348.69 |
| 6. | Total Liabilities | 3,289.35 | 3,289.35 |
| 7. | Net Worth | (819.08) | (940.66) |
| 8. | Any other financial item(s) (as felt appropriate by the management) | - | - |

Note :- Impact of Audit qualification mentioned in 2(a) , 4 (a), 5 (a) and 6 (a) below has not been included above as the exact quantum of the same cannot be ascertained.

II. Audit qualification (each qualification separately):

(1) (a) Details of Audit Qualification:

The Company has outstanding Minimum Alternate Tax (MAT) entitlement, classified as Deferred Tax Asset as per Ind AS-12, Income Taxes, of Rs. 82.05 Crores as on March 31, 2019. Taking into consideration the loss during the period ended March 31, 2019 and carried forward losses under the Income Tax, in our opinion, it is not probable that the MAT entitlement can be adjusted within the specified period against the future taxable profits under the provisions of Income Tax Act 1961. In view of the same, in our opinion, the MAT entitlement cannot be continued to be recognised as an asset in terms of Ind AS-12 and “Guidance note on accounting for credit available in respect of MAT under the Income Tax Act, 1961”. Non-writing off of the same has resulted in understatement of net loss for the quarter and year ended March 31, 2019 and overstatement of other equity by Rs.82.05 Crores and its consequential effect on the Earnings per Share of the company.

(b) **Type of Audit Qualification** : Qualified Opinion

(c) **Frequency of qualification** : appearing since financial year 2013-14.

(d) **For Audit Qualification(s) where the impact is quantified by the auditor, Management’s Views** :

As per Ind AS- 12 “Income Tax“, Minimum Alternate Tax (MAT) credit (unused tax credit) is regarded as Deferred Tax Assets and the same shall be recognised to the extent that it has become probable that future taxable profit will be available against which the unused tax credit can be utilised. In view of Business uncertainties and pending debt Resolution, it is difficult for the Company to fairly ascertain probable future taxable profit against which MAT Credit can be utilized. Accordingly, the unabsorbed MAT credit of Rs. 82.05 Crore as at March 31, 2019, if any, shall be charged in the Statement of Profit and Loss to the extent it lapses in the respective years.

(e) **For Audit Qualification(s) where the impact is not quantified by the auditor** : Not Applicable

(i) **Management’s estimation on the impact of audit qualification** :

(ii) **If management is unable to estimate the impact, reason for the same:**

(iii) **Auditor’s Comments on (i) or (ii) above:**

(2) (a) Details of Audit Qualification:

The Company, through its subsidiary, has invested Rs. 48.43 Crores in Structo Hydraulics AB Sweden (SHAB). Net receivables (net of write offs) to the company from SHAB against the supplies made is Rs. 15.41 Crores and payment made towards invocation of guarantee given by the company in respect of loans availed by SHAB is Rs. 33.33 Crores (USD 5 Million). The Company has received the approval from regulatory authorities for treating the said payment against invocation as equity investment in SHAB (considered as investment on adoption of Ind AS) and the Company is taking steps for implementation of the same. SHAB has been incurring losses and its net worth is also eroded due to continuing losses. No provision for diminution in value of investment and net receivable against supplies is made by the company. We are unable to comment on the same and ascertain its impact, if any, on net loss for the quarter and year ended March 31 2019, carrying value of the investment and other equity as at March 31, 2019 in respect of the above matters.

(b) **Type of Audit Qualification** : Qualified Opinion

(c) **Frequency of qualification** : appearing since financial year 2013-14.

(d) **For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:**

The Company through its Subsidiary Company, ISMT Enterprises S.A., Luxembourg has invested Rs. 48.43 Crore in Structo Hydraulics AB, Sweden (SHAB). The Company has received the approval from regulatory authorities for conversion into equity of an amount of Rs. 33.33 Crore (USD 5 Million) due from SHAB on account of payment towards invocation of guarantee by lender of SHAB, which is considered as investment on adoption of Ind AS and the Company is taking steps for implementation of the same. The net receivables on account of sales made to SHAB as on March 31, 2019 are Rs.15.41 Crore and the same is considered as collectible. No provision, however, has been made in respect of diminution in the value of investment, which is in the nature of forward integration and considered Strategic, Long Term and also in view of improvement in the operating performance of SHAB.

(e) **For Audit Qualification(s) where the impact is not quantified by the auditor :**

(i) **Management's estimation on the impact of audit qualification:** Nil

(ii) **If management is unable to estimate the impact, reason for the same:** Not ascertainable.

(ii) **Auditor's Comments on (i) or (ii) above:** Not ascertainable as explained in qualification stated above

(3) (a) **Details of Audit Qualification:**

The Company had recognized claim in earlier years, of which outstanding balance as on March 31, 2019 is Rs. 39.53 Crores, against Maharashtra State Electricity Distribution Company Ltd. (MSEDCL) for non-implementation of Energy Banking Agreement. The Company had appealed to Appellate Tribunal (APTEL) against the order passed by Maharashtra Electricity Regulatory Commission (MERC) and the same has been dismissed by the APTEL. The Company has preferred appeal before the Hon'ble Supreme Court against the order of APTEL. The realization of this claim is contingent and dependent upon the outcome of the decision of the Supreme Court. In our opinion the recognition of above claim, being contingent asset in nature, is not in conformity with Ind AS-37, "Provisions, Contingent liabilities and Contingent assets". Recognition of the above claim has resulted into overstatement of carrying value of non-current assets and other equity by Rs.39.53 Crores as at March 31, 2019.

(b) **Type of Audit Qualification** : Qualified Opinion

(c) **Frequency of qualification** : appearing since financial year 2013-14

(d) **For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:**

Maharashtra Electricity Regulatory Commission (MERC) had disallowed Company's petition regarding banking of energy facility under Energy Banking Agreement (EBA) vide its orders dated June 20, 2014 and January 12, 2015. The Company filed an appeal before the Appellate Tribunal for Electricity (APTEL) against the said order and the same has been dismissed by the APTEL vide their order dated April 1, 2016. The Company's appeal, challenging the APTEL order is pending before the Hon'ble Supreme Court. The Company had accrued EBA benefit aggregating to Rs. 49.97 Crore upto March 31, 2014, of which amount outstanding as on March 31, 2019 is Rs. 39.53 Crore, representing excess energy charges paid to Maharashtra State Electricity Distribution Company Limited (MSEDCL) on account of non-availability of banking of energy facility. There has been no further accrual since April 1, 2014 on account of suspension of operation of power plant.

(e) **For Audit Qualification(s) where the impact is not quantified by the auditor:** Not Applicable

(i) **Management's estimation on the impact of audit qualification:**

(ii) **If management is unable to estimate the impact, reason for the same:**

(iii) **Auditor's Comments on (i) or (ii) above:**

(4) (a) **Details of Audit Qualification:**

The Company has reclassified 40 MW Captive Power Project (CPP) at Chandrapur, Maharashtra, which was asset held for sale to Property Plant and Equipment on Balance Sheet date for the reasons stated below. The Company has expressed its inability to determine the recoverable value of the CPP on re-classification for the reasons stated below; hence, the CPP is measured on the Balance sheet date at the adjusted carrying amount of Rs. 236.08 Crores and not at lower of the adjusted carrying amount and the recoverable amount as required by Ind AS 105 "Non-current Assets Held for Sale and Discontinued Operations". In view of the aforesaid, we are unable to determine the impact of the same, if any, on net loss for the quarter and year ended March 31 2019, carrying value of the CPP and other equity as at March 31, 2019.

(b) **Type of Audit Qualification** : Qualified Opinion

(c) **Frequency of qualification** : appearing for the first time in financial year 2018-19

(d) For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:

In spite of efforts made, the Company is unable to sell the Captive Power Plant (CPP) which has been classified as 'Asset held for Sale', in terms of Ind AS 105, "Non-current Assets Held for Sale and Discontinued Operations" in earlier years. The Company does not see any exit possibility in near term due to structural weaknesses in this sector. The management has therefore considered it appropriate, in terms of Ind AS 105, "Non-current Assets Held for Sale and Discontinued Operations" to reclassify CPP as non-current asset under the head Property Plant and Equipment on Balance Sheet date.

Pursuant to said re-classification of CPP, the Company has provided depreciation of Rs.20.38 Crore on the CPP from the date of classification as held for sale till 31st March 2019 and the required adjustment to carrying amount of CPP is disclosed under Exceptional item in the Statement of Profit and Loss.

It is not possible to reasonably or reliably determine the recoverable amount of the CPP on Balance Sheet date given the prevailing uncertainties of running the CPP or disposing it as going concern or otherwise. The outcome of the Supreme Court case will also have material bearing on the determination of the recoverable amount.

In view of the above and being a sub-judice matter it is not possible to reasonably or reliably determine the recoverable amount, hence the asset (on reclassification from held for sale) is measured on the Balance Sheet date at the adjusted carrying amount of Rs.236.08 Crore. The financial effect, if any, of the same on loss for the quarter and year ended March 31, 2019, carrying value of the CPP and other equity is not ascertainable.

(e) For Audit Qualification(s) where the impact is not quantified by the auditor:

(i) Management's estimation on the impact of audit qualification: Not ascertainable

(ii) If management is unable to estimate the impact, reason for the same: Not ascertainable

(iii) Auditor's Comments on (i) or (ii) above: Not ascertainable as explained in the qualification stated above

(5) (a) Details of Audit Qualification:

Company is unable to determine recoverable value of investment (including advances) in Tridem Port & Power Company P Ltd (TPPCL), wholly owned subsidiary, of Rs 116.08 Crores on Balance Sheet date for reason stated below. Hence impairment loss, if any, is not recognised as required by Ind AS 36 "Impairment of the Assets". In view of the aforesaid, we are unable to determine the impact of the same, if any, on the net loss for the quarter and year ended March 31 2019, carrying value of the investment and other equity as at March 31, 2019.

(b) Type of Audit Qualification : Qualified Opinion

(c) Frequency of qualification : appearing for the first time for the financial year 2018-19

(d) For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:

Tridem Port and Power Company Private Limited (TPPCL), the wholly owned subsidiary of the Company, along with its subsidiaries had proposed to set up a thermal power project and captive port in Tamil Nadu. TPPCL had obtained approvals for the projects including acquisition of land but no construction activity had commenced.

However, on account of subsequent adverse developments, the TPPCL had decided not to pursue these projects. There has been negligible interest from the potential buyers due to present power sector scenario. TPPCL has also unsuccessfully tried to sell the freehold land since there were no takers for the project.

Considering premature status of the project, prevailing power sector scenario, ongoing litigations, the various alternative usage of land of the project and inability to successfully pursue the sale of the project or its freehold land, it is not possible to reasonably or reliably determine the recoverable amount & consequently to ascertain whether there is any impairment of amount invested in TPPCL as required by Ind AS 36 "Impairment of Assets" and hence the aforesaid asset is measured on the Balance sheet date at the carrying amount of Rs 116.08 Crore (including advances given to TPPCL of Rs. 113.50 Crores). The financial effect, if any, of the same on loss for the quarter & year ended March 31, 2019, carrying value of the investment and other equity is not ascertainable.

(e) For Audit Qualification(s) where the impact is not quantified by the auditor: Not Applicable

(i) Management's estimation on the impact of audit qualification: Not ascertainable

(ii) If management is unable to estimate the impact, reason for the same: Not ascertainable

(iii) Auditor's Comments on (i) or (ii) above: Not ascertainable as explained in the qualification stated above

(6) (a) Details of Audit Qualification:

Pending approval/ sanction of debt restructuring scheme by lenders and balance confirmation from lenders, the Company has not provided for the overdue /penal interest, if any. The quantum and its impact, if any, on the net loss for the quarter and year ended March 31 2019, carrying value of the Borrowings (i.e. Current Financial Liabilities) and other equity as at March 31,2019 is unascertainable.

(b) **Type of Audit Qualification** : Qualified Opinion

(c) **Frequency of qualification** : appearing since financial year 2016-17

(d) **For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:**

Consequent to RBI Circular dated 12th February, 2018 the lenders have decided to explore assignment of debt as a Resolution Plan. Accordingly, Banks holding about 71 % of the principal debt have assigned their debt to Asset Reconstructing Companies (ARCs) while Banks holding most of the remaining debt are also pursuing the process for assignment of debt to ARCs. ARCs in turn are expected to restructure the debt on a sustainable basis which inter alia could necessitate downsizing of debt including interest. There has been a substantial progress on the Resolution Plan agreed to by the Banks and restructuring process is also initiated by the Company for the assigned debt in the current quarter. Notwithstanding the pending restructuring of debt and balance confirmations from lenders, interest on the loans has been provided as per the terms of sanction letters of the respective banks on simple interest basis (excluding overdue / penal and compounding of interest). In view of restructuring exercise, occurrence of such interest though unascertained, however the same has been provided out of abundant precaution. The financial effect of non provision of overdue / penal and compounding of interest, if any, on loss for the quarter and year ended March 31, 2019, carrying value of the borrowings (current financial liabilities) and other equity is not ascertainable.

(e) **For Audit Qualification(s) where the impact is not quantified by the auditor:**

(i) **Management's estimation on the impact of audit qualification:** Not ascertainable.

(ii) **If management is unable to estimate the impact, reason for the same:** Not ascertainable.

(ii) **Auditor's Comments on (i) or (ii) above:** Not ascertainable as explained in the qualification stated above.

III Signatories:

As per our report of even date

For D N V & Co

Chartered Accountants

Firm Registration No. 102079W

CA Bharat Jain

Partner

M. No.100583

Pune, June 14, 2019

For and on behalf of the Board of Directors

B. R. Taneja

Managing Director

DIN NO:00328615

Chetan Nathani

Company Secretary

FCS NO:9836

Pune, June 14, 2019

Rajiv Goel

Chief Financial Officer

DIN NO:00328723

INDEPENDENT AUDITOR'S REPORT**TO THE MEMBERS OF ISMT LIMITED**

Report on the Audit of the Consolidated Financial Statements

1. Qualified Opinion

We have audited the accompanying consolidated financial statements of ISMT Limited ("the Parent Company") and its subsidiaries (the Parent Company and its subsidiaries together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at March 31, 2019, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year ended on that date, notes to the consolidated financial statements, including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Indian Accounting Standards ("Ind AS") specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules as amended and other accounting principles generally accepted in India, of the consolidated state of affairs (financial position) of the Group as at March 31, 2019, the consolidated loss (financial performance including Consolidated other comprehensive income), consolidated changes in equity and its consolidated cash flows for the year ended on that date.

2. Basis for Qualified Opinion

a) The Parent company has outstanding Minimum Alternate Tax (MAT) entitlement, classified as Deferred Tax Asset as per Ind AS- 12, Income Taxes, of Rs. 82.05 Crores as on March 31, 2019. Taking into consideration the loss during the period ended March 31, 2019 and carried forward losses under the Income Tax, in our opinion, it is not probable that the MAT entitlement can be adjusted within the specified period against the future taxable profits under the provisions of Income Tax Act 1961. In view of the same, in our opinion, the MAT entitlement cannot be continued to be recognised as an asset in terms of Ind AS-12 and "Guidance note on accounting for credit available in respect of MAT under the Income Tax Act, 1961". Non-writing off of the same has resulted in understatement of loss for the year ended March 31, 2019 and overstatement of other equity by Rs.82.05 Crores and its consequential effect on the Earnings per Share of the Group.

- b) The Parent company had recognized claim in earlier years, of which outstanding balance as on March 31, 2019 is Rs. 39.53 Crores, against Maharashtra State Electricity Distribution Company Ltd. (MSEDCL) for non-implementation of Energy Banking Agreement. The Parent Company had appealed to Appellate Tribunal (APTEL) against order passed by Maharashtra Electricity Regulatory Commission (MERC) & the same has been dismissed by APTEL. The Parent Company has preferred appeal before hon'ble Supreme Court against the order of APTEL. The realization of this claim is contingent and dependent upon the outcome of decision of the Supreme Court. In our opinion recognition of above claim, being contingent asset in nature, is not in conformity with Ind AS-37, Provisions, Contingent liabilities and Contingent assets. Recognition of the above claim has resulted in overstatement of carrying value of non-current assets & other equity by Rs.39.53 Crores. Refer Note No. 3.17 (i) of consolidated financial statements.
- c) The Parent Company has reclassified 40 MW Captive Power Project (CPP) at Chandrapur, Maharashtra, which was asset held for sale to Property Plant and Equipment for the reasons stated in Note No. 3.17(ii) of the consolidated financial statements. The Company has expressed its inability to determine the recoverable value of the CPP on re-classification for the reasons stated in said note; hence, the CPP is measured on the Balance sheet date at the adjusted carrying amount of Rs. 236.08 Crores and not at lower of the adjusted carrying amount and the recoverable amount as required by Ind AS 105 "Non-current Assets Held for Sale and Discontinued Operations". In view of the aforesaid, we are unable to determine the impact of the same, if any, on consolidated net loss for the year ended March 31 2019, carrying value of the CPP and other equity as at March 31, 2019.
- d) The wholly owned subsidiary company, Tridem Port and Power Company Private Limited (TPPCL) along with its subsidiaries, has reclassified thermal power project along with its captive port (TPP) at Tamil Nadu, which was asset held for sale, to Property Plant and Equipment and Capital Work-in progress for the reasons stated in Note No. 3.16 of the consolidated financial statements. The Group has expressed its inability to determine the recoverable value of the TPP on for the reasons stated in said note; hence, the TPP is measured on the Balance sheet date at the carrying amount of Rs. 104.56 Crores and not at lower of the carrying amount and the recoverable amount as required by Ind AS 105 "Non-current Assets Held for Sale and Discontinued Operations". In view of the aforesaid, we are unable to determine the impact

of the same, if any, on consolidated net loss for year ended March 31, 2019, carrying value of the TPP and other equity as at March 31, 2019.

- e) Pending approval/ sanction of debt restructuring scheme by lenders and balance confirmation from majority of lenders, the Parent Company has not provided for the overdue /penal interest, if any. The quantum and its impact, if any, on the net loss for the year ended March 31, 2019, carrying value of the Borrowings (i.e. Current Financial Liabilities) and other equity as at March 31, 2019 is unascertainable. The quantum and its impact, if any, on the consolidated net loss for the year ended March 31, 2019, carrying value of the Borrowings (i.e. Current Financial Liabilities) and other equity as at March 31, 2019 is unascertainable. Refer Note No 3.15 of the consolidated financial statement.

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing (“SAs”) specified under section 143 (10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group 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 consolidated 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 we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion on the consolidated financial statements.

3. Material uncertainty Related to Going Concern

The Group has accumulated losses and its net worth has been fully eroded due to continuous losses and the Group’s current liabilities exceeded its current assets as at March 31, 2019. These conditions indicate the existence of a material uncertainty that may cast significant doubt on the Group’s ability to continue as a going concern. However, the consolidated financial statements of the Group have been prepared on a going concern basis for the reasons stated in the Note No. 3.14 of the consolidated financial statements.

Our opinion is not modified in respect of this matter.

4. Emphasis of Matter (s)

We draw attention to Note No. 1.32 to consolidated financial statements regarding remuneration payable to Managing Director and Executive Director of the Parent Company amounting to Rs. 3.16 Crores for the financial year 2018-19 (Rs. 6.02 Crores cumulative up to March 31, 2019) is subject to approval of Lenders.

Our opinion is not qualified in respect of these matters.

5. Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in the Basis for Qualified Opinion section referred in para 2 above and Material Uncertainty Related to Going Concern section in para 3 above, We have determined the matters described in Annexure A to be the key audit matters to be communicated in our report.

6. Information Other than the Consolidated Financial Statements and Auditor’s Report Thereon

The Parent Company’s Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in Company’s Annual Report, but does not include the standalone financial statements and our auditor’s report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor’s report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

7. Management’s Responsibility for the Consolidated Financial Statements

The Holding Company’s Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated total comprehensive income, consolidated changes in equity and consolidated cash flows of the Group in accordance with the Ind AS and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group are responsible for maintenance of the adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group 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 consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing consolidated financial statements, respective Board of Directors of companies included in Group are responsible for assessing the Group'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 management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

8. Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- a) Identify and assess the risks of material misstatement of the consolidated financial statements, 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.
- b) Obtain an understanding of internal 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.
- c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- d) Conclude on the appropriateness of management's 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 Group 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 consolidated financial statements 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 Group to cease to continue as a going concern.
- e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

Materiality is the magnitude of misstatements in the consolidated 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 consolidated financial statements.

We communicate with those charged with governance of the Parent Company 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure

about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

9. Other Matters

a) We did not audit the financial statements/ financial information of eight subsidiaries, whose financial statements/ financial information reflect total assets of Rs. 373.00 Crores as at March 31, 2019, total revenues of Rs. 156.19 Crores and net cash inflows amounting to Rs. 33.19 Crores for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, insofar as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.

b) We did not audit the financial statements/ financial information of two subsidiaries, whose financial statements/ financial information reflect total assets of Rs. 1.14 Crores as at March 31, 2019, total revenues of Rs. 1.13 Crores and net cash out flows amounting to Rs. 0.16 Crores for the year ended on that date, as considered in the consolidated financial statements. These financial statements/ financial information are unaudited and have been furnished to us by management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the aforesaid subsidiaries, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on such unaudited financial statement/ financial information. In our opinion and according to information and explanations given to us by the management, these financial statements/ financial information are not material to the group.

These subsidiaries are located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Parent Company's management has converted the financial statements of such subsidiaries located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Parent Company's management. Our opinion in so far as it relates to the balances and affairs of such subsidiaries

located outside India is based on the report of other auditors and the conversion adjustments prepared by the management of the Parent Company and audited by us.

Our opinion on the Consolidated Financial Statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements / financial information certified by the Management.

10. Report on Other Legal and Regulatory Requirements

- a) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Parent Company to its directors during the year is in accordance with the provisions of section 197 of the Act except to the extent referred in Annexure B to this report.
- b) As required by Section 143(3) of the Act, based on our audit we report that:
 - i) We have sought and obtained all the information and explanations, except for the matter described in the Basis for Qualified Opinion paragraph above, which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
 - ii) except for the effects/possible effects of the matters described in the Basis for Qualified Opinion paragraph above, in our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books.
 - iii) except for the effects/possible effects of the matters described in the Basis for Qualified Opinion paragraph above, In our opinion, the Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including (including Other Comprehensive Income), Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
 - iv) In our opinion, except for the effects of the matters described in the Basis for Qualified Opinion paragraph above the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - v) The matters described in the Basis for Qualified Opinion paragraph above, in our opinion, may have an adverse effect on the functioning of the Parent company.

- vi) On the basis of the written representations received from the directors of the Parent Company as on March 31, 2019 taken on record by the Board of Directors of the Parent Company and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.
- vii) The qualifications relating to maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion paragraph above.
- viii) With respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate Report in “Annexure C”.
- ix) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
 - i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group– Refer Note No 3.1 of consolidated financial statements.
 - ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts;
 - iii. There has been 3 days delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Parent Company.

For DNV & Co.

Chartered Accountants

Firm’s registration No.: 102079W

CA Bharat Jain

Partner

Membership No.: 100583

Place: Pune

Date: June 14, 2019

Annexure A: Key Audit Matters as referred in Para 5 of the Independent Auditor’s Report on Consolidated financial statement:

| KEY AUDIT MATTER | RESPONSE TO KEY AUDIT MATTER |
|--|---|
| <p>Revenue Recognition:</p> <p>(Refer Note No. 2.5 for policies in respect of revenue recognition)</p> <p>Revised Ind AS 115 is applicable w.e.f. April 1, 2018 which, inter alia, brings in concept of “Transfer of control” with five step model as against “transfer of risk & reward” in revenue recognition.</p> <p>Revenue from sale of Product is recognised when the control over the products have been transferred to the customer based on the terms and conditions of the sales contracts entered into with the customers across geographies.</p> <p>We have identified recognition of revenue as a key audit matter as revenue is a key performance indicator and there is a risk of revenue being fraudulently overstated arising from pressure to achieve performance targets as well as meeting external expectations.</p> | <p>Our procedures in respect of recognition of revenue included the following:</p> <ul style="list-style-type: none"> a) Assessing the appropriateness of the revenue recognition accounting policies by comparing with applicable accounting standards. b) Testing the design, implementation and operating effectiveness of the Company’s general IT controls and key IT application/manual controls over the Company’s systems which govern recording of revenue in the general ledger accounting system. c) Performing substantive testing (including year-end cut off testing) by selecting samples of revenue transactions recorded during the year (and before & after financial year) & verifying underlying documents, which includes sales invoices/contracts & shipping documents. d) Assessing manual journals posted to revenue to identify unusual items other than already identified. e) Evaluating the adequacy of the standalone financial statement disclosures, including disclosures of key assumptions, judgments and sensitivities. |
| <p>Property Plant and Equipment:</p> <p>Refer Note No. 2.6 and 2.22 for policies in respect of Property, Plant and Equipment</p> <p>The carrying amount of Property, Plant and Equipment is Rs 1404.83 Crores, which represents 58.00 % of the total assets.</p> <p>The value in use of these Property, Plant and Equipment have been determined based on certain assumptions and estimates of future performance.</p> <p>The value in use so determined of each Cash Generating Unit (CGU) identified by the management have been used for the impairment evaluation of the Property, Plant and Equipment.</p> <p>Due to the significance of the value of the PPE, the inherent uncertainty and judgment involved in forecasting performance and the estimates involved in discounting future cash flows, we have considered these estimates to be significant to our overall audit strategy and planning.</p> | <p>In view of the significance of the matter our procedures in this area included the following :</p> <ul style="list-style-type: none"> a) Testing the design, implementation and operating effectiveness of key controls over the impairment review process including the review and approval of forecasts and review of valuation models. b) assessing the valuation methodology used by management and testing the mechanical accuracy of the impairment models c) evaluating reasonableness of valuation assumptions, such as discount rates, used by management through reference to external market data; d) challenging the appropriateness of the business assumptions used by management, such as sales growth and the probability of success of new products; e) evaluating past performances where relevant & assessing historical accuracy of forecast produced by management; f) Considering whether events or transactions that occurred after balance sheet date but before reporting date affect the conclusions reached on the carrying values of the assets and associated disclosures. g) Evaluating the adequacy of the disclosures made in the standalone financial statements |

| | |
|--|--|
| Impairment of Trade Receivables: | |
| <p>Trade Receivables, net of impairment allowance, amounts to Rs. 249.53 Crores as on 31st March 2019, which constitutes about 10% of the total Assets of the Company.</p> <p>Management's judgment is involved in identifying impairment in the value of the receivable which has an adverse impact on the profits of the Company</p> | <p>We have performed the following processes in relation to Management's Judgment in identification of impairment of value of Receivables and adequacy of impairment provision:</p> <p>a) We have referred to defined policy in place stipulating methodology of making impairment provision in respect of overdue Receivable amounts.</p> <p>b) We have also reviewed age-wise analysis in respect of Receivables and ensured that the provisioning is made according to such policy. The above referred provisioning policy stipulates different provisioning norms for Receivables with confirmations and without confirmations</p> <p>c) We have sought information & explanations from the department Heads regarding status of receivable for purpose of ensuring adequate impairment provisions.</p> <p>d) We have also tested subsequent collections made from the overdue receivables</p> |
| Evaluation of Uncertain outcome of pending litigation: | |
| <p>Refer Note No. 3.1 for policies in respect of contingent liabilities</p> <p>The Group is subject to periodic challenges by local tax of authorities during the normal course of business in respect of indirect tax matters. The company is having indirect tax liability in dispute amounting to Rs 51.73 Crores.</p> <p>Further the Group is having pending legal cases filed against the company with the claim amount involved of Rs 117.13 Crores (net of deposit).</p> <p>These litigations involve significant management judgment to determine the possible outcome of the uncertain tax positions and legal cases, consequently having an impact on related accounting and disclosures in the standalone financial statements.</p> | <p>Our audit procedures include following substantive procedures:</p> <p>a) Obtained understanding of key issues involved in pending tax and other litigations</p> <p>b) Read and analysed select key correspondences, external legal opinions / consultations by management;</p> <p>c) Discussed with appropriate senior management and evaluated management's underlying key assumptions in assessing management's estimate of the possible outcome</p> |

Annexure-B

Details of Managerial Remuneration paid / provided in excess of requisite approval:

Rs. in Crores

| Designation | Amount paid / provided | Amount paid / provided in excess of the limit prescribed | Amount due as recoverable from Balance Sheet | Steps taken for recovery |
|--|------------------------|--|--|--------------------------|
| Managing Director Remuneration: Paid Provided | 1.23 0.45 | 1.23 0.45 | #1.23 - | - - |
| Executive Director Remuneration: Paid Provided | 0.84 0.64 | 0.84 0.64 | #0.84 - | - - |
| Total | 3.16 | 3.16 | 2.07 | |

Recoverable, subject to approval of Lenders.

Rs.2.86 Crores up to F.Y. 2017-18 paid/ provided

ANNEXURE C TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 10 C (h) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of ISMT Limited ('the Parent Company') and its subsidiary Companies which are companies incorporated in India, as at March 31, 2019 in conjunction with our audit of the consolidated financial statements of the Group for the year ended and as on that date.

Management's Responsibility for Internal Financial Controls

The Respective Board of Directors of the Parent Company and its subsidiary companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Group's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the 'Guidance Note') issued by ICAI and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India.

Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by other auditors in terms of their reports referred to in the other matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Group's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Parent Company and its subsidiary companies, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

Other Matter

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to 5 subsidiary companies, incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.

For DNV & Co.

Chartered Accountants

Firm's registration No.: 102079W

CA Bharat Jain

Partner

Membership No.: 100583

Place: Pune

Date: June 14, 2019

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2019

Rs. in crore

| Particulars | Note No. | As at March 31, 2019 | As at March 31, 2018 |
|---|----------|----------------------|----------------------|
| ASSETS | | | |
| Non - Current Assets | | | |
| a) Property, Plant and Equipment | 1.1 | 1,404.83 | 1,186.56 |
| b) Capital Work-in-Progress | | 91.01 | 2.28 |
| c) Goodwill on Consolidation | | 37.67 | 37.67 |
| d) Financial Assets | | | |
| i) Investments | 1.2 | - | 0.02 |
| ii) Trade Receivables | 1.3 | - | - |
| iii) Loans | 1.4 | 24.27 | 20.52 |
| iv) Others Financial Assets | 1.5 | - | - |
| e) Deferred Tax Asset (Net) | 1.6 | 82.05 | 82.05 |
| f) Other Non Current Assets | 1.7 | 49.51 | 47.13 |
| Sub Total | | 1,689.34 | 1,376.23 |
| Current Assets | | | |
| a) Inventories | 1.8 | 349.98 | 345.63 |
| b) Financial Assets | | | |
| i) Trade Receivables | 1.9 | 249.53 | 225.99 |
| ii) Cash and Cash Equivalents | 1.10 | 65.81 | 35.84 |
| iii) Bank Balance other than (ii) above | 1.11 | 13.48 | 18.57 |
| iv) Loans | 1.12 | 1.14 | 0.86 |
| v) Others Financial Assets | 1.13 | 0.97 | 0.96 |
| c) Current Tax Assets (Net) | 1.14 | 4.73 | 4.55 |
| d) Other Current Assets | 1.15 | 67.91 | 65.89 |
| Sub Total | | 753.55 | 698.29 |
| Assets held for sale (Refer Note No. 3.16 and 3.17 (ii)) | | - | 358.63 |
| Total Assets | | 2,442.89 | 2,433.15 |
| EQUITY AND LIABILITIES | | | |
| EQUITY | | | |
| a) Equity Share Capital | 1.16 | 73.25 | 73.25 |
| b) Other Equity | 1.17 | (942.86) | (719.27) |
| Equity attributable to Parent | | (869.61) | (646.02) |
| Non Controlling Interest | | (0.11) | (0.16) |
| Total Equity | | (869.72) | (646.18) |
| LIABILITIES | | | |
| Non - Current Liabilities | | | |
| a) Financial Liabilities | | | |
| i) Borrowings | 1.18 | 277.48 | 402.86 |
| ii) Other Financial Liabilities | 1.19 | - | 6.88 |
| b) Provisions | 1.20 | 7.76 | 5.56 |
| c) Other Non-Current Liabilities | 1.21 | 0.51 | 2.07 |
| Sub Total | | 285.75 | 417.37 |
| Current Liabilities | | | |
| a) Financial Liabilities | | | |
| i) Borrowings | 1.22 | 1,056.31 | 1,086.39 |
| ii) Trade Payables | 1.23 | | |
| Dues of Micro and Small Enterprises | | 12.05 | 0.01 |
| Dues of Creditors other than Micro and Small Enterprises | | 89.45 | 107.93 |
| iii) Others Financial Liabilities | 1.24 | 1,849.79 | 1,443.40 |
| b) Other Current Liabilities | 1.25 | 17.08 | 21.49 |
| c) Provisions | 1.26 | 2.18 | 2.74 |
| Sub Total | | 3,026.86 | 2,661.96 |
| Total Equity and Liabilities | | 2,442.89 | 2,433.15 |
| Significant Accounting Policies | 2 | | |
| Notes to Accounts | 3 | | |

As per our report of even date

For D N V & Co

Chartered Accountants

Firm Registration No. 102079W

CA Bharat Jain

Partner

M. No.100583

Pune, June 14, 2019

For and on behalf of the Board of Directors

B. R. Taneja

Managing Director

DIN NO:00328615

Chetan Nathani

Company Secretary

FCS NO:9836

Pune, June 14, 2019

Rajiv Goel

Chief Financial Officer

DIN NO:00328723

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2019

Rs. in Crore

| Particulars | Note No. | 2018-19 | 2017-18 |
|---|----------|-----------------|----------|
| INCOME | | | |
| Revenue from Operations | | | |
| Sale of Products | 1.27 | 2,577.79 | 2,077.45 |
| Less : Inter Segment Transfers | | 541.28 | 345.94 |
| : Inter Division Transfers | | 86.67 | 104.42 |
| : Sales to Subsidiary / Parent Company | | 126.92 | 94.87 |
| Net Sales | | 1,822.92 | 1,532.22 |
| Other Operating Income | 1.28 | 30.71 | 25.69 |
| Other Income | 1.29 | 7.39 | 10.53 |
| Total Income | | 1,861.02 | 1,568.44 |
| EXPENSES: | | | |
| Cost of Materials Consumed | 1.30 | 977.65 | 844.77 |
| Changes in Inventories of Finished Goods & Work-in-Progress | 1.31 | 10.37 | (15.75) |
| Employee Benefits Expense | 1.32 | 144.58 | 137.69 |
| Finance Costs | 1.33 | 277.86 | 276.55 |
| Depreciation | 1.34 | 56.89 | 61.43 |
| Other Expenses | 1.35 | 605.38 | 511.57 |
| Total Expenses | | 2,072.73 | 1,816.26 |
| Profit / (Loss) Before Exceptional Items and Tax | | (211.71) | (247.82) |
| Exceptional Items | | | |
| i) Foreign Exchange (Gain)/Loss | | 4.92 | (4.03) |
| ii) Depreciation on reclassification of assets held for sale (Refer Note No. 3.17 (ii)) | | 20.38 | - |
| Profit / (Loss) Before Tax | | (237.01) | (243.79) |
| Tax Expenses | | | |
| Current Tax | | - | 0.01 |
| Deferred Tax | | - | - |
| Earlier Years Tax | | - | (1.00) |
| Profit / (Loss) for the Year | | (237.01) | (242.80) |
| Other Comprehensive Income | | | |
| a) Items that will not be reclassified to profit or loss | | | |
| (i) Re-measurement of gain/ (loss) on defined benefit plans | | (0.84) | 0.60 |
| (ii) Income tax effect on above | | - | - |
| b) Items that will be reclassified to profit or loss | | | |
| i) Foreign Currency Translation Reserve | | 14.30 | 0.83 |
| (ii) Income tax effect on above | | - | - |
| Other Comprehensive Income | | 13.46 | 1.43 |
| Total Comprehensive Income for the year | | (223.55) | (241.37) |
| Profit / (Loss) attributable to : | | | |
| Equity Shareholders of Parent | | (237.00) | (242.78) |
| Non Controlling Interest | | (0.01) | (0.02) |
| Other Comprehensive Income attributable to : | | | |
| Equity Shareholders of Parent | | 13.41 | 1.43 |
| Non Controlling Interest | | 0.05 | - |
| Total Comprehensive Income attributable to : | | | |
| Equity Shareholders of Parent | | (223.59) | (241.35) |
| Non Controlling Interest | | 0.04 | (0.02) |
| Earning per Equity Share (Face Value of Rs. 5/- each) | | (16.18) | (16.57) |
| Significant Accounting Policies | 2 | | |
| Notes to Accounts | 3 | | |

As per our report of even date

For D N V & Co

Chartered Accountants

Firm Registration No. 102079W

CA Bharat Jain

Partner

M. No.100583

Pune, June 14, 2019

For and on behalf of the Board of Directors

B. R. Taneja

Managing Director

DIN NO:00328615

Chetan Nathani

Company Secretary

FCS NO:9836

Pune, June 14, 2019

Rajiv Goel

Chief Financial Officer

DIN NO:00328723

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2019

Rs. in Crore

| Particulars | | 2018-19 | | 2017-18 | |
|-------------|--|---------|----------------|---------|----------------|
| i) | CASH FLOW FROM OPERATING ACTIVITIES : | | | | |
| | Net Profit / (Loss) Before Tax | | (237.01) | | (243.79) |
| | Adjustments for : | | | | |
| | Depreciation | 56.89 | | 61.43 | |
| | Depreciation on reclassification of Assets | 20.38 | | - | |
| | Finance Costs | 277.86 | | 275.98 | |
| | Interest Income | (4.49) | | (3.90) | |
| | Unrealised Exchange (Gain) / Loss / Foreign Currency Translation Reserve | 10.39 | | (0.87) | |
| | Provision for Doubtful Debts | 5.53 | | 5.65 | |
| | Loss/ (Profit) on Sale of assets (net) | (0.01) | | - | |
| | Investment written off | 0.02 | | - | |
| | Provision for expected credit loss | (0.46) | | (0.95) | |
| | Remeasurement of Defined Benefit Plan | (0.84) | | 0.60 | |
| | | | 365.27 | | 337.94 |
| | Operating Cash Profit before Working Capital Changes | | 128.26 | | 94.15 |
| | Adjustments for : | | | | |
| | Trade and Other Receivables | (33.42) | | (21.92) | |
| | Inventories (Increase) / Decrease | (4.35) | | (12.09) | |
| | Trade Payables and Other Liabilities | (5.69) | | (35.34) | |
| | | | (43.46) | | (69.35) |
| | Taxes (Paid) / Refund | | (0.19) | | 6.42 |
| | Net Cash flow from Operating Activities | | 84.61 | | 31.22 |
| ii) | CASH FLOW FROM INVESTING ACTIVITIES : | | | | |
| | Purchase of Property, Plant and Equipment | (7.38) | | (3.86) | |
| | Sale of Property, Plant and Equipment | 0.04 | | - | |
| | Interest Received | 2.49 | | 2.79 | |
| | Net Cash used in Investing Activities | | (4.85) | | (1.07) |
| iii) | CASH FLOW FROM FINANCING ACTIVITIES : | | | | |
| | Dividend Paid | (0.71) | | (0.56) | |
| | Proceeds from /(Repayment of) Borrowings | (32.49) | | 5.65 | |
| | Interest Paid | (16.59) | | (18.48) | |
| | Net Cash from Financing Activities | | (49.79) | | (13.39) |
| | Net Increase / (Decrease) in Cash and Cash Equivalents | | 29.97 | | 16.76 |
| | Cash and Cash Equivalents at the beginning of the year* | | 35.84 | | 19.08 |
| | Cash and Cash Equivalents at the end of the year * | | 65.81 | | 35.84 |
| | Net Increase / (Decrease) in Cash and Cash Equivalents | | 29.97 | | 16.76 |

Note: The consolidated cash flow statement is prepared using the "indirect method" set out in Ind AS 7 - "Statement of Cash Flows".

*Cash and Cash Equivalents comprises the following

Rs. in Crore

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|-------------------------|-------------------------|
| (a) Balance with Banks (in current accounts) | 50.61 | 22.91 |
| (b) Money in Transit | - | 1.77 |
| (c) Cash in Hand | 0.02 | 0.04 |
| (d) Cash in Hand | 15.18 | 11.12 |
| Cash and Cash Equivalents | 65.81 | 35.84 |

As per our report of even date

For D N V & Co

Chartered Accountants

Firm Registration No. 102079W

CA Bharat Jain

Partner

M. No.100583

Pune, June 14, 2019

For and on behalf of the Board of Directors

B. R. Taneja

Managing Director

DIN NO:00328615

Chetan Nathani

Company Secretary

FCS NO:9836

Pune, June 14, 2019

Rajiv Goel

Chief Financial Officer

DIN NO:00328723

Notes to Consolidated Financial Statement for the year ended March 31, 2019 (Contd.)

NOTE NO. 1.1 PROPERTY, PLANT AND EQUIPMENT

Rs. in Crore

| Particulars | Land Freehold | Land Leasehold # | Buildings ## | Plant and machinery ## | Furniture and Fixtures | Office Equipment | Vehicles | Total |
|--|---------------|------------------|--------------|------------------------|------------------------|------------------|----------|----------|
| Cost or valuation | | | | | | | | |
| As at April 1, 2017 | 2.10 | 217.49 | 149.37 | 1,683.42 | 4.81 | 12.75 | 1.52 | 2,071.46 |
| Additions | - | - | 0.09 | * 16.37 | - | 0.09 | - | 16.55 |
| Disposals | - | - | - | - | - | - | - | - |
| As at March 31, 2018 | 2.10 | 217.49 | 149.46 | 1,699.79 | 4.81 | 12.84 | 1.52 | 2,088.01 |
| Additions | - | - | - | * 12.57 | 0.01 | 0.16 | 0.21 | 12.95 |
| Additions on reclassification of assets held for sale ### | 27.67 | - | 6.98 | 278.91 | 0.19 | 0.14 | - | 313.89 |
| Foreign currency translation reserve | - | - | 4.25 | 15.02 | - | - | - | 19.27 |
| Disposals | - | - | - | 0.08 | - | - | 0.43 | 0.51 |
| As at March 31, 2019 | 29.77 | 217.49 | 160.69 | 2,006.21 | 5.01 | 13.14 | 1.30 | 2,433.61 |
| Depreciation | | | | | | | | |
| As at April 1, 2017 | - | 8.16 | 61.03 | 752.97 | 4.28 | 12.14 | 1.44 | 840.02 |
| Charge for the year | - | 3.23 | 5.58 | 52.38 | 0.15 | 0.09 | - | 61.43 |
| Disposals | - | - | - | - | - | - | - | - |
| As at March 31, 2018 | - | 11.39 | 66.61 | 805.35 | 4.43 | 12.23 | 1.44 | 901.45 |
| Charge for the year | - | 3.23 | 3.00 | 50.45 | 0.09 | 0.12 | - | 56.89 |
| Depreciation on reclassification of assets held for sale ### | - | - | 4.71 | 56.52 | 0.17 | 0.13 | - | 61.53 |
| Foreign currency translation reserve | - | - | 0.07 | 9.33 | - | - | - | 9.40 |
| Disposals | - | - | - | 0.08 | - | - | 0.41 | 0.49 |
| As at March 31, 2019 | - | 14.62 | 74.39 | 921.57 | 4.69 | 12.48 | 1.03 | 1,028.78 |
| Net Block | | | | | | | | |
| As at March 31, 2018 | 2.10 | 206.10 | 82.85 | 894.44 | 0.38 | 0.61 | 0.08 | 1,186.56 |
| As at March 31, 2019 | 29.77 | 202.87 | 86.30 | 1,084.64 | 0.32 | 0.66 | 0.27 | 1,404.83 |

The Parent Company had revalued its Leasehold Land located at Ahmednagar and Baramati in the year 2014-15. Additions so made, due to revaluation, in the leasehold lands amounting to Rs. 210.46 Crore has been credited to Revaluation Reserve in the year 2014-15. Depreciation provided on the revalued amount of Rs. 3.14 Crore (Previous Year Rs. 3.14 Crore) has been transferred from Revaluation Reserve to General Reserve. Similarly additional depreciation attributable to fair value adjustments consequent to Scheme of Arrangement sanctioned by the Hon'ble High court, Mumbai between The Indian Seamless Metal Tubes Limited and the Parent Company amounting to Rs. 3.65 Crore (Previous Year Rs. 3.84 Crore) has been transferred from Amalgamation Reserve to General Reserve.

The Subsidiary Company Structo Hydraulics AB has transferred amount of depreciation provided on revalued amount and revalued portion of assets disposed off amounting to Rs. 0.65 Crore (Previous Year Rs. 0.49 Crore) from Revaluation reserve to General Reserve. Gross Block of property, plant and equipment includes Rs. 11.05 Crore (Previous Year Rs. 11.05 Crore) on account of revaluation of Building and Plant and Machinery.

* Additions to Plant and Machinery includes Foreign Exchange Loss of Rs. 7.97 Crore (Previous Year Gain of Rs. 0.39 Crore).

Represents additions on account of reclassification of assets held for sale. Refer Note No. 3.16 and 3.17 (ii), it includes Foreign Exchange Loss of Rs. 2.46 Crore (Previous Year Loss of Rs. 5.09 Crore).

NOTE NO. 1.2 NON CURRENT FINANCIAL ASSETS - INVESTMENTS

Rs. in Crore

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|----------------------|----------------------|
| Investment in Equity Instruments-Unquoted In Other Companies (At Cost) (At Fair Value Through Profit or Loss (FVTPL)) | | |
| OPGS Power Gujarat Pvt. Ltd | - | 0.02 |
| NIL (Previous year - 10,84,000) Equity Shares of Rs. 0.10 each fully paid (Refer Note. No. 3.18) | | |
| Total | - | 0.02 |
| Aggregate amount of unquoted investments | - | 0.02 |
| Financial assets carried at Fair Value Through Profit or Loss | - | 0.02 |

Notes to Consolidated Financial Statement for the year ended March 31, 2019 (Contd.)
NOTE NO. 1.3 NON CURRENT FINANCIAL ASSETS - TRADE RECEIVABLES
Rs. in Crore

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|-------------------------------|-------------------------|-------------------------|
| Unsecured Considered Doubtful | 27.51 | 26.30 |
| Less: Provision for Doubtful | 27.51 | 26.30 |
| Total | - | - |

NOTE NO. 1.4 NON CURRENT FINANCIAL ASSETS - LOANS
Rs. in Crore

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|-------------------------|-------------------------|
| Security Deposits (Including paid under protest) | 24.27 | 20.52 |
| Total | 24.27 | 20.52 |

NOTE NO. 1.5 NON CURRENT FINANCIAL ASSETS - OTHERS
Rs. in Crore

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|-------------------------|-------------------------|
| Margin Money Deposits against Guarantees / Letter of Credit / with more than 12 months maturity | - | - |
| Total | - | - |

Previous Year figure is Rs. 18,000/-.

NOTE NO. 1.6 DEFERRED TAX ASSETS (Net)
Rs. in Crore

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|-------------------------|-------------------------|
| i) Deferred Tax Liabilities | | |
| Depreciation | 247.01 | 247.27 |
| Total | 247.01 | 247.27 |
| ii) Deferred Tax Assets | | |
| a) Accumulated Tax Lossess* | 82.00 | 30.79 |
| b) Unabsorbed Tax Depreciation | 154.23 | 208.03 |
| c) Deduction eligible in future period in respect of expenses already debited to the statement of Profit and Loss | 10.65 | 8.18 |
| d) Others | 0.13 | 0.27 |
| Total | 247.01 | 247.27 |
| iii) MAT Credit Entitlement | 82.05 | 82.05 |
| Deferred Tax Assets (Net) | 82.05 | 82.05 |

* Deferred Tax Asset in respect of carried forward losses are claimed to the extent of Deferred Tax Liability under prudence.

NOTE NO. 1.7 NON CURRENT ASSETS - OTHERS
Rs. in Crore

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|--|-------------------------|-------------------------|
| i) Capital Advances | 1.53 | 0.21 |
| ii) Deferred Expenses | 3.43 | 2.23 |
| iii) Statutory Refunds from Government Authorities | 44.23 | 44.32 |
| iv) Others | 0.32 | 0.37 |
| Total | 49.51 | 47.13 |

Notes to Consolidated Financial Statement for the year ended March 31, 2019 (Contd.)

NOTE NO. 1.8 CURRENT ASSETS - INVENTORIES

(Valued at cost or net realisable value whichever is lower)

Rs. in Crore

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|------------------------------------|-------------------------|-------------------------|
| i) Raw Materials | 112.79 | 87.45 |
| ii) Work-in-progress | 77.34 | 61.97 |
| iii) Finished goods | 78.53 | 104.27 |
| iv) Stores, Spares and Consumables | 81.32 | 91.94 |
| Total | 349.98 | 345.63 |

NOTE NO. 1.9 CURRENT FINANCIAL ASSETS - TRADE RECEIVABLES

(Net of bills discounted with Banks)

Rs. in Crore

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|--|-------------------------|-------------------------|
| Unsecured | | |
| Considered Good | 253.82 | 230.74 |
| Less: Provision for Expected Credit Loss | 4.29 | 4.75 |
| Total | 249.53 | 225.99 |

NOTE NO. 1.10 CURRENT FINANCIAL ASSETS - CASH AND CASH EQUIVALENTS

Rs. in Crore

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|-------------------------|-------------------------|
| Cash and Cash Equivalents | | |
| i) Balances with Banks | 50.61 | 22.91 |
| ii) Money -in-Transit | - | 1.77 |
| iii) Cash on Hand | 0.02 | 0.04 |
| iv) Deposits with Banks (maturity less than 3 months) | 15.18 | 11.12 |
| Total | 65.81 | 35.84 |

NOTE NO. 1.11 CURRENT FINANCIAL ASSETS - BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

Rs. in Crore

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|-------------------------|-------------------------|
| Other Earmarked Balances | | |
| i) Unclaimed Dividend Accounts | 0.46 | 1.17 |
| ii) Unclaimed Debentures Accounts | 0.02 | 0.02 |
| iii) Deposits with Banks | 13.00 | 17.38 |
| Total | 13.48 | 18.57 |
| Deposits with Banks includes: | | |
| Margin Money Deposits against Guarantees / Letter of Credit | 4.90 | 10.36 |

NOTE NO. 1.12 CURRENT FINANCIAL ASSETS - LOANS

Rs. in Crore

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|-----------------------------------|-------------------------|-------------------------|
| Unsecured, Considered Good | | |
| Loan and advance to Employees | 1.14 | 0.86 |
| Total | 1.14 | 0.86 |

Notes to Consolidated Financial Statement for the year ended March 31, 2019 (Contd.)
**NOTE NO. 1.13 CURRENT FINANCIAL ASSETS - OTHERS
(UNSECURED, CONSIDERED GOOD)**

Rs. in Crore

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|--------------------------|-------------------------|-------------------------|
| i) Security Deposits | 0.50 | 0.70 |
| ii) Interest Receivables | 0.47 | 0.26 |
| Total | 0.97 | 0.96 |

**NOTE NO. 1.14 CURRENT TAX ASSETS (Net)
(UNSECURED, CONSIDERED GOOD)**

Rs. in Crore

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|-------------------------|-------------------------|-------------------------|
| Taxes paid | 5.02 | 4.77 |
| Less: Provision for Tax | 0.29 | 0.22 |
| Total | 4.73 | 4.55 |

NOTE NO. 1.15 OTHER CURRENT ASSETS

Rs. in Crore

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|-------------------------|-------------------------|
| i) Balance with Custom, Excise and GST | 1.37 | 2.41 |
| ii) Export Incentives and Other Refunds | 25.37 | 30.38 |
| iii) Prepaid Expenses | 5.65 | 6.17 |
| iv) Deferred Expenses | 0.99 | 1.05 |
| v) Others | 34.53 | 25.88 |
| Total | 67.91 | 65.89 |

NOTE NO. 1.16 EQUITY SHARE CAPITAL

Rs. in Crore

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|--|-------------------------|-------------------------|
| Authorised | | |
| i) 17,50,00,000 (Previous year - 17,50,00,000) Equity Shares of Rs.5/- each. | 87.50 | 87.50 |
| ii) Unclassified Shares | 71.00 | 71.00 |
| | 158.50 | 158.50 |
| Issued, Subscribed and fully Paid up: | | |
| 14,65,01,383 (Previous year - 14,65,01,383) Equity Shares of Rs 5/- each fully paid. | 73.25 | 73.25 |

The company has only one class of issued shares having par value of Rs. 5 /- each holder of equity shares is entitled to one vote per share.

The reconciliation of number of shares outstanding and the amount of share capital is set-out below.

| Particulars | As at March 31, 2019 | | As at March 31, 2018 | |
|---|-------------------------|---------------|-------------------------|---------------|
| | Equity Shares Number | Rs. in Crores | Equity Shares Number | Rs. in Crores |
| Shares outstanding at the beginning of the year | 14,65,01,383 | 73.25 | 14,65,01,383 | 73.25 |
| Shares issued during the year | - | - | - | - |
| Shares bought back during the year | - | - | - | - |
| Shares outstanding at the end of the year | 14,65,01,383 | 73.25 | 14,65,01,383 | 73.25 |

Notes to Consolidated Financial Statement for the year ended March 31, 2019 (Contd.)

The details of shareholders holding more than 5% shares.

| Name of Shareholders | As at March 31, 2019 | | As at March 31, 2018 | |
|-------------------------------------|----------------------|--------------|----------------------|--------------|
| | No. of Shares held | % of Holding | No. of Shares held | % of Holding |
| Indian Seamless Enterprises Limited | 6,89,18,858 | 47.04% | 6,89,17,858 | 47.04% |
| Jiten Kirtanlal Shah | 74,18,640 | 5.06% | 74,18,640 | 5.06% |

During the period of five years immediately preceding the balance sheet date, there are no shares issued without payment being received in cash, issued as bonus shares and shares bought back by the Company.

NOTE NO. 1.17 OTHER EQUITY

Rs. in Crore

| Particulars | Reserve and Surplus | | | | | | | Items of Other Comprehensive Income | | Total |
|---|---------------------|----------------------------|---------------------|----------------------|---------------------------|-----------------|-------------------|--|--|----------|
| | Capital Reserve | Capital Redemption Reserve | Revaluation Reserve | Amalgamation Reserve | Reserve for Contingencies | General Reserve | Retained Earnings | Items that will be reclassified to Profit and Loss | Items that will not be reclassified to Profit and Loss | |
| | | | | | | | | Foreign Currency Translation Reserve | Re-measurement of the net defined benefit plans | |
| As at April 1, 2017 (A) | 6.94 | 80.60 | 208.94 | 7.49 | 1.91 | 420.87 | (1,207.10) | 1.69 | 0.74 | (477.92) |
| Adjustments: | | | | | | | | | | |
| Add : Transferred to General Reserves | - | - | (3.63) | (3.84) | - | 7.47 | - | - | - | - |
| Add: Remeasurement of the net defined benefit plans | - | - | - | - | - | - | - | - | 0.60 | 0.60 |
| Add: Foreign Currency Translation Reserve | - | - | - | - | - | - | - | 0.83 | - | 0.83 |
| Add: Profit / (Loss) for the year | - | - | - | - | - | - | (242.78) | - | - | (242.78) |
| Total (B) | - | - | (3.63) | (3.84) | - | 7.47 | (242.78) | 0.83 | 0.60 | (241.35) |
| As at March 31, 2018 (C) = (A) + (B) | 6.94 | 80.60 | 205.31 | 3.65 | 1.91 | 428.34 | (1,449.88) | 2.52 | 1.34 | (719.27) |
| Adjustments: | | | | | | | | | | |
| Add : Transferred to General Reserves | - | - | (3.79) | (3.65) | (1.91) | 9.35 | - | - | - | - |
| Add: Foreign Currency Translation Reserve | - | - | - | - | - | - | - | 14.25 | - | 14.25 |
| Add : Reclassification of Retained earnings | - | - | - | - | - | - | 13.76 | (13.76) | - | - |
| Add: Remeasurement of the net defined benefit plans | - | - | - | - | - | - | - | - | (0.84) | (0.84) |
| Add: Profit / (Loss) for the year | - | - | - | - | - | - | (237.00) | - | - | (237.00) |
| Total (D) | - | - | (3.79) | (3.65) | (1.91) | 9.35 | (223.24) | 0.49 | (0.84) | (223.59) |
| As at March 31, 2019 (E) = (C) + (D) | 6.94 | 80.60 | 201.52 | - | - | 437.69 | (1,673.12) | 3.01 | 0.50 | (942.86) |

NATURE AND PURPOSE OF RESERVES

A Capital Reserve

Represents application money on Equity Share Warrants not exercised.

B Capital Redemption Reserve

Represents Reserve created at the time of redemption of Preference Shares.

C Revaluation Reserve

Represents revaluation of Leasehold Land located at Ahmednagar and Baramati of Parent Company and Building and Plant & Machinery of its subsidiary "Structo Hydraulics AB".

D Amalgamation Reserve

Arising out of the Scheme of Arrangement between The Indian Seamless Metal Tubes Limited and the Parent Company.

Notes to Consolidated Financial Statement for the year ended March 31, 2019 (Contd.)
E Reserve for Contingencies

Arising out of the Scheme of Arrangement between the Parent Company and Jejuri Steel & Alloys Ltd..

F General Reserve

Represents profit transferred from Statement of Profit and Loss Account and are available for distribution to Shareholders.

G Retained Earnings

Represents Net Loss incurred by the Group as on March 31, 2019.

NOTE NO. 1.18 NON CURRENT FINANCIAL LIABILITIES - BORROWINGS
Rs. in Crore

| Particulars | As at March 31, 2019 | | As at March 31, 2018 | |
|--------------------------------------|-------------------------|---------------|-------------------------|---------------|
| | | | | |
| SECURED LOANS : | | | | |
| Term Loans : | | | | |
| i) From Banks | | | | |
| a) Rupee Loans | 63.47 | | 275.23 | |
| b) Foreign Currency Loans | 8.89 | | 20.69 | |
| | | 72.36 | | 295.92 |
| ii) Assigned Term Loans * | | | | |
| Rupee Loans | | 194.89 | | 93.52 |
| UNSECURED LOANS : | | | | |
| i) Sales Tax Deferral Loan | | 3.40 | | 7.40 |
| ii) Others – Associate Company | 7.75 | | 7.75 | |
| Less : Ind AS Fair Value Adjustments | 0.92 | 6.83 | 1.73 | 6.02 |
| Total | | 277.48 | | 402.86 |

*Represents Term Loans assigned by Banks to Asset Reconstruction Companies (ARC's) .

Security
Parent Company

- i) Term Loans of Rs. 809.09 Crore (including current maturities of Rs.616.88 Crore) (Previous Year Rs 802.62 Crore including maturities of Rs. 520.27 Crore) are stipulated to be secured by a first charge ranking pari passu on the Company's immovable properties and movable fixed assets both present and future with other term lenders, excluding term loan lenders where exclusive charge on movable fixed assets as mentioned in clause (iii) and (iv) has been stipulated and assets of Captive Power Project of the Company located at Chandrapur district as mentioned in clause (v). These loans are further stipulated to be secured by a second charge ranking pari passu by way of hypothecation with other term lenders on the current assets of the Company on which the first pari passu charge is stipulated to be covered in favour of consortium of banks as mentioned in Note No. 1.22.
- ii) Term Loans of Rs. 108.00 Crore (including current maturities of Rs. 41.85 Crore) (Previous Year Rs 108.00 Crore including maturities of Rs. 21.60 Crore) are stipulated to be secured by a first charge ranking pari passu on the Company's immovable properties and movable fixed assets both present and future with other term lenders, excluding term loan lenders where exclusive charge on movable fixed assets as mentioned in clause (iv) has been stipulated and on assets of Captive Power Project of the Company located at Chandrapur district as mentioned in clause (v). These loans are further stipulated to be secured by a second charge ranking pari passu by way of hypothecation with other term lenders on the current assets of the Company on which the first pari passu charge is stipulated to be covered in favour of consortium of banks.
- iii) Term Loans of Rs. 12.76 Crore (including current maturities of Rs. 12.76 Crore) (Previous Year Rs. 12.71 Crore including maturities of Rs.12.71 Crore) are stipulated to be secured by exclusive charge on the equipment financed.
- iv) Term Loans of Rs. 84.42 Crore (including current maturities of Rs. 77.92 Crore) (Previous Year Rs. 79.38 Crore including maturities of Rs.59.84 Crore) are stipulated to be secured by exclusive charge on the equipment financed.
- v) Term Loans of Rs. 107.56 Crore (including current maturities of Rs.107.56 Crore) (Previous Year Rs. 105.10 Crore including maturities of Rs. 105.10 Crore) are stipulated to be secured by first charge ranking pari passu on the Company's immovable properties and movable fixed assets relating to Captive Power Projects of the Company located in Chandrapur district.
- vi) Further out of the above term loans from banks, loans amounting to Rs.400.50 Crore are secured by unencumbered properties located at Ahmednagar and Jejuri and also guaranteed by the Managing Director of the Company.

Notes to Consolidated Financial Statement for the year ended March 31, 2019 (Contd.)

Subsidiary Companies

Structo Hydraulics AB :

vii) Term Loans of Rs. 3.88 Crore (including current maturities of Rs. 1.49 Crore) (Previous year Rs. 2.16 Crore including maturities of Rs. 1.01 Crore) are secured by Company's Fixed Assets and Receivables.

viii) Maturity Schedule

Rs. in Crore

| Particulars | 1-2 year | 2-3 year | 3-4 year | Beyond 4 years |
|----------------------------|----------|----------|----------|----------------|
| a) Secured Term Loans | 107.40 | 101.54 | 58.31 | - |
| b) Sales Tax Deferral Loan | 2.81 | 0.85 | 0.52 | - |

ix) Unsecured interest free Loan from Associate Company is towards promoter's contribution and as such there are no specific terms of repayment.

NOTE NO. 1.19 NON CURRENT FINANCIAL LIABILITIES - OTHERS

Rs. in Crore

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|--------------|-------------------------|-------------------------|
| Others | - | 6.88 |
| Total | - | 6.88 |

NOTE NO. 1.20 NON CURRENT LIABILITIES - PROVISIONS

Rs. in Crore

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|------------------|-------------------------|-------------------------|
| Leave Encashment | 7.76 | 5.56 |
| Total | 7.76 | 5.56 |

NOTE NO. 1.21 NON CURRENT LIABILITIES - OTHERS

Rs. in Crore

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|----------------------|-------------------------|-------------------------|
| Deferred - Sales Tax | 0.51 | 1.34 |
| Deferred Income | - | 0.73 |
| Total | 0.51 | 2.07 |

NOTE NO. 1.22 CURRENT FINANCIAL LIABILITIES - BORROWINGS

Rs. in Crore

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---------------------------------------|-------------------------|-------------------------|
| SECURED | | |
| Loans Repayable on Demand | | |
| Working Capital Borrowings From Banks | | |
| i) Rupee Loans | 180.96 | 763.04 |
| ii) Foreign Currency Loans | 8.62 | 20.38 |
| Assigned Working Capital Borrowings * | | |
| Rupee Loans | 835.41 | 271.65 |
| Unsecured | | |
| Working Capital Borrowings From Banks | | |
| Rupee Loans | - | 31.32 |
| Assigned Working Capital Borrowings * | 31.32 | - |
| Rupee Loans | | |
| Total | 1,056.31 | 1,086.39 |

*Represents Working Capital Borrowings assigned by Banks to ARC's.

Notes to Consolidated Financial Statement for the year ended March 31, 2019 (Contd.)
Security
Parent Company

Working Capital Borrowings from Consortium Banks is secured by first charge ranking pari passu by hypothecation in respect of current assets of the company present and future and are further secured by a second pari passu charge on the company's immovable properties and all movable fixed assets both present and future as referred in Note No. 1.18 (i) .

Subsidiary Companies
Structo Hydraulics AB

Working Capital Loan is secured against fixed and current assets of the Company excluding immovable property.

NOTE NO. 1.23 CURRENT FINANCIAL LIABILITIES - TRADE PAYABLES
Rs. in Crore

| Particulars | As at | |
|--|----------------|----------------|
| | March 31, 2019 | March 31, 2018 |
| Acceptances | - | 5.73 |
| Other Trade Payables | | |
| i) Dues of Micro and Small Enterprises | 12.05 | 0.01 |
| ii) Dues of Creditors other than Micro and Small Enterprises | 89.45 | 102.20 |
| Total | 101.50 | 107.94 |

NOTE NO. 1.24 CURRENT FINANCIAL LIABILITIES - OTHERS
Rs. in Crore

| Particulars | As at | | As at | |
|--|----------------|-----------------|----------------|-----------------|
| | March 31, 2019 | | March 31, 2018 | |
| Current Maturities of Long-Term Debt | | | | |
| a) SECURED | | | | |
| Term Loans – Banks | | | | |
| i) Rupee Loans | 177.17 | | 369.87 | |
| ii) Foreign Currency Loans | 255.25 | | 272.08 | |
| | @ | 432.42 | @ | 641.95 |
| Assigned Term Loans * | | | | |
| i) Rupee Loans | 380.74 | | 78.57 | |
| ii) Foreign Currency Loans | 45.30 | | - | |
| | @ | 426.04 | @ | 78.57 |
| b) UNSECURED | | | | |
| Sales Tax Deferral Loan | | 5.06 | | 5.06 |
| c) Other Payables – Capital creditors | | 3.72 | | 4.41 |
| d) Interest accrued but not due on borrowings | | 0.61 | | 0.37 |
| e) Interest accrued and due on borrowings ** | | 917.98 | | 659.22 |
| f) Unclaimed dividends # | | 0.46 | | 1.17 |
| g) Provision for Expenses | | 38.81 | | 31.65 |
| h) Other Liabilities | | 24.69 | | 21.00 |
| Total | | 1,849.79 | | 1,443.40 |

Parent Company
Rs. in Crore

| Delay in No. of Days | As at | | As at | |
|----------------------|----------------|---------------|----------------|---------------|
| | March 31, 2019 | | March 31, 2018 | |
| | Principal @ | Interest ** | Principal @ | Interest ** |
| 0 - 30 Days | 22.28 | 23.44 | 26.31 | 23.45 |
| 31 - 60 Days | 6.69 | 18.70 | 11.01 | 18.71 |
| 61 - 90 Days | 13.42 | 20.70 | 8.90 | 20.64 |
| More than 90 Days | 677.12 | 853.68 | 447.4 | 594.97 |
| Total | 719.51 | 916.52 | 493.62 | 657.77 |

Notes to Consolidated Financial Statement for the year ended March 31, 2019 (Contd.)

Over due amount of interest and principal instalments as on March 31, 2019 are disclosed based on the terms of sanction of loans. (Refer Note No. 3.15 of Notes to Accounts).

* Represents Term Loans assigned by Banks to ARC's.

** Interest accrued and due on borrowings includes Rs. 483.08 Crore (Previous year Rs.123.44 Crore) assigned by Banks to ARC's.

The amounts of unclaimed matured debentures including interest accrued and unclaimed dividends will be transferred to Investor Education and Protection Fund when due.

NOTE NO. 1.25 OTHER CURRENT LIABILITIES

Rs. in Crore

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|----------------------------|-------------------------|-------------------------|
| i) Advances From Customers | 12.81 | 17.33 |
| ii) Deferred Sales Tax | 0.84 | 1.30 |
| iii) Deferred Income | 0.73 | 0.73 |
| iv) Other Liabilities | 2.70 | 2.13 |
| Total | 17.08 | 21.49 |

NOTE NO. 1.26 CURRENT LIABILITIES - PROVISIONS

Rs. in Crore

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|--|-------------------------|-------------------------|
| Provision for Employee Benefits | | |
| i) Gratuity | 0.48 | 0.69 |
| ii) Leave Encashment | 0.89 | 1.05 |
| iii) Superannuation | 0.81 | 1.00 |
| Total | 2.18 | 2.74 |

NOTE NO. 1.27 REVENUE FROM OPERATIONS

SALE OF PRODUCTS

Rs. in Crore

| Particulars | 2018-19 | 2017-18 |
|--------------------|-----------------|-----------------|
| i) Tube | 1,558.28 | 1,270.82 |
| ii) Steel | 1,019.51 | 806.63 |
| Gross Sales | 2,577.79 | 2,077.45 |

NOTE NO. 1.28 OTHER OPERATING REVENUE (GROSS)

Rs. in Crore

| Particulars | 2018-19 | | 2017-18 | |
|---------------------------------|---------|--------------|---------|--------------|
| Other Operating Revenues | | | | |
| i) Sale of Scrap (Gross) | 80.16 | | 66.27 | |
| Less : Inter Segment Transfers | 58.77 | | 48.21 | |
| | | 21.39 | | 18.06 |
| ii) Export Incentives | | 9.32 | | 6.10 |
| iii) Mega Project Incentives | | - | | 1.53 |
| Total | | 30.71 | | 25.69 |

Notes to Consolidated Financial Statement for the year ended March 31, 2019 (Contd.)
NOTE NO. 1.29 OTHER INCOME

Rs. in Crore

| Particulars | 2018-19 | 2017-18 |
|--|-------------|--------------|
| i) Interest Income (Refer Note. No. 3.19) | 2.70 | 2.22 |
| ii) Miscellaneous Income | 1.60 | 5.32 |
| iii) Interest Income on financial instruments measured at amortised cost | 1.79 | 1.68 |
| iv) Government Grant-Sales Tax Deferral | 1.30 | 1.31 |
| Total | 7.39 | 10.53 |

NOTE NO. 1.30 COST OF RAW MATERIAL CONSUMED

Rs. in Crore

| Particulars | 2018-19 | 2017-18 |
|--------------------------------------|---------------|---------------|
| Opening Stock | 87.45 | 67.41 |
| Add : Purchases made during the year | 1,002.99 | 864.81 |
| | 1,090.44 | 932.22 |
| Less : Closing Stock | 112.79 | 87.45 |
| Total | 977.65 | 844.77 |

RAW MATERIAL CONSUMED

Rs. in Crore

| Particulars | 2018-19 | 2017-18 |
|--|---------------|---------------|
| Tube Segment | | |
| Steel Bars | 937.19 | 754.81 |
| Less : Inter Segment Transfers included in above | 534.09 | 335.88 |
| Net Consumption | 403.10 | 418.93 |
| Steel Segment | | |
| i) Pig & Sponge Iron, DRI and Steel Scrap | 540.89 | 406.61 |
| ii) Ferro Alloys | 92.42 | 66.13 |
| | 633.31 | 472.74 |
| Less : Inter Segment Transfer | 58.76 | 46.90 |
| Net Consumption | 574.55 | 425.84 |
| Total Raw Material Consumed | 977.65 | 844.77 |

NOTE NO. 1.31 CHANGE IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS

Rs. in Crore

| Particulars | 2018-19 | 2017-18 |
|--|--------------|----------------|
| Closing Stock | | |
| i) Finished goods | 78.53 | 104.27 |
| ii) Work-in-Progress | 77.34 | 61.97 |
| | 155.87 | 166.24 |
| Opening Stock | | |
| i) Finished goods | 104.27 | 58.88 |
| ii) Work-in-Progress | 61.97 | 98.87 |
| | 166.24 | 157.75 |
| (Increase)/ Decrease in Inventories | | |
| i) Finished Goods | 25.74 | (45.39) |
| ii) Work-in-Progress | (15.37) | 36.90 |
| | 10.37 | (8.49) |
| Excise Duty on Opening Stock of Finished Goods | - | (7.26) |
| Total | 10.37 | (15.75) |

Notes to Consolidated Financial Statement for the year ended March 31, 2019 (Contd.)**PRODUCTWISE DETAILS OF CLOSING WORK-IN-PROGRESS****Rs. in Crore**

| Particulars | 2018-19 | 2017-18 |
|--------------------|----------------|---------|
| i) Tube | 66.19 | 52.45 |
| ii) Steel | 11.15 | 9.52 |
| Total | 77.34 | 61.97 |

NOTE NO. 1.32 EMPLOYEE BENEFITS EXPENSE**Rs. in Crore**

| Particulars | 2018-19 | 2017-18 |
|---|----------------|---------|
| i) Salaries, Wages, Bonus and Allowances # | 123.73 | 117.75 |
| ii) Contributions to Provident Fund & Other Funds | 12.27 | 12.70 |
| iii) Staff Welfare Expenses | 8.58 | 7.24 |
| Total | 144.58 | 137.69 |

Salaries, Wages, Bonus and Allowances includes remuneration paid / payable to Managing Director and Executive Director of the Parent Company amounting to Rs. 3.16 Crore (Previous Year of Rs. 2.97 Crore) is subject to approval of Lenders.

NOTE NO. 1.33 FINANCE COST**Rs. in Crore**

| Particulars | 2018-19 | | 2017-18 | |
|---|----------------|---------------|---------|--------|
| i) Interest Expenses | | | | |
| a) Term Loans | 119.38 | | 118.70 | |
| b) Working Capital and others | 143.75 | | 149.61 | |
| | | 263.13 | | 268.31 |
| ii) Other Finance Costs * | | 8.19 | | 7.67 |
| iii) Exchange Difference regarded as an adjustment to Interest Cost | | 6.54 | | 0.57 |
| Total | | 277.86 | | 276.55 |

* net of interest cost on Employee Defined Benefits Plan- gain of Rs. 0.04 Crore (previous year gain of Rs. 0.02 Crore).

NOTE NO. 1.34 DEPRECIATION**Rs. in Crore**

| Particulars | 2018-19 | 2017-18 |
|---------------------------|----------------|---------|
| Depreciation for the year | 56.89 | 61.43 |
| Total | 56.89 | 61.43 |

Notes to Consolidated Financial Statement for the year ended March 31, 2019 (Contd.)
NOTE NO. 1.35 OTHER EXPENSES
Rs. in Crore

| Particulars | 2018-19 | | 2017-18 | |
|---|---------|---------------|---------|---------------|
| | | | | |
| i) Materials | | | | |
| a) Stores and Spares | 68.45 | | 66.44 | |
| b) Consumables | 124.19 | 192.64 | 75.37 | 141.81 |
| ii) Energy | | | | |
| a) Power Charges | 199.83 | | 155.86 | |
| b) Fuel | 73.50 | | 55.62 | |
| c) Gases | 17.02 | | 19.50 | |
| d) Coal | - | | 0.02 | |
| | | 290.35 | | 231.00 |
| iii) Direct Manufacturing | | | | |
| a) Processing Charges | 9.27 | | 8.56 | |
| b) Other Direct Expenses | 31.60 | | 24.58 | |
| c) Repairs Maintenance to Plant and Machinery | 6.26 | | 4.93 | |
| d) Repairs to Factory Building | 0.97 | | 0.47 | |
| e) Machine Rentals | 1.79 | | 1.74 | |
| | | 49.89 | | 40.28 |
| iv) Selling & Distribution | | | | |
| a) Freight Charges | 23.26 | | 17.69 | |
| b) Commission on Sales | 3.63 | | 9.10 | |
| c) Selling and Other Expenses | 2.45 | | 4.41 | |
| | | 29.34 | | 31.20 |
| v) Excise Duty on Stock of Finished Goods | | - | | 28.61 |
| vi) Administrative Expenses | | | | |
| a) Rent | 1.46 | | 1.45 | |
| b) Rates and Taxes | 1.18 | | 0.83 | |
| c) Traveling | 2.91 | | 2.76 | |
| d) Communication | 1.15 | | 1.06 | |
| e) Repair and Maintenance (Others) | 0.67 | | 0.60 | |
| f) Insurance | 1.49 | | 1.53 | |
| g) Equipment Lease Rentals | 0.71 | | 0.47 | |
| h) Miscellaneous Expenses | 33.59 | | 29.97 | |
| (Refer Note. No. 3.13) | | 43.16 | | 38.67 |
| Total | | 605.38 | | 511.57 |

Notes to Consolidated Financial Statement for the year ended March 31, 2019 (Contd.)

1. Corporate Information:

ISMT Limited (“ISMT” or “the Parent Company”) is a public limited company incorporated in India (CIN: L27109PN1999PLC016417) having its registered office in Pune. The Group is mainly engaged in manufacturing of seamless tubes, cylinder tubes, components and Engineering steels. The consolidated financial statement comprises financials of the parent company and its subsidiaries (referred to collectively as “the Group”).

These consolidated financial statements for the year ended March 31, 2019 were approved for the issue by the Board of Directors at their Board Meeting dated June 14, 2019.

2. Significant Accounting Policies:

2.1 Principles of Consolidation:

The consolidated Ind AS financial statements have been prepared in accordance with Ind AS 110 on “Consolidated Financial Statements” on the following principles:

- a) Subsidiaries are entities controlled by the Parent Company. Control exists when the parent has power over the entity, is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns by using its power over the entity. Power is demonstrated through existing rights that give the ability to direct relevant activities, those which significantly affect the entity’s returns. The financial statements of the subsidiaries are included in the consolidated Ind AS financial statements from the date on which control commences until the date on which the control ceases.
- b) The consolidated Ind AS financial statements comprise of the financial statement of the Parent Company and its subsidiaries referred herein in Para h below. The financial statements of the Parent Company and its subsidiaries have been consolidated on a line by line basis by adding together the book values of like items of assets, liabilities, incomes and expenses after eliminating intra-group balances, intra group transactions and unrealized profits resulting there from and are presented to the extent possible, in the same manner as the Parent Company’s independent financial statements.
- c) In case of foreign subsidiaries, revenue items are converted at the average rates prevailing during the year. All assets and liabilities are converted at rates prevailing at the end of the year. Any exchange difference arising on consolidation is recognized in the “Foreign Currency Translation Reserve”.
- d) The financial statements of the Parent Company and its subsidiaries have been consolidated using uniform accounting policies for like transactions and other events in similar circumstances. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line

with the Group’s accounting policies. The financial statements of the subsidiaries used in consolidation are drawn up to the same reporting date as that of the Parent Company i.e., year ended March 31, 2019.

- e) Non-controlling interests in the net assets of consolidated subsidiaries consists of:
 - The amount of equity attributable to non-controlling interests at the date on which investment in a subsidiary is made; and
 - The non-controlling interests’ share of movements in equity since the date parent subsidiary relationship came into existence.
 - The profit and other comprehensive income attributable to non-controlling interests of subsidiaries are shown separately in the Statement of Profit and Loss and Statement of Changes in Equity.
- f) **Business Combinations:**

In accordance with Ind AS 101 First time adoption of Indian Accounting Standards, the Group has elected to apply the requirements of Ind AS 103, “Business Combinations” prospectively to business combinations on or after the date of transition (April 1, 2016). Pursuant to this exemption, goodwill / capital reserve arising from business combination has been stated at the carrying amount under previous GAAP. In accordance with Ind AS 103, the Group accounts for these business combinations using the acquisition method when the control is transferred to the Group. The consideration transferred for the business combinations is generally measured at fair value as at the date the control is acquired (acquisition date), as are the net identifiable assets acquired. Any goodwill that arises is tested annually for impairment. If a business combination is achieved in stages, any previously held equity interest in the acquiree is remeasured at its acquisition date fair value and any resulting gain or loss is recognized in profit or loss or OCI as appropriate.
- g) **Common Control:**

Business combinations involving entities that are ultimately controlled by the same part(ies) before and after the business combination are considered as Common control entities and are accounted using the pooling of interest method as follows:

 - The assets and liabilities of the combining entities are reflected at their carrying amounts.
 - No adjustments are made to reflect the fair values, or recognise new assets or liabilities. Adjustments are made to harmonise accounting policies.

Notes to Consolidated Financial Statement for the year ended March 31, 2019 (Contd.)

- The financial information in the financial statements in respect of prior periods is restated as if the business combination has occurred from the beginning of the preceding period in the financial statements, irrespective of the actual date of the combination.

The balance of the retained earnings appearing in the financial statements of the transferor is aggregated with the corresponding balance appearing in the financial statements of the transferee or is adjusted against general reserve.

The identity of the reserves is preserved and the reserves of the transferor become the reserves of the transferee.

The difference if any, between the amounts recorded as share capital plus any additional consideration in the form of cash or other assets and the amount of share capital of the transferor is transferred to capital reserve and is presented separately from other capital reserves.

- h) The consolidated Ind AS Financial Statements present the consolidated accounts of ISMT Limited with its subsidiaries including indirect subsidiary companies.

| Sr. No | Name of the Company | Country of Incorporation |
|--------|--|--------------------------|
| i) | * ISMT Enterprises SA | Luxembourg |
| ii) | * Structo Hydraulic AB | Sweden |
| iii) | * ISMT Europe AB | Sweden |
| iv) | * Tridem Port and Power Company Private Limited | India |
| v) | * Nagapattinam Energy Private Limited | India |
| vi) | * Best Exim Private Limited | India |
| vii) | * Marshal Microware Infrastructure Development Private Limited | India |
| viii) | * Success Power and Infraprojects Private Limited | India |
| xi) | *# PT ISMT Resources | Indonesia |
| x) | @ Indian Seamless Inc. | USA |

@ Compiled by the Management and reviewed by other Auditor.

Compiled by the Management as on March 31, 2019.

* Audited by other Auditors.

a. Ownership interest in all the Subsidiary Companies is 100% except in case of ISMT Enterprises SA Luxembourg, it is 99.62%.

b. Reporting dates of all Subsidiary Companies is March 31, 2019 except for PT ISMT Resources; it is December 31, 2018.

2.2 Basis of Preparation:

The consolidated financial statements of the Group have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the

Companies Act, 2013 (“Act”) read with Companies (Indian Accounting Standards) Rules, 2015; as amended and the other relevant provisions of the Act and Rules thereunder

The consolidated financial statements have been prepared on a historical cost basis except for certain financial assets and financial liabilities (including financial instruments) which have been measured at fair value at the end of each reporting period as explained in the accounting policies stated below.

2.3 Functional and presentation currency and Rounding off of the amounts:

The Functional and presentation currency of the Group is Indian rupees. Accordingly, all amounts disclosed in the consolidated Ind AS financial statements and notes have been shown in Indian rupees and all values are shown in Crore and rounded to two decimals except when otherwise indicated. Due to rounding off, the numbers presented throughout the document may not add up precisely to the totals and percentages may not precisely reflect the absolute figures.

2.4 Current versus non-current classification:

The Group has classified all its assets and liabilities under current and non-current as required by Ind AS 1- Presentation of Financial Statements. The asset is treated as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle;
- Held primarily for purpose of trading;
- Expected to be realized within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current

All liabilities are current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

2.5 Revenue Recognition:

The Group derive revenue primarily from manufacturing of seamless tubes, cylinder tubes, components and Engineering steels

Effective April 1, 2018, the Group has applied Ind AS 115 “Revenue from Contracts with Customers” which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised.

Notes to Consolidated Financial Statement for the year ended March 31, 2019 (Contd.)

Ind AS 115 replaces Ind AS 18 “Revenue” and Ind AS 11 “Construction Contracts”. The impact of the adoption of the standard on the consolidated financial statements of the Group is insignificant.

The Group follows specific recognition criteria as described below before the revenue is recognized.

i Sales:

- a) Revenue from contracts with customers is recognised when the entity satisfies a performance obligation by delivering a promised goods or services to customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment but excluding taxes or duties collected on behalf of the government and net of returns and allowances, trade discounts and volume rebates.

- b) Inter Division / Segment Transfer represents transfer of finished / semi-finished products within the Division/ Segment for further processing and sale.

ii Other Operating Revenue:

Other Operating revenue comprises of following items:

- Export incentives
- Sale of scrap

Export Incentives are recognized when right to receive credit as per prevalent scheme is established in respect of the exports made and when there is no significant uncertainty regarding realization of such claim.

iii Interest Income:

Interest income from financial assets is recognized using effective interest rate method.

2.6 Property, Plant and Equipment (PPE):

- i Property, plant and equipment are stated at their original cost of acquisition including taxes, duties, freight, other incidental expenses related to acquisition and installation of the concerned assets and excludes refundable taxes and duties.
- ii Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the cost can be measured reliably. When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. All other repairs

and maintenance costs are recognized as expense in profit and loss statement as and when incurred.

- iii All incidental expenses incurred during project implementation, for the project as well as trial run expenses are treated as expenditure during construction and are capitalized.

2.7 Depreciation:

- i Leasehold Land is amortized over lease period.
- ii Depreciation on Plant & Machinery other than Captive Power Plant is provided on its useful life estimated by the management on Written Down Value method. For these classes of assets, based on the technical evaluation carried out by the external experts, the management has estimated the useful lives in the range of 8 years to 65 years.
- iii Depreciation on Building and Plant & Machinery of Captive Power Plant is provided as per the useful life specified in Part ‘C’ of Schedule II of the Companies Act, 2013 on Straight Line Method
- iv Depreciation on Furniture & Fixtures, Office Equipment and vehicle is provided as per the useful life specified in Part ‘C’ of Schedule II of the Companies Act, 2013 on Written Down Value Method except in case of Tridem Port and Power Company Private Limited and Nagapattinam Energy Private Limited where straight line method is followed
- v Depreciation on property, plant and equipment of the Group’s foreign subsidiaries has been provided on straight line method as per the estimated useful life of such assets. Details of estimated useful life of property, plant and equipment of these foreign subsidiaries are as follows:

| Sr. No. | Class of Assets | Useful life in Years |
|---------|---|----------------------|
| 1 | Building | 45 Years |
| 2 | Equipment’s, Tools, Fixtures and Fittings | 3 to 5 years |
| 3 | Plant & Machinery and Equipment | 3 to 30 Years |
| 4 | Computer Hardware and Software | 5 Years |

- vi The management believes that the estimated useful lives are realistic and reflects fair approximation of the period over which the assets are likely to be used. At each financial year end, management reviews the residual values, useful lives and method of depreciation of property, plant and equipment and values of the same are adjusted prospectively where needed

Notes to Consolidated Financial Statement for the year ended March 31, 2019 (Contd.)**2.8 Leases:**

Leases are classified as finance leases whenever the terms of the lease, transfers substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The determination of whether an arrangement is a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is considered as a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Operating lease payments are recognised as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term except where another systematic basis is more representative of time pattern in which economic benefits from the leased assets are consumed.

2.9 Inventories:

i. **Classification:** Scrap generated from Tube Segment is classified as raw material as the same is mostly used by Steel Segment.

ii. **Valuation**

- a) Raw Materials are valued at lower of cost or net realisable value. Cost is determined on weighted average basis.
- b) Semi finished and finished goods are valued at lower of cost or net realisable value. The cost includes raw material on weighted average basis, labour cost, manufacturing expenses, production overheads and depreciation.
- c) Stores, Spares and Coal are valued at cost determined on weighted average basis except for those which have a longer usable life, which are valued on the basis of their remaining useful life.

iii. Inventories include goods in transit under the appropriate heads.

Subsidiary Companies - ISMT Europe AB and Indian Seamless Inc. USA:

Inventory is valued at the lower of original cost on a first in first out principle and net realisable value respectively. Obsolescence risk have been considered.

2.10 Employee Benefits:**I. Parent Companies / Indian Subsidiaries Companies****a. Defined Contribution Plan**

The Companies makes defined contribution to Provident Fund and Superannuation Schemes, which are recognized in the Statement of Profit and Loss on accrual basis.

b. Defined Benefit Plan:**• Leave Encashment:**

The Companies provides for the liability at year end on account of unavailed earned leave as per the actuarial valuation.

• Gratuity:

The Parent Company provides for gratuity obligations through a Defined Benefits Retirement plan ('The Gratuity Plan') covering all employees. The present value of the obligation under such Defined benefits plan is determined based on actuarial valuation using the Project Unit Credit method with actuarial valuations being carried out at the end of each reporting period.

Re-measurements, comprising of actuarial gains and losses, are recognized immediately in the balance sheet with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Re-measurements are not reclassified to Statement of Profit or Loss in subsequent periods.

The Parent Company operates a defined benefit plan for gratuity, which requires contributions to be made to a separately administered fund.

II. Subsidiary Companies - Structo Hydraulics AB and ISMT Europe AB:

The Company makes defined contribution to the Insurance Company as a social security benefit, which is recognized in the Statement of Profit and Loss on accrual basis.

2.11 Research and Development:

Research and Development costs (other than costs of fixed assets acquired) are charged to Statement of Profit and Loss in the year in which they are incurred.

2.12 Foreign Currency Transactions:

Transactions in foreign currency are recorded at the exchange rate prevailing on the date of the transaction. Foreign currency denominated monetary assets and liabilities at the Balance Sheet date are translated at the exchange rate prevailing on the date of Balance Sheet.

Exchange rate differences resulting from foreign currency transactions settled during the period including year-end translation of assets and liabilities are recognized in the Statement of Profit and Loss.

Non-monetary assets, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the initial transaction.

Notes to Consolidated Financial Statement for the year ended March 31, 2019 (Contd.)

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss are also recognized in OCI or Statement of Profit and Loss, respectively).

The Group has availed the exemption available in IND AS 101, to continue capitalisation of foreign currency fluctuation on long term foreign currency monetary liabilities outstanding on transition date (i.e April 1, 2016).

Effective April 1, 2018, the Group has adopted Appendix B to Ind AS 21, Foreign Currency Transaction and Advance Consideration which clarifies that the date of transaction for the purpose of determining the exchange rate to be used on initial recognition of the related asset, expenses or income when an entity has received or paid advance consideration in a foreign currency. The impact of the adoption of the amendment on the financial statements of the Group is insignificant.

2.13 Borrowing Costs:

Borrowing Costs directly attributed to the acquisition of fixed assets are capitalized as a part of the cost of asset up to the date the asset is put to use. Other Borrowing Costs are charged to the profit and loss account in the year in which they are incurred.

2.14 Government Incentives:

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognized as income in equal amounts over the expected useful life of the related asset.

When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as a government grant. The loan or assistance is initially recognized and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per accounting policy applicable to financial liabilities.

2.15 Cash and cash equivalents:

Cash and cash equivalents comprises cash on hand and at bank and demand deposits with banks which are short-term, highly liquid investments with original maturities of three months or less that are readily convertible into a known amounts of cash and which are subject to an insignificant risk of changes in value.

2.16 Non-current assets held for sale:

Non-current assets are classified as held for sale if their carrying amounts will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset available for immediate sale in its present condition subject to terms which are usual and customary for sale of such assets.

Non-current assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Property, Plant and Equipment and intangible assets classified as held for sales are not depreciated or amortized.

2.17 Fair Value Measurement:

The Group measures certain financial instruments at fair value at each balance sheet date. Certain accounting policies and disclosures require the measurement of fair values, for both financial and nonfinancial assets and liabilities. The Group has an established control framework with respect to the measurement of fair values and the valuation team regularly reviews significant unobservable inputs and valuation adjustments.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1 — quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. as derived from prices)

Level 3 — inputs for the asset or liability that are not based on observable market data (unobservable inputs)

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into a different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

2.18 Financial instruments:

A Group recognizes financial assets and financial liabilities when it becomes party to the contractual provision of the instrument.

I. Financial Assets:

a) Initial recognition and measurement:

Financial assets are initially measured at its fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets (other than financial assets at fair value through profit or loss) are added to or deducted from the fair value of the concerned financial assets, as appropriate, on initial

Notes to Consolidated Financial Statement for the year ended March 31, 2019 (Contd.)

recognition. Transaction costs directly attributable to acquisition of financial assets at fair value through profit or loss are recognized immediately in profit and loss. However, trade receivable that do not contain a significant financing component are measured at transaction price.

b) Subsequent measurement:

For subsequent measurement, the Group classifies financial asset in following broad categories:

i. Financial asset carried at amortized cost (net of any write down for impairment, if any):

Financial assets are measured at amortized cost when asset is held within a business model, whose objective is to hold assets for collecting contractual cash flows and contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest. Such financial assets are subsequently measured at amortized costs using Effective Interest Rate (EIR) method less impairment, if any. The losses arising from impairment are recognized in the statement of profit or loss. Cash and bank balances, trade receivables, loans and other financial asset of the Group are covered under this category.

ii. Financial asset carried at fair value through other comprehensive income (FVTOCI):

Financial asset under this category are measured initially as well as at each reporting date at fair value, when asset is held with a business model whose objective is to hold asset for both collecting contractual cash flows and selling financial assets. Fair value movements are recognized in the other comprehensive income.

iii. Financial asset carried at Fair Value through profit or loss (FVTPL):

Financial asset under this category are measured initially as well as at each reporting date at fair value. Changes in fair value are recognized in the statement of profit or loss.

c) Other equity instruments:

All other equity instruments are measured as fair value, with value changes recognized in Statement of Profit and Loss, except for those equity instrument for which the Group has elected to present the value changes in 'Other Comprehensive Income'.

d) Derecognition of Financial Assets:

A financial asset is primarily derecognized when rights to receive cash flows from the asset have expired or the Group has transferred its contractual rights to receive cash flows of the financial asset and has substantially transferred all the risk and reward of the ownership of the financial asset.

e) Impairment of financial asset:

In accordance with Ind AS 109, the Group uses 'Expected Credit Loss' (ECL) model, for evaluating impairment of financial assets other than those measured at fair value through profit and loss (FVTPL).

ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original effective interest rate.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial asset. 12-month ECL are a portion of the lifetime ECL which result from default events that are possible within 12 months from the reporting date.

For trade receivables Group applies 'simplified approach' which requires expected lifetime losses to be recognised from initial recognition of the receivables. The Group uses historical default rates to determine impairment loss on the portfolio of trade receivables. At every reporting date these historical default rates are reviewed and changes in the forward looking estimates are analysed.

For other assets, the Group uses 12 month ECL to provide for impairment loss where there is no significant increase in credit risk. If there is significant increase in credit risk full lifetime ECL is used.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/expense in the Statement of Profit and Loss under the head 'Other expenses'

II. Financial Liabilities:**a) Initial recognition and measurement:**

The Group recognizes a financial liability in its Balance Sheet when it becomes party to the contractual provisions of the instrument. Group classifies all financial liabilities as subsequently measured at amortised cost or FVTPL.

All financial liabilities are recognized initially at fair value and in the case of loans, borrowings and payables, net of directly attributable transaction costs. Financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and derivative financial instruments.

b) Subsequent measurement:

Financial liabilities are carried at amortized cost using the Effective Interest Rate (EIR) method. For trade and other payable maturing within one year from balance sheet date, the carrying amount approximate fair value due to short maturity of these instruments.

Notes to Consolidated Financial Statement for the year ended March 31, 2019 (Contd.)

c) **Derecognition of financial liabilities:**

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the Statement of Profit and Loss.

III. **Offsetting of Financial Instruments:**

Financial assets and Financial Liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

2.19 **Segment accounting:**

The Group's operating segments are established on the basis of those components of the group that are evaluated regularly by the Executive Committee, the 'Chief Operating Decision Maker' as defined in Ind AS 108 - 'Operating Segments', in deciding how to allocate resources and in assessing performance. These have been identified taking into account nature of products and services, the differing risks and returns and the internal business reporting systems.

2.20 **Earnings per share**

Basic earnings per share is calculated by dividing the net profit for the year attributable to the shareholders' of the Group and weighted average number of shares outstanding during the year.

Diluted earnings per share is calculated by dividing the net profit for the year attributable to the shareholder's of the Group and weighted average number of equity and potential equity shares outstanding during the year including share options, convertible preference shares and debentures, except where the result would be anti-dilutive. Potential equity shares that are converted during the year are included in the calculation of diluted earnings per share, from the beginning of the year or date of issuance of such potential equity shares, to the date of conversion.

2.21 **Provision for Current and Deferred Tax:**

The tax expense for the period comprises current and deferred tax. Taxes are recognised in the statement of profit and loss, except to the extent that it relates to the items recognised in the other comprehensive income or in Equity. In which case, the tax is also recognised in other comprehensive income or in Equity.

Current tax:

Provision for Current tax is made on the basis of relevant provision of The Income Tax Act, 1961 as applicable to the financial year.

Deferred tax:

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary timing difference. Deferred tax assets are recognized for deductible temporary differences to the extent that they are probable that taxable profit will be available against which the deductible temporary difference can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and adjusted to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted on the reporting date.

Minimum Alternate Tax (MAT) Credit:

MAT credit is recognized as deferred tax asset only when and to the extent there is convincing evidence that the Group will pay normal income tax during the specified period.

Foreign Subsidiary Companies:

Tax expenses have been accounted for on the basis of tax laws prevailing in respective countries

2.22 **Impairment of non-financial Assets:**

The Group assesses at each reporting date as to whether there is any indication that any property, plant and equipment and intangible assets or group of assets, called cash generating units (CGU) may be impaired. If any such indication exists the recoverable amount of an asset or CGU is estimated to determine the extent of impairment, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the CGU to which the asset belongs.

An impairment loss is recognized in the Statement of Profit and Loss to the extent, asset's carrying amount exceeds its recoverable amount. The recoverable amount is higher of an asset's fair value less cost of disposal and value in use. Value in use is based on the estimated future cash flows, discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and risk specific to the assets.

Notes to Consolidated Financial Statement for the year ended March 31, 2019 (Contd.)

The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

2.23 Provision and Contingencies:

Provisions are recognized when the Group has present obligation (legal or constructive) as a result of past event and it is probable that outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense related to a provision is presented in the statement of profit and loss net of any reimbursement/contribution towards provision made.

If the effect of the time value of money is material, estimate for the provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

Contingent liabilities:

Contingent Liabilities are not provided and are disclosed in Notes to Accounts. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

2.24 Events occurring after the Consolidated Balance Sheet Date:

Events occurring after the Consolidated Balance Sheet date and till the date on which the consolidated financial statements are approved, which are material in the nature and indicate the need for adjustments in the consolidated financial statements have been considered.

2.25 Standard issued but not yet effective

The Ministry of Corporate Affairs (MCA) notified the Companies (Indian Accounting Standards) Amendment Rules, 2019 & Companies (Indian Accounting Standards) Second Amendment Rules, 2019 (the 'Rules') on March 30, 2019. The rules shall be effective from reporting periods beginning on or after April 1, 2019. Amendments to Ind AS as per these rules are mentioned below:

a) Ind AS 116

Ind AS 116 'Leases', will replace Ind AS 17 'Leases'. The new standard shall require lessees to recognize the leases on their balance sheets with limited exemptions related to low value asset and assets with a lease term lower than 12 months.

Lessee will use a single accounting model for all leases. Accordingly, the lessee is required to recognize "Right-Of-Use" asset representing its right to use the underlying asset and a "Lease Liability" representing its obligation to make lease payments.

The Group is required to adopt Ind AS 116 Leases from 1st April 2019. The Group will have to recognize "Right-Of-Use" assets and "Lease Liability" for its operating leases. Upon application of the new standard, the nature of expenses related to the leases will change and accordingly the Group will recognize a depreciation charge for right-of-use assets and interest expense on unwinding of lease liabilities as against lease expenses recognized up to 31st March 2019. The new standard also provides two broad alternative transition approach - Retrospective Method and Cumulative Effect Method with practical expedient.

The Group is in the process of evaluating the impact of this amendment on its consolidated financial statements.

b) Amendment to Existing issued Ind AS**• Appendix C, Uncertainty over Income Tax Treatments to Ind AS 12**

This amendment clarifies how the recognition and measurement requirements of Ind-AS 12 'Income taxes', are applied where there is uncertainty over income tax treatments. An uncertain tax treatment is any tax treatment applied by an entity where there is uncertainty over whether that treatment will be accepted by the tax authority.

• Prepayment Features with Negative Compensation, Amendments to Ind AS 109

The amendment to Ind AS 109 - 'Financial Instruments' enables entities to measure certain pre-payable financials assets with negative compensation at amortised cost. These assets, which include some loan and debt securities, would otherwise have to be measured at fair value through profit and loss.

• Plan Amendment, Curtailment or Settlement, Amendments to Ind AS 19

The amendment to Ind-AS 19 - Employee Benefits clarify that if a plan amendment, curtailment or settlement occurs, it is mandatory that the current service cost and the net interest for the period after the re-measurement are determined using the assumptions used for the re-measurement.

• Annual Improvements to Ind AS

Ind AS 23, "Borrowing Cost"- clarified that if a specific borrowing remains outstanding after the related qualifying asset is ready for its intended use or sale, it becomes part of general borrowings.

Notes to Consolidated Financial Statement for the year ended March 31, 2019 (Contd.)

Ind AS 12, "Income Taxes"- clarified that the income tax consequences of dividends on financial instruments classified as equity should be recognised according to where the past transactions or events that generated distributable profits were recognised. These requirements apply to all income tax consequences of dividends.

These amendments are effective for annual periods beginning on or after April 1, 2019. The Group is in process of evaluating the impact of this amendments on its consolidated financial statements.

2.26 Key accounting judgments, estimates and assumptions:

The preparation of the Group's consolidated Ind AS financial statements requires the management to make judgments', estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. The Group continually evaluates these estimates and assumption based on the most recently available information.

In particular, information about significant areas of estimates and judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are as below:

- Assessment of functional currency;
- Financial instruments;
- Estimates of useful lives and residual value of PPE and intangible assets;
- Impairment of financial and non-financial assets;
- Valuation of inventories;
- Measurement of recoverable amounts of cash-generating units;
- Measurement of Defined Benefit Obligations and actuarial assumptions;
- Allowances for uncollected trade receivable and advances;
- Provisions;
- Evaluation of recoverability of deferred tax assets; and
- Contingencies.

Revisions to accounting estimates are recognized prospectively in the consolidated Statement of Profit and Loss in the period in which the estimates are revised and in any future periods affected.

Notes to Consolidated Financial Statement for the year ended March 31, 2019 (Contd.)
NOTE NO 3 : NOTES TO ACCOUNTS
3.1 CONTINGENT LIABILITIES AND COMMITMENTS (to the extent not provided for)
Rs. in Crore

| | Particulars | As at March 31, 2019 | As at March 31, 2018 |
|------------|---|-------------------------|-------------------------|
| i) | Contingent Liabilities | | |
| | Parent Company | | |
| a) | Claims against the Company not acknowledged as debt | | |
| | Sales Tax | 18.37 | 14.67 |
| | Income Tax disputed by the Company | - | 1.43 |
| | Excise and Customs Duty | 33.36 | 26.22 |
| | Others | 107.75 | 139.24 |
| b) | Bills discounted on behalf of third party | - | 32.39 |
| | Subsidiary Companies | | |
| a) | Claims against the Company not acknowledged as debt | | |
| b) | Others | 9.38 | 9.38 |
| c) | Corporate Guarantees ** | - | 6.23 |
| ii) | Commitments | | |
| | Capital Commitments | | |
| | Parent Company | | |
| | Estimated amount of contract remaining to be executed on capital account and not provided for (net of advances) | 7.50 | 5.24 |

** Given on behalf of ISMT Europe AB, Sweden of Rs. Nil (March 31, 2018 Rs 6.23 Crore) in respect of loans availed.

3.2 Parent Company

Considering the uncertainty related to realisation, the following items are not considered to accrue till they are settled / sanctioned / received as the case may be:

- Insurance claims except specific claims stated separately
- Interest on receivables and
- Electricity Refund (Additional Supply Charges).

3.3 Parent Company

In accordance with Ind AS 18 on "Revenue" and Schedule III to the Companies Act, 2013, Sales for the previous year ended March 31, 2017 and for the period April 1, 2017 to June 30, 2017 were reported gross of Excise Duty and net of Value Added Tax (VAT)/ Sales Tax. Excise Duty was reported as a separate expense line item. Consequent to the introduction of Goods and Services Tax (GST) with effect from 1 July 2017, VAT/Sales Tax, Excise Duty etc. have been subsumed into GST and accordingly the same is not recognised as part of sales as per the requirements of Ind AS 18. Accordingly, Revenue from operation for the year ended March 31, 2019 are not comparable with the figures of the previous year.

3.4 Segment Reporting :

Group operating segments are established on the basis of those components of the Group that are evaluated regularly by the Executive Committee, the 'Chief Operating Decision Maker' as defined in Ind AS 108 - 'Operating Segments', in deciding how to allocate resources and in assessing performance. These segments have been identified taking into account nature of products and services, the differing risks and returns and the internal business reporting systems.

The Group is engaged primarily into manufacturing of Steel and Tubes. The Group's primary segments are Tube Segment and Steel Segment.

Revenue and expenses have been identified to a segment on the basis of relationship to operating activities of the segment. Revenue and expenses which relate to enterprise as a whole and are not allocable to a segment on reasonable basis have been disclosed as unallocable.

Segment assets and segment liabilities represent assets and liabilities in respective segments. Investments, tax related assets and other assets and liabilities which cannot be allocated to a segment on a reasonable basis have been included under "Unallocable Assets / Liabilities."

Notes to Consolidated Financial Statement for the year ended March 31, 2019 (Contd.)

Inter Division Transfer represents transfer of finished / semi-finished products within the Segment for further processing and sale. Profit or loss on inter Division transfers are eliminated at the Company level.

I Segment Information

Rs. in Crore

| Sr No | Particulars | As on March 31, 2019 | | | | As on March 31, 2018 | | | |
|-------|--|----------------------|---------------|-------------|----------|----------------------|---------------|-------------|----------|
| | | Tube Segment | Steel Segment | Unallocable | Total | Tube Segment | Steel Segment | Unallocable | Total |
| i) | Segment Revenue | | | | | | | | |
| | Total External Sales (Gross) | 1,344.69 | 478.23 | | 1,822.92 | 1,071.53 | 460.69 | | 1,532.22 |
| | Add : Inter Segment Transfers (Gross) | - | 541.28 | | 541.28 | - | 345.94 | | 345.94 |
| | : Inter Division Transfers (Gross) | 86.67 | - | | 86.67 | 104.42 | - | | 104.42 |
| | : Sale to Subsidiary Companies | 126.92 | - | | 126.92 | 94.87 | - | | 94.87 |
| | | 1,558.28 | 1,019.51 | | 2,577.79 | 1,270.82 | 806.63 | | 2,077.45 |
| | Less : Inter Segment Transfers (Net) | - | 541.28 | | 541.28 | - | 345.94 | | 345.94 |
| | Inter Division Transfers (Net) | 86.67 | - | | 86.67 | 104.42 | - | | 104.42 |
| | Sale to Subsidiary Companies | 126.92 | - | | 126.92 | 94.87 | - | | 94.87 |
| | Net Sales | 1,344.69 | 478.23 | | 1,822.92 | 1,071.53 | 460.69 | | 1,532.22 |
| ii) | Segment Results | | | | | | | | |
| | Profit Before Finance Costs , Foreign Exchange Loss and Taxes | 49.25 | 13.57 | 3.33 | 66.15 | (9.08) | 29.62 | 8.19 | 28.73 |
| | Less : Finance Costs | | | | 277.86 | | | | 276.55 |
| | : Foreign Exchange (Gain)/Loss | | | | 4.92 | | | | (4.03) |
| | : Depreciation on reclassification of assets held for sale | | | | 20.38 | | | | - |
| | Profit / (Loss) Before Tax | | | | (237.01) | | | | (243.79) |
| | Less : Tax Expenses | | | | - | | | | (0.99) |
| | Profit / (Loss) After Tax | | | | (237.01) | | | | (242.80) |
| | Add : Other Comprehensive Income | | | | 13.46 | | | | 1.43 |
| | Profit / (Loss) After Comprehensive Income | | | | (223.55) | | | | (241.37) |
| iii) | Other Information | | | | | | | | |
| | Total Segment Assets | 1,493.90 | 393.00 | | 1,886.90 | 1,444.22 | 403.22 | - | 1,847.44 |
| | Total Segment Liabilities | 131.38 | 59.72 | | 191.10 | 132.75 | 57.22 | - | 189.97 |
| | Total cost incurred for acquiring Segment Assets (excluding revaluation of Leasehold Land) | 11.19 | 1.76 | 2.46 | 15.41 | (0.14) | 1.69 | - | 1.55 |
| | Segment Depreciation | 43.76 | 13.13 | | 56.89 | 47.94 | 13.49 | - | 61.43 |
| | Non - Cash Expenses | 5.06 | 0.56 | | 5.62 | 4.64 | 0.44 | - | 5.08 |
| | Total Unallocable Assets | | | | 556.00 | | | | 585.71 |
| | Total Unallocable Liabilities | | | | 3,121.52 | | | | 2,889.36 |

II Information about Geographical Segment - Secondary Segment

Rs. in Crore

| Particulars | 2018-19 | 2017-18 |
|--|-----------------|-----------------|
| Revenue from External Customers | | |
| Domestic | 1,600.50 | 1,336.04 |
| Exports | 222.42 | 196.18 |
| Total revenue | 1,822.92 | 1,532.22 |

III Revenue from Major Customers

Revenue under the segment 'Steel' include Rs 92.66 Crore (Previous Year: Rs 61.02 Crore of one customer) from two customers having more than 10% revenue of total segment revenue. There is no single customer that accounts for more than 10% of the revenue in Tube Segment.

Notes to Consolidated Financial Statement for the year ended March 31, 2019 (Contd.)

3.5 Pending reconciliation / confirmations of Trade Receivables / Trade Payables, adjustments for differences, if any, would be made at the time of reconciliation or on receipt of confirmation. The management is of the opinion that the impact of such adjustments, if any, is not likely to be significant.

3.6 Leases**Operating Lease:**

a) The Group has entered into lease agreements for certain office premises and Plant and Machinery for a period ranging from 5 to 10 years which are renewable by mutual consent on mutually agreeable terms. There are no restrictions imposed by lease arrangements and there are no sub leases. There are no contingent rents. Disclosures as required under Ind-AS 17 on "Lease" are given below:

Future minimum Lease payments under operating lease:

| | | Rs. in Crore | |
|----|---|--------------|-----------|
| | Particulars | 2018 - 19 | 2017 - 18 |
| 1) | Machine Rentals and Rent debited to consolidated statement of profit and loss during the year | 2.47 | 2.33 |
| 2) | Future Minimum Lease payments payable in: | | |
| | i) Less than one year | 1.29 | 2.39 |
| | ii) One to five years | 4.50 | 8.09 |
| | iii) More than five years | 1.88 | 1.88 |

b) The Group enters into cancellable operating leases in respect of office premises and others which are cancellable by giving appropriate notices as per respective agreements. During the year Rs 0.78 Crore (Previous year Rs 0.86 Crore) has been charged to Consolidated Statement of Profit and Loss on account of lease rentals.

3.7 Foreign currency fluctuation on long term borrowing capitalised**Parent Company**

The Company has elected to continue the policy adopted under previous GAAP for accounting the foreign exchange differences arising on settlement or translation of long-term foreign currency monetary items outstanding as of April 1, 2016 i.e. foreign exchange differences arising on settlement or translation of long-term foreign currency monetary items relating to acquisition of depreciable assets are adjusted to the carrying cost of the assets and depreciated over the balance life of the asset. Accordingly, the Company has capitalised such exchange fluctuation loss to Plant & Machinery of Rs 10.43 Crore and loss of Rs 5.48 Crore (including Assets held for sale) for the year ended March 31, 2019 and March 31, 2018 respectively.

3.8 Related Party Transactions.

In accordance with the requirements of Ind AS 24, on related party disclosures, name of the related party, related party relationship, transactions and outstanding balances with whom transactions have taken place during the reporting periods are given below:

Name and Relationships of the Related Parties:**I Key Management Personnel (KMP)**

| Sr No | Name of the Related Party | Designation |
|-------|---------------------------|--|
| 1 | Mr. B.R. Taneja | Managing Director |
| 2 | Mr. Rajiv Goel | Chief Financial Officer |
| 3 | Mr. S C Gupta | Non-Executive Director (upto March 28, 2019) |
| 4 | Mr. O P Kakkar | Non-Executive Director |
| 5 | Ms. Deepa Mathur | Non-Executive Director |
| 6 | Mr. Shyam Powar | Independent Director |
| 7 | Mr. R Poornalingam | Independent Director (w.e.f. December 28, 2018) |
| 8 | Mr. Kanakraj M | Independent Director (w.e.f. March 1, 2019) |
| 9 | Mr. Shashank Dixit | Nominee Director - IDBI Bank (upto January 17, 2019) |
| 10 | Mr. Jerry Johansson | Executive Director (Structo Hydraulics AB) upto May 17, 2019 |
| 11 | Ms. Anne Karlsson | Executive Director (Structo Hydraulics AB) w.e.f May 17, 2019 |

Notes to Consolidated Financial Statement for the year ended March 31, 2019 (Contd.)

| Sr No | Name of the Related Party |
|----------|---------------------------------------|
| A | Associate Companies |
| 1 | Indian Seamless Enterprises Limited |
| 2 | Taneja Aerospace and Aviation Limited |
| 3 | First Airways Inc, USA. |

i) Details of Transaction with Key Management Personnel:

Rs. in Crore

| Sr No | Nature of Transactions | 2018-19 | 2017-18 |
|-------|---------------------------|---------|---------|
| 1 | Managerial Remuneration * | 4.20 | 4.01 |
| 2 | Sitting Fees | 0.39 | 0.28 |

* Excludes provision for compensated leave and gratuity for KMP as liabilities are provided on overall company basis and is not identified separately in actuarial valuation.

ii) Details of transaction with Subsidiary and Associate Companies:

Rs. in Crore

| Sr No | Nature of Transactions / Relationship | Subsidiary Companies | | Associate Companies | |
|-------|---|----------------------|---------|---------------------|---------|
| | | 2018-19 | 2017-18 | 2018-19 | 2017-18 |
| 1 | Sale of Finished Goods | - | - | 18.90 | 13.89 |
| 2 | Lease Rent Paid | - | - | - | - |
| 3 | Quality claims / Reimbursement of Expenses | - | 0.04 | - | - |
| 4 | Interest Paid | - | - | 0.14 | 0.15 |
| 5 | Repayment of Advance received | - | - | 1.00 | - |
| | Outstanding as at Balance Sheet date | | | | |
| 1 | - Receivables (net of provisions) | - | - | 8.05 | 2.21 |
| 2 | - Payables | - | - | - | 0.08 |
| 3 | - Advance Payable | - | - | - | 1.00 |
| 4 | - Unsecured Loan Payable | - | - | 7.75 | 7.75 |

a) Sales of finished goods to Associate Companies include sales to Indian Seamless Enterprises Limited Rs. 11.73 Crore (Previous Year Rs. 6.18 Crore), Taneja Aerospace and Aviation Limited Rs. 0.35 Crore (Previous Year Rs. 3.27 Crore) and First Ways Inc, USA Rs.6.82 Crore (Previous Year Rs. 4.44 Crore).

b) Interest paid to Associate Company - Taneja Aerospace and Aviation Limited is Rs. 0.14 Crore (Previous Year Rs.0.15 Crore).

c) Repayment of Advance received to Associate Company - Taneja Aerospace and Aviation Limited is Rs. 1.00 Crore (Previous Year Rs. Nil).

3.9 Income Tax Expenses

A The major components of income tax expenses for the year are as under:

Rs. in Crore

| | Particulars | 2018 - 19 | 2017 - 18 |
|-----------|--|-----------|-----------|
| I | Income Tax recognised in the statement of profit and loss | | |
| | Current tax | - | 0.01 |
| | Deferred tax | - | - |
| | Earlier Year Tax | - | (1.00) |
| | Total Income Tax recognised in the statement of profit and loss | - | (0.99) |
| II | Income Tax recognised in Other Comprehensive Income | | |
| | Deferred tax | - | - |
| | Total Income Tax recognised in Other Comprehensive Income | - | - |

Notes to Consolidated Financial Statement for the year ended March 31, 2019 (Contd.)
B Reconciliation of income tax expenses and the accounting profit for the year is under:

Rs. in Crore

| Particulars | 2018 - 19 | 2017 - 18 |
|--|-----------------|-----------|
| Accounting profit before income tax expenses | (237.01) | (243.79) |
| Enacted tax rates in India (%) | 34.944% | 34.608% |
| Expected income tax expenses | (82.82) | (84.37) |
| Tax Effect of : | | |
| Expenses not deductible | 89.19 | 70.97 |
| Non taxable subsidiaries and effect of differential tax rate | (0.30) | 0.02 |
| Capital Gain taxable @ 20.60% | - | - |
| Accelerated capital allowances | 8.82 | 0.60 |
| Expenses on which no deduction is admissible | (0.03) | 0.92 |
| (Profit) / Loss in respect of which deferred tax assets not recognized for the year* | (14.86) | 11.87 |
| Tax expenses recognised in statement of profit and loss | - | 0.01 |
| Adjustments recognised in current year in relation to the current tax of earlier years | - | (1.00) |
| Income tax expense reported | - | (0.99) |
| Effective tax rate (%) | Nil | Nil |

There are certain income-tax related legal proceedings which are pending against the Group. Potential liabilities, if any have been adequately provided for.

*Deferred tax assets on unabsorbed depreciation/business loss have been recognised to the extent of deferred tax liabilities on taxable temporary differences available.

C Significant components of Deferred tax assets & liabilities recognized in Financial Statements

As at March 31, 2019

Rs. in Crore

| Particulars | As at April 1, 2018 | Charged / (credited) to Statement of income | Charged / (credited) to OCI | As at March 31, 2019 |
|---|---------------------|---|-----------------------------|----------------------|
| Tax effect of item constituting Deferred Tax Liabilities | | | | |
| i) Depreciation | 247.27 | (0.26) | - | 247.01 |
| | 247.27 | (0.26) | - | 247.01 |
| Tax effect of item constituting Deferred Tax Assets | | | | |
| i) Accumulated Tax losses* | 30.79 | 51.21 | - | 82.00 |
| ii) Unabsorbed Tax Depreciation | 208.03 | (53.80) | - | 154.23 |
| iii) Deduction eligible in future period in respect of expenses already debited to the Statement of Profit and Loss | 8.18 | 2.47 | - | 10.65 |
| iv) Others | 0.27 | (0.14) | - | 0.13 |
| v) MAT Credit Entitlement | 82.05 | - | - | 82.05 |
| | 329.32 | (0.26) | - | 329.06 |
| Net Defrred Tax Asset/ (Liability) | 82.05 | 0.00 | - | 82.05 |

Notes to Consolidated Financial Statement for the year ended March 31, 2019 (Contd.)

As at March 31, 2018

Rs. in Crore

| Particulars | As at April 1, 2017 | Charged / (credited) to Statement of income | Charged / (credited) to OCI | As at March 31, 2018 |
|---|---------------------------|--|-----------------------------------|----------------------------|
| Tax effect of item constituting Deferred Tax Liabilities | | | | |
| i) Depreciation | 235.30 | 11.97 | - | 247.27 |
| | 235.30 | 11.97 | - | 247.27 |
| Tax effect of item constituting Deferred Tax Assets | | | | |
| i) Accumulated Tax losses* | 12.60 | 18.19 | - | 30.79 |
| ii) Unabsorbed Tax Depreciation | 197.23 | 10.80 | - | 208.03 |
| iii) Deduction eligible in future period in respect of expenses already debited to the Statement of Profit and Loss | 24.81 | (16.63) | - | 8.18 |
| iv) Others | 0.66 | (0.39) | - | 0.27 |
| v) MAT Credit Entitlement | 82.05 | - | - | 82.05 |
| | 317.35 | 11.97 | - | 329.32 |
| Net Deferred Tax Asset/ (Liability) | 82.05 | - | - | 82.05 |

*Deferred tax assets on unabsorbed business loss have been recognised to the extent of deferred tax liabilities on taxable temporary differences available. It is expected that any reversals of the deferred tax liability would be offset against the reversal of the deferred tax assets.

The Group has unused tax losses under the head Business Loss and unabsorbed depreciation as per the Income Tax Act, 1961. Based on the probable uncertainty regarding the set off of these losses, the Group has not recognized deferred tax asset in the Balance Sheet. Details of tax losses under the head business losses and unabsorbed depreciation with expiry is as follows:

Rs. in Crore

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|------------------------|-------------------------|-------------------------|
| Within five years | 466.92 | 407.14 |
| Geater than five years | 0.82 | 111.85 |
| No expiry | 608.40 | 613.20 |
| Total | 1,076.14 | 1,132.19 |

3.10 Disclosure as required by Ind AS - 19 Employee Benefits

Retirement benefit obligations

1 Defined Contribution plan

Parent Company

The Company has recognized the following amounts as an expense and included under the head “ Employee Benefits Expense” – Contribution to Provident and other Fund :

Rs. in Crore

| Particulars | 2018-19 | 2017-18 |
|--|-------------|-------------|
| a) Employer's Contribution to Provident Fund and Employee Pension Scheme | 6.05 | 5.15 |
| b) Employer's Contribution to Superannuation Fund | 2.96 | 2.78 |
| Total | 9.01 | 7.93 |

In respect of provident fund trust setup by the Company, there is no deficit of interest shortfall with regards to future obligation arising due to interest shortfall (i.e. Government interest to be paid on the Provident Fund Scheme exceeding rate of interest earned on investment).

Notes to Consolidated Financial Statement for the year ended March 31, 2019 (Contd.)
Subsidiary Companies : Structo Hydraulics AB

The Company has recognized the following amounts as an expense and included under the head “ Employee Benefits Expense” – Contribution to Provident and other Fund :

Rs. in Crore

| Particulars | 2018-19 | 2017-18 |
|------------------------------|-------------|-------------|
| Social Security Contribution | 3.11 | 3.24 |
| Total | 3.11 | 3.24 |

2 Defined benefit plan
Parent Company - Gratuity and Leave Encashment

Gratuity is payable to all eligible employees of the company on retirement, death, permanent disablement and resignation in terms of the provision of the Payment of Gratuity Act, 1972. The benefits would be paid at the time of separation.

The following tables summarises the changes in the projected benefit obligation and plan assets and amounts recognised in the Balance Sheet as at March 31, 2019 and March 31, 2018, being the respective measurement dates:

Rs. in Crore

| Particulars | Gratuity (Funded) | |
|--|-------------------|-----------|
| | 2018 - 19 | 2017 - 18 |
| a) Changes in present value of defined benefit obligations | | |
| Present value of defined benefit obligation at the beginning of the Year | 32.20 | 29.46 |
| Current Service Cost | 1.68 | 2.79 |
| Interest Cost | 2.46 | 2.07 |
| Actuarial changes arising from change in financial assumptions | (3.46) | 0.24 |
| Actuarial changes arising from change in experience adjustments | 4.21 | (0.81) |
| Benefits paid | (2.19) | (1.55) |
| Present value of defined benefit obligation at the end of the Year | 34.90 | 32.20 |
| b) Changes in fair value of Plan Assets: | | |
| Fair value of Plan Assets as at beginning of the Year | 31.52 | 28.53 |
| Interest Income | 2.41 | 2.09 |
| Employer Contribution | (0.09) | 1.07 |
| Return on plan assets excluding interest income | 0.68 | 0.03 |
| Benefits paid | (0.08) | (0.20) |
| Fair value of plan Assets as at end of the Year | 34.44 | 31.52 |

Rs. in Crore

| Particulars | Gratuity (Funded) | | Leave Encashment (Non Funded) | |
|--|-------------------|-------------|-------------------------------|-------------|
| | 2018 - 19 | 2017 - 18 | 2018 - 19 | 2017 - 18 |
| c) Net asset / (liability) recognised in the balance sheet | | | | |
| Present value of defined benefit obligation at the end of the Year | 34.90 | 32.20 | 7.55 | 5.62 |
| Fair value of plan Assets as at end of the Year | 34.44 | 31.52 | - | - |
| Amount recognised in the Balance Sheet | 0.46 | 0.68 | 7.55 | 5.62 |
| Net (liability) / assets - Current | 0.46 | 0.68 | 0.89 | 0.56 |
| Net (liability) / assets - Non - current | - | - | 6.66 | 5.06 |
| d) Expenses recognised in the Statement of Profit and Loss for the year | | | | |
| Current Service Cost | 1.68 | 2.79 | 0.58 | 0.54 |
| Interest Cost on benefit obligation (net) | (0.04) | (0.02) | 0.37 | 0.42 |
| Actuarial (gain)/ Loss | - | - | 2.76 | (0.43) |
| Total expenses included in employee benefits expenses | 1.64 | 2.77 | 3.71 | 0.53 |

Notes to Consolidated Financial Statement for the year ended March 31, 2019 (Contd.)

Rs. in Crore

| | Particulars | Gratuity (Funded) | |
|----|---|-------------------|---------------|
| | | 2018 - 19 | 2017 - 18 |
| e) | Recognised in other comprehensive income for the year | | |
| | Actuarial changes arising from change in financial assumptions | (3.46) | 0.24 |
| | Actuarial changes arising from change in experience adjustments | 4.21 | (0.81) |
| | Return on plan assets excluding interest income | 0.09 | (0.03) |
| | Recognised in other comprehensive income | 0.84 | (0.60) |
| f) | Estimate of expected defined benefit obligation (in absolute terms i.e undiscounted) | | |
| | within the next 12 months | 6.44 | 5.45 |
| | Between 2 to 5 Years | 12.93 | 10.18 |
| | 6 years and onwards | 29.27 | 27.91 |
| g) | Quantitative sensivity analysis for significant assumption | | |
| | 1% increase in discount rate | 32.79 | 30.05 |
| | 1% decrease in discount rate | 37.25 | 34.62 |
| | 1% increase in salary growth rate | 37.00 | 34.34 |
| | 1% decrease in salary growth rate | 32.98 | 30.24 |
| | 1% increase in employee withdrawal rate | 35.31 | 32.45 |
| | 1% decrease in employee withdrawal rate | 34.45 | 31.93 |

The above sensitivity analysis is based on a change in an assumption while holding the other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (projected unit credit method) has been applied as when calculating the defined benefit obligation within the balance sheet.

| | Particulars | Gratuity (Funded) | |
|----|--|-------------------|----------------|
| | | 2018 - 19 | 2017 - 18 |
| h) | Percentage of each Category of Plan Assets to total Fair Value of Plan Assets as at end of the Year | | |
| | Government of India Securities | 3.10% | 2.25% |
| | Corporate Bonds | 0.10% | 0.09% |
| | Special Deposit Scheme | 0.30% | 0.25% |
| | Insurer Managed Funds | 93.80% | 95.50% |
| | Others | 2.70% | 1.91% |
| | Total | 100.00% | 100.00% |

| | Particulars | Gratuity (Funded) | | Leave Encashment (Non Funded) | |
|----|--|-------------------|-----------|-------------------------------|-----------|
| | | 2018 - 19 | 2017 - 18 | 2018 - 19 | 2017 - 18 |
| i) | Principal Actuarial Assumptions used as at the Balance Sheet date : | | | | |
| | Discount Rate | 7.70% | 7.90% | 7.70% | 7.90% |
| | Expected Rate of Return on Plan Assets | 7.20% | 7.20% | 0.00% | 0.00% |
| | Salary Escalation Rate | 3% - 6% | 6.00% | 3% - 6% | 6.00% |

The assumption of future salary increase takes into account the inflation, seniority, promotion and other relevant factors such as supply and demand in employment market. Same assumptions were considered for comparative period i.e. 2017-2018 as considered in previous GAAP on transition to Ind AS. The above information is certified by the Actuary.

Defined benefit plan - Tridem Port and Power Company Private Limited - Gratuity and Leave Encashment

Gratuity is payable to all eligible employees of the company on retirement, death, permanent disablement and resignation in terms of the provision of the Payment of Gratuity Act, 1972. The benefits would be paid at the time of separation.

Notes to Consolidated Financial Statement for the year ended March 31, 2019 (Contd.)

The following tables summarises the changes in the projected benefit obligation and amounts recognised in the Ind AS Balance Sheet as at March 31, 2019 and March 31, 2018, being the respective measurement dates:

Rs. in Crore

| | Particulars | Gratuity (Non-Funded) | |
|-----------|---|-----------------------|-------------|
| | | 2018 - 19 | 2017 - 18 |
| a) | Changes in present value of defined benefit obligations | | |
| | Present value of defined benefit obligation at the beginning of the Year | 0.02 | 0.01 |
| | Current Service Cost | 0.00 | 0.00 |
| | Interest Cost | 0.00 | 0.00 |
| | Actuarial changes arising from change in financial assumptions | 0.00 | 0.00 |
| | Actuarial changes arising from change in experience adjustments | 0.00 | 0.01 |
| | Present value of defined benefit obligation at the end of the Year | 0.02 | 0.02 |

Rs. in Crore

| | Particulars | Gratuity (Non-Funded) | | Leave Encashment (Non Funded) | |
|-----------|---|-----------------------|--------------|-------------------------------|-------------|
| | | 2018 - 19 | 2017 - 18 | 2018 - 19 | 2017 - 18 |
| b) | Net asset / (liability) recognised in the balance sheet | | | | |
| | Present value of defined benefit obligation at the end of the Year | 0.02 | 0.02 | 0.01 | 0.01 |
| | Fair value of plan Assets as at end of the Year | 0.00 | 0.00 | 0.00 | 0.00 |
| | Amount recognised in the Balance Sheet | 0.02 | 0.02 | 0.01 | 0.01 |
| | Net (liability) / assets - Current | 0.02 | 0.02 | 0.01 | 0.01 |
| | Net (liability) / assets - Non - current | 0.00 | 0.00 | 0.00 | 0.00 |
| c) | Expenses recognised in the Statement of Profit and Loss for the year | | | | |
| | Current Service Cost | 0.001 | 0.001 | - | - |
| | Interest Cost on benefit obligation (net) | 0.001 | 0.001 | - | - |
| | Actuarial (gain)/ Loss | 0.000 | 0.000 | - | - |
| | Total expenses included in employee benefits expenses | 0.002 | 0.002 | - | - |

Rs. in Crore

| | Particulars | Gratuity (Funded) | |
|-----------|---|-------------------|-----------|
| | | 2018 - 19 | 2017 - 18 |
| d) | Recognised in other comprehensive income for the year | | |
| | Actuarial changes arising from change in demographic assumptions | 0.000 | 0.000 |
| | Actuarial changes arising from change in financial assumptions | 0.000 | 0.000 |
| | Actuarial changes arising from change in experience adjustments | 0.001 | 0.001 |
| | Return on plan assets excluding interest income | 0.000 | 0.000 |
| | Recognised in other comprehensive income | 0.001 | 0.001 |
| e) | Estimate of expected defined benefit obligation (in absolute terms i.e undiscounted) | | |
| | within the next 12 months | 0.02 | 0.02 |
| | Between 2 to 5 Years | 0.00 | 0.00 |
| | 6 years and onwards | 0.00 | 0.00 |
| f) | Quantitative sensivity analysis for significant assumption | | |
| | 1 % increase in discount rate | 0.02 | 0.02 |
| | 1% decrease in discount rate | 0.02 | 0.02 |
| | 1% increase in salary growth rate | 0.02 | 0.02 |
| | 1% decrease in salary growth rate | 0.02 | 0.02 |
| | 1% increase in employee withdrawal rate | 0.02 | 0.02 |
| | 1% decrease in employee withdrawal rate | 0.02 | 0.02 |

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensility of the defined benefit obligation to significant actuarial assumptions the same method (projected unit credit method) has been applied as when calculating the defined benefit obligation within the balance sheet.

Notes to Consolidated Financial Statement for the year ended March 31, 2019 (Contd.)

| | Particulars | Gratuity (Non-Funded) | | Leave Encashment (Non Funded) | |
|----|--|-----------------------|-----------|-------------------------------|-----------|
| | | 2018 - 19 | 2017 - 18 | 2018 - 19 | 2017 - 18 |
| g) | Principal Actuarial Assumptions used as at the Balance Sheet date : | | | | |
| | Discount Rate | 7.60% | 7.80% | 7.60% | 7.80% |
| | Expected Rate of Return on Plan Assets | 1.00% | 1.00% | 1.00% | 1.00% |
| | Salary Escalation Rate | 6.00% | 3.00% | 6.00% | 3.00% |

The assumption of future salary increase takes into account the inflation, seniority, promotion and other relevant factors such as supply and demand in employment market. Same assumptions were considered for comparative period i.e. 2017-2018 as considered in previous GAAP on transition to Ind AS. The above information is certified by the Actuary.

3.11 Parent Company

As per Ind AS 12 “ Income Tax”, Minimum Alternate Tax (MAT) credit (unused tax credit) is regarded as Deferred Tax Assets and the same shall be recognised to the extent that it has become probable that future taxable profit will be available against which the unused tax credit can be utilised. In view of business uncertainties and pending debt Resolution, it is difficult for the company to fairly ascertain the probable future taxable profit against which Mat Credit can be utilised. Accordingly, the unabsorbed MAT credit of Rs 82.05 Crores as at March 31, 2019, if any, shall be charged in the Statement of Profit and Loss to the extent it lapses in the respective years. The financial effect, if any, of the same on consolidated net loss for the year ended March 31, 2019, carrying value of there deferred tax and other equity as at March 31, 2019 is not ascertainable.

3.12 Earnings per share

Net profit available to equity holders of the Group used in the basic and diluted earnings per share was determined as follows:

| Particulars | 2018 - 19 | 2017 - 18 |
|---|--------------|--------------|
| Net Profit / (Loss) for the year attributable to Equity Shareholders (Rs. in Crore) | (237.00) | (242.78) |
| Weighted Average Number of Equity Shares outstanding for basic and diluted | 14,65,01,383 | 14,65,01,383 |
| Nominal Value of Equity Share (in Rs.) | 5.00 | 5.00 |
| Earnings Per Share (in Rs.) (Basic and Diluted) | (16.18) | (16.57) |

3.13 Miscellaneous Expenses includes:

| | Rs. in Crore | |
|--|--------------|-----------|
| Particulars | 2018 - 19 | 2017 - 18 |
| i) Repair and Maintenance - Other Building | 0.01 | 0.01 |
| ii) Director Sitting Fees | 0.39 | 0.28 |
| iii) Auditors Remuneration | | |
| a) Statutory Audit Fees | 0.48 | 0.46 |
| b) Taxation Matters | 0.03 | - |
| c) Out of Pocket Expenses | - | 0.01 |
| iv) Provision for Doubtful Debts | 5.42 | 5.65 |

3.14 Parent Company

As a result of various measures taken by the Group, Revenue and EBIDT of the Group has been continuously improving on year to year basis which is evident from the fact that EBIDT for the financial year 2018-19 has improved to Rs. 123.04 Crore as against EBIDT of Rs. 90.16 Crore of financial year 2017-18, Rs 54.65 Crore in financial year 2016-17 and Rs. 26.02 Crore in financial year 2015-16. The levy of anti-dumping duty by the Government of India on import of tubes from China and a gradual pick-up in demand are some of other factors resulting in increase in Revenue and EBIDT. There has also been a substantial progress on the Resolution Plan agreed to by the Banks of the Parent Company. Accordingly the Group has continued to prepare its consolidated financial statements on ‘Going Concern Basis’.

3.15 Parent Company

Consequent to RBI Circular dated February 12, 2018 the lenders have decided to explore assignment of debt as a Resolution Plan. Accordingly, Banks holding about 71 % of the principal debt have assigned their debt to Asset Reconstructing Companies (ARC’s) while Banks holding most of the remaining debt are also pursuing the process for assignment of debt to ARC’s. ARC’s in turn are expected to restructure the debt on a sustainable basis which inter alia could necessitate downsizing of debt including interest. There has been a substantial progress on the Resolution Plan agreed to by the Banks and restructuring process is also initiated by the Company for the assigned debt in the current quarter. Notwithstanding the pending restructuring of debt and

Notes to Consolidated Financial Statement for the year ended March 31, 2019 (Contd.)

balance confirmations from lenders, interest on the loans has been provided as per the terms of sanction letters of the respective banks on simple interest basis (excluding overdue / penal and compounding of interest). In view of restructuring exercise, occurrence of such interest including interest provided and unpaid in the past years, though unascertained, however the same has been provided out of abundant precaution as required by Ind AS 1 "Presentation of Financial Statements" and Ind AS 37 "Provisions, Contingent Liabilities and Contingent Assets". However the financial effect of non provision of overdue / penal and compounding of interest, if any, on loss for the year ended March 31, 2019, carrying value of the borrowings (current financial liabilities) and other equity as at March 31, 2019 is not ascertainable.

- 3.16** Tridem Port and Power Company Private Limited (TPPCL), the wholly owned subsidiary of the Parent Company, along with its subsidiaries had proposed to set up a thermal power project and captive port in Tamil Nadu. TPPCL had obtained the approvals for the projects including acquisition of land but no construction activity had commenced. However, on account of subsequent adverse developments, the TPPCL had decided not to pursue these projects. There has been negligible interest from the potential buyers due to present power sector scenario. TPPCL has also unsuccessfully tried to sell the freehold land since there were no takers for the project.

In spite of efforts made, the Group is unable to sell the TPP which had been classified as 'Asset held for Sale', in terms of Ind AS 105, "Non-current Assets Held for Sale and Discontinued Operations" in earlier years. Further the Group does not see any exit possibility in near term due to structural weaknesses in this sector. The management has therefore considered it appropriate, in terms of Ind AS 105, "Non-current Assets Held for Sale and Discontinued Operations" to reclassify TPP as non-current asset under the head Property Plant and Equipment (PPE) / Capital Work in Progress (CWIP) on Balance Sheet date.

Considering premature status of the project, prevailing power sector scenario, ongoing litigations, the various alternative usage of land of the project and inability to successfully pursue the sale of the project or its freehold land, it is not possible to reasonably or reliably determine the recoverable amount. Hence the asset (on reclassification from held for sale) is measured on the Balance Sheet date at the carrying amount of Rs. 104.56 Crores. The financial effect, if any, of the same on consolidated net loss for the year ended March 31, 2019, carrying value of the TPP (PPE & CWIP) and other equity as at March 31, 2019 is not ascertainable.

3.17 Parent Company

- i) Maharashtra Electricity Regulatory Commission (MERC) had disallowed Company's petition regarding banking of energy facility under Energy Banking Agreement (EBA) vide its orders dated June 20, 2014 and January 12, 2015. The Company filed an appeal before the Appellate Tribunal For Electricity (APTEL) against the said order and the same has been dismissed by the APTEL vide their order dated April 1, 2016. The Company's appeal, challenging the APTEL order is pending before the Hon'ble Supreme Court. The Company had accrued EBA benefit aggregating to Rs. 49.97 Crore upto March 31, 2014, of which amount outstanding as on March 31, 2019 is Rs. 39.53 Crore, representing excess energy charges paid to Maharashtra State Electricity Distribution Company Limited (MSEDCL) on account of non-availability of banking of energy facility. There has been no further accrual since April 1, 2014 on account of suspension of operation of power plant.

Being a sub-judice matter, it is not possible to reasonably or reliably determine the recoverable amount; hence the receivable from MSEDCL is measured on the Balance Sheet date at the carrying amount of Rs.39.53 Crore. The financial effect, if any, of the same on consolidated net loss for the year ended March 31, 2019, carrying value of the non-current financial assets and other equity as at March 31, 2019 is not ascertainable.

- ii) In spite of efforts made, the Company is unable to sell the Captive Power Plant (CPP) which has been classified as 'Asset held for Sale', in terms of Ind AS 105, "Non-current Assets Held for Sale and Discontinued Operations" in earlier years. The Company does not see any exit possibility in near term due to structural weaknesses in this sector. The management has therefore considered it appropriate, in terms of Ind AS 105, "Non-current Assets Held for Sale and Discontinued Operations" to reclassify CPP as non-current asset under the head Property Plant and Equipment on Balance Sheet date.

Pursuant to said re-classification of CPP, the Company has provided depreciation of Rs.20.38 Crore on the CPP from the date of classification as held for sale till 31st March 2019 and the required adjustment to carrying amount of CPP is disclosed under Exceptional item in the Statement of Profit and Loss.

It is not possible to reasonably or reliably determine the recoverable amount of the CPP on Balance Sheet date given the prevailing uncertainties of running the CPP or disposing it as going concern or otherwise. The outcome of the Supreme Court case will also have material bearing on the determination of the recoverable amount.

In view of the above and being a sub-judice matter it is not possible to reasonably or reliably determine the recoverable amount, hence the asset (on reclassification from held for sale) is measured on the Balance Sheet date at the adjusted carrying amount of Rs.236.08 Crore. The financial effect, if any, of the same on consolidated net loss for the year ended March 31, 2019, carrying value of the CPP and other equity as at March 31, 2019 is not ascertainable.

Notes to Consolidated Financial Statement for the year ended March 31, 2019 (Contd.)

3.18 Parent Company

Pursuant to the Share Purchase and Shareholders Agreement executed between the Company and OPGS Gujarat Power Pvt. Ltd (OPGS), investment held by the Company in OPGS of Rs. 0.02 Crore has been transferred by OPGS and the said amount is written off in the statement of Profit and Loss Account.

3.19 Interest income includes interest received from Banks of Rs. 1.67 Crore (Previous year Rs. 1.55 Crore).

3.20 Financial risk management

The Group's financial liabilities comprise mainly of borrowings, trade payables and other payables. The Group's financial assets comprise mainly of investments, cash and cash equivalents, other balances with banks, loans, trade receivables and other receivables.

Risk management framework

Group's board of directors has overall responsibility for establishment of Company's risk management framework and formed Risk Management Committee. Management is responsible for developing and monitoring Company's risk management policies, under the guidance of Risk Management Committee. Management identifies, evaluate and analyses the risks to which the company is exposed to and set appropriate risk limits and controls to monitor risks and adherence to limits. Management periodically reviews its risk policy and systems to assess need for changes in the policies to adapt to the changes in market conditions and align the same to the business of the Group.

Group has exposure to following risk arising from financial instruments:

a) Credit risk

Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks, financial institutions, foreign exchange transactions and other financial instruments.

Credit risk from Trade receivables is managed as per the Group's established policy, procedures and control relating to customer credit risk management. Credit limits are established for all customers based on internal criteria reviewed and monitored from time to time. Majority of the customers are long standing customers and regularly monitored by individual business managers who deal with those customers. Management monitors trade receivables on regular basis and take suitable action where needed to control the receivables crossing set criteria / limits.

Credit risk arising from derivative financial instruments and other balances with banks is limited and there is no collateral held against these because the counterparties are banks and recognised financial institutions with high credit ratings assigned by the reputed credit rating agencies.

Management does an impairment analysis at each reporting date as per set procedure and computes credit loss allowance based on a provision matrix. Further, the Group's customers base is widely distributed both economically as well as geographically and in view of the same, the quantum risk also gets spread across wide base and hence management considers risk with respect to trade receivable as low.

Expected credit loss for trade receivables under simplified approach as at the end of each reporting period is as follows:

| Particulars | Rs. in Crore | |
|---|-------------------------|-------------------------|
| | As at March 31, 2019 | As at March 31, 2018 |
| Gross Carrying Amount | 253.82 | 230.74 |
| Less: Expected credit loss at simplified approach | 4.29 | 4.75 |
| Carrying amount of trade receivables (net of impairment) | 249.53 | 225.99 |

b) Liquidity risk.

The Group manages the liquidity risk by maintaining adequate funds in cash and cash equivalents. Working capital requirements are adequately addressed by internally generated funds. Trade receivables are kept within manageable levels. Group aims to maintain the level of its cash and cash equivalents at levels to meet its expected cash outflows on operational and financial liabilities. Also Refer Note No 3.15 regarding debt resolution with the lenders.

Notes to Consolidated Financial Statement for the year ended March 31, 2019 (Contd.)

The table below provides details regarding the remaining contractual maturities of financial liabilities at the reporting date based on contractual undiscounted payments

Rs. in Crore

| Particulars | Less than 1 year | 1 to 5 years | More than 5 years | Total |
|-----------------------------|------------------|---------------|-------------------|-----------------|
| March 31, 2019 | | | | |
| Borrowings | 1,056.31 | 270.65 | 6.83 | 1,333.79 |
| Trade and other payables | 101.50 | - | - | 101.50 |
| Other financial liabilities | 1,849.79 | - | - | 1,849.79 |
| Total | 3,007.60 | 270.65 | 6.83 | 3,285.08 |
| March 31, 2018 | | | | |
| Borrowings | 1,086.39 | 396.84 | 6.02 | 1,489.25 |
| Trade and other payables | 107.94 | - | - | 107.94 |
| Other financial liabilities | 1,443.40 | - | - | 1,443.40 |
| Total | 2,637.73 | 396.84 | 6.02 | 3,040.59 |

c) Competition and pricing risk

The Group faces competition from local and foreign competitors. Nevertheless, it believes that it has competitive advantage in terms of high quality products and by continuously upgrading its expertise and range of products to meet the needs of its customers.

d) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises following types of risks :

i. Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the long term debt obligations and Buyer's credit obligations with floating interest rates. The Group has not used any interest rate derivatives.

We refer to Note No 3.15 regarding debt resolution with the lenders. Pending the same, the group is not able to determine its exposure to interest rate risk which primary related to the long term debt and working capital borrowings.

ii. Foreign Currency Risk and sensitivity

The Group is exposed to foreign exchange risk arising from export sales, operating and capital expenditure in foreign currency, foreign currency loans and economic exposure on account of mismatch between foreign currency and INR assets and liabilities. The risk is measured through a forecast of highly probable foreign currency cash flows.

Primarily, the exposure in foreign currencies is denominated in USD, EURO. At any point in time, Group covers foreign currency risk by taking appropriate percentage of its net foreign currency exposure by entering into forward exchange contracts on past performance basis mostly with a maturity of less than one year. The Group does not enter into derivative instruments.

Details of Unhedged exposure in foreign currency denominated monetary items:

| Currency | As at March 31, 2019 | | As at March 31, 2018 | |
|-----------------------|-----------------------------|-------------|-----------------------------|-------------|
| | Foreign Currency in Million | Rs in Crore | Foreign Currency in Million | Rs in Crore |
| Parent Company | | | | |
| Secured Loans | | | | |
| US Dollars | 39.32 | 271.99 | 39.32 | 255.78 |
| EURO | 4.32 | 33.57 | 4.32 | 34.83 |
| Receivables | | | | |
| US Dollars | 8.21 | 53.97 | 5.52 | 34.01 |
| EURO | 4.03 | 31.47 | 3.83 | 29.98 |
| Australian Dollar | 0.006 | 0.03 | 0.03 | 0.13 |
| GBP | 0.03 | 0.23 | 0 | 0.0001 |
| Payables | | | | |
| US Dollars | 1.01 | 7.01 | 2.87 | 18.65 |
| EURO | 0.08 | 0.62 | 0.11 | 0.91 |

Notes to Consolidated Financial Statement for the year ended March 31, 2019 (Contd.)

| Currency | As at March 31, 2019 | | As at March 31, 2018 | |
|-----------------------------|-----------------------------|-------------|-----------------------------|-------------|
| | Foreign Currency in Million | Rs in Crore | Foreign Currency in Million | Rs in Crore |
| Interest Payable | | | | |
| US Dollars | 5.67 | 40.37 | 4.25 | 27.75 |
| EURO | 0.77 | 6.17 | 0.56 | 4.54 |
| Subsidiary Companies | | | | |
| Secured Loans | | | | |
| US Dollars | - | - | - | - |
| Receivables | | | | |
| US Dollars | 0.69 | 4.80 | 4.26 | 27.76 |
| EURO | 2.00 | 15.56 | 2.54 | 20.43 |
| Payables | | | | |
| US Dollars | 0.01 | 0.02 | 0.13 | 0.85 |
| EURO | 0.02 | 1.61 | 0.05 | 4.00 |

Note : The above amounts include inter group receivables/payables in foreign currency

5% appreciation in USD and EURO with respect to Indian Rupees would have result in increase in loss before tax by approximately Rs 12.53 crore for March 31, 2019 and increase in Loss before tax by approximately Rs 16.11 crore for March 31, 2018.

5% depreciation in USD and EURO with respect to Indian Rupees would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

iii. Commodity price risk

The Group is exposed to the movement in price of key raw materials in domestic and international markets. The Group reviews the prices of key raw materials on weekly basis and enters into most of the contracts for procurement of material on short term fixed price basis.

3.21 Capital Management

For the purpose of the Group's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders of the Group. The primary objective of the Group's Capital management is to safeguard continuity, maintain a strong credit rating and healthy capital ratios in order to support its business and provide adequate return to shareholders through continuing growth.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. The funding requirement is met through a mixture of equity, internal accruals, long term borrowings and short term borrowings.

In order to achieve this overall objective, the Group's capital management, amongst other things, aim to ensure that its meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements.

3.22 Fair value measurement

A) The carrying value and Fair value of Financial assets and liabilities by categories are as follows :

Rs. in Crore

| Particulars | Carrying value of the financial assets/liabilities | | Fair value of the financial assets/liabilities | |
|---|--|----------------------|--|----------------------|
| | As at March 31, 2019 | As at March 31, 2018 | As at March 31, 2019 | As at March 31, 2018 |
| Financial Assets at Fair Value Through Profit and Loss (non-current) | | | | |
| Investment in Equity Shares | - | 0.02 | - | 0.02 |
| Total | - | 0.02 | - | 0.02 |
| Financial Assets at amortised cost (non-current) | | | | |
| Loans | 24.27 | 20.52 | 24.27 | 20.52 |
| Other financial Assets | - | - | - | - |
| Total | 24.27 | 20.52 | 24.27 | 20.52 |
| Financial Assets at amortised cost (current) | | | | |
| Trade Receivables | 249.53 | 225.99 | 249.53 | 225.99 |

Notes to Consolidated Financial Statement for the year ended March 31, 2019 (Contd.)

| Particulars | Carrying value of the financial assets/liabilities | | Fair value of the financial assets/liabilities | |
|--|--|----------------------|--|----------------------|
| | As at March 31, 2019 | As at March 31, 2018 | As at March 31, 2019 | As at March 31, 2018 |
| Cash and Cash Equivalents | 65.81 | 35.84 | 65.81 | 35.84 |
| Bank Balance other than Cash and Cash Equivalents | 13.48 | 18.57 | 13.48 | 18.57 |
| Loans | 1.14 | 0.86 | 1.14 | 0.86 |
| Other financial Assets | 0.97 | 0.96 | 0.97 | 0.96 |
| Total | 330.93 | 282.22 | 330.93 | 282.22 |
| Financial Liabilities at amortised cost (non-current) | | | | |
| Sales tax Deferral Loan | 3.40 | 7.40 | 3.40 | 7.40 |
| Long Term Loans from Banks and Others | 274.08 | 395.46 | 274.08 | 395.46 |
| Total | 277.48 | 402.86 | 277.48 | 402.86 |
| Financial Liabilities at amortised cost (current) | | | | |
| Sales Tax Deferral Loan | 5.06 | 5.06 | 5.06 | 5.06 |
| Current Maturities of Long Term Debt | 858.46 | 720.52 | 858.46 | 720.52 |
| Loans Repayable on Demand | 1,056.31 | 1,086.39 | 1,056.31 | 1,086.39 |
| Trade and Other Payables | 101.50 | 107.94 | 101.50 | 107.94 |
| Other financial Liabilities | 986.27 | 717.82 | 986.27 | 717.82 |
| Total | 3,007.60 | 2,637.73 | 3,007.60 | 2,637.73 |

B) Level wise disclosures of financial assets and liabilities by categories are as follows :

Rs. in Crore

| Particulars | As at March 31, 2019 | As at March 31, 2018 | Level | Valuation techniques and key inputs |
|--|----------------------|----------------------|-------|--|
| Financial Assets at amortised cost (non-current) | | | | |
| Deposit for premises / Security Deposits | 24.27 | 20.52 | 3 | Discounted cash flow method using interest rate for similar financial instrument |
| Financial Assets at amortised cost (current) | | | | |
| Deposit for premises / Security Deposits | - | - | 3 | Discounted cash flow method using interest rate for similar financial instrument |
| Financial Liabilities at amortised cost (non-current) | | | | |
| Sales tax Deferral Loan | 3.40 | 7.40 | 3 | Discounted cash flow method using interest rate for similar financial instrument |
| Unsecured Loan from Associate Company | 6.83 | 6.02 | 3 | Discounted cash flow method using interest rate for similar financial instrument |
| Financial Liabilities at amortised cost (current) | | | | |
| Sales tax Deferral Loan | 5.06 | 5.06 | 3 | Discounted cash flow method using interest rate for similar financial instrument |

Fair value of cash and cash equivalents, short term loans, trade receivables, trade payables, other financial assets/liabilities approximate their carrying amounts largely due to the short term maturities of these instruments. Methods and assumptions used to estimate the fair values are consistent with those used for the year ended March 31, 2018.

Notes to Consolidated Financial Statement for the year ended March 31, 2019 (Contd.)

During the reporting period ended March 31, 2019 and March 31, 2018, there were no transfers between level 1, level 2 and level 3 fair value measurements.

Reconciliation of Level 3 fair values :

The following table shows a reconciliation of the opening and closing balances for Level 3 fair values.

Rs. in Crore

| Particulars | Deposit for premises / Security Deposits | Sales Tax Deferral Loan | Loan from Associate Company |
|---|--|-------------------------|-----------------------------|
| Opening Balance (April 01, 2017) | 18.04 | 16.00 | 5.30 |
| Additions during the year | 1.53 | - | - |
| Interest Expenses | 0.95 | - | - |
| Interest Income | - | 1.54 | 0.72 |
| Repayment of Loan | - | (5.08) | - |
| Closing Balance (March 31, 2018) | 20.52 | 12.46 | 6.02 |
| Additions during the year | 2.64 | - | - |
| Interest Income | 1.19 | - | - |
| Interest Expenses | - | 1.06 | 0.81 |
| Repayment of Loan | (0.08) | (5.06) | - |
| Closing Balance (March 31, 2019) | 24.27 | 8.46 | 6.83 |

One percentage point change in the unobservable inputs used in fair valuation of level 3 assets or liabilities does not have significant input in its value.

3.23 Events occurring after the Balance Sheet date

No adjusting or significant non - adjusting events have occurred between the reporting date and the date of authorisation.

3.24 Previous year figures have been regrouped/ rearranged, wherever considered necessary to conform to current year's classification.

3.25 Additional Information, as required under Schedule III to the Companies Act, 2013, of enterprises consolidated as Subsidiary / Associate.

| Sr No | Name of the Enterprise | Net Assets i.e. Total Assets minus Total Liabilities | | Share in Profit / (Loss) | | Share in Other comprehensive income | | Share in Total comprehensive income | |
|-------|--|--|--------------|--------------------------------------|--------------|---|--------------|-------------------------------------|--------------|
| | | As % of consolidated Net Assets | Rs. in Crore | As % of consolidated Profit / (Loss) | Rs. in Crore | As % of consolidated Other comprehensive income | Rs. in Crore | As % of consolidated profit or loss | Rs. in Crore |
| | Parent | | | | | | | | |
| | ISMT Limited | 94.18 | (819.08) | 96.53 | (228.78) | (6.26) | (0.84) | 101.95 | (227.94) |
| | Indian Subsidiaries | | | | | | | | |
| 1 | Tridem Port and Power Company Private Limited | (13.15) | 114.33 | 0.14 | (0.34) | - | - | 0.15 | (0.34) |
| 2 | Nagapattinam Energy Private Limited | (6.64) | 57.74 | 0.00 | (0.01) | - | - | 0.00 | (0.01) |
| 3 | Best Exim Private Limited | (0.01) | 0.05 | - | - | - | - | - | - |
| 4 | Success Power & Infraprojects Private Limited | (0.57) | 4.94 | - | - | - | - | - | - |
| 5 | Marshal Microware Infrastructure Development Company Private Limited | (0.16) | 1.37 | - | - | - | - | - | - |

Notes to Consolidated Financial Statement for the year ended March 31, 2019 (Contd.)

| Sr No | Name of the Enterprise | Net Assets i.e. Total Assets minus Total Liabilities | | Share in Profit /(Loss) | | Share in Other comprehensive income | | Share in Total comprehensive income | |
|-------|--|--|-----------------|--------------------------------------|-----------------|---|---------------|-------------------------------------|-----------------|
| | | As % of consolidated Net Assets | Rs. in Crore | As % of consolidated Profit / (Loss) | Rs. in Crore | As % of consolidated Other comprehensive income | Rs. in Crore | As % of consolidated profit or loss | Rs. in Crore |
| | Foreign Subsidiaries | | | | | | | | |
| 1 | ISMT Enterprises SA, Luxembourg | (6.91) | 60.14 | 0.10 | (0.23) | - | - | 0.10 | (0.23) |
| 2 | Structo Hydraulics AB, Sweden | 9.15 | (79.60) | (0.44) | 1.05 | - | - | (0.47) | 1.05 |
| 3 | ISMT Europe AB, Sweden | 0.26 | (2.30) | (0.50) | 1.19 | - | - | (0.53) | 1.19 |
| 4 | Indian Seamless Inc., USA | (0.13) | 1.11 | (0.00) | 0.01 | - | - | (0.00) | 0.01 |
| 5 | PT ISMT Resources, Indonesia | 0.01 | (0.12) | 0.02 | (0.04) | - | - | 0.02 | (0.04) |
| | Minority Interest in all Subsidiaries | 0.01 | (0.11) | 0.00 | (0.01) | - | 0.05 | (0.02) | 0.04 |
| | Sub-Total | 76.06 | (661.53) | 95.85 | (227.16) | (6.26) | (0.79) | 101.20 | (226.27) |
| | Total Elimination | 23.94 | (208.19) | 4.15 | (9.84) | 105.89 | 14.20 | (1.95) | 4.36 |
| | Grand Total | 100.00 | (869.72) | 100.00 | (237.00) | 99.63 | 13.41 | 99.25 | (223.59) |

As per our report of even date

For D N V & Co

Chartered Accountants

Firm Registration No. 102079W

CA Bharat Jain

Partner

M. No.100583

Pune, June 14, 2019

For and on behalf of the Board of Directors

B. R. Taneja

Managing Director

DIN NO:00328615

Chetan Nathani

Company Secretary

FCS NO:9836

Pune, June 14, 2019

Rajiv Goel

Chief Financial Officer

DIN NO:00328723

Form AOC - I

SALIENT FEATURES OF FINANCIAL STATEMENTS OF SUBSIDIARY / ASSOCIATES AS PER SECTION 129 (3) OF COMPANIES ACT, 2013

PART 'A' SUBSIDIARIES

Rs. in Crore

| Sr. No. | Name of the Subsidiary Company | Reporting Currency | Share Capital | Other Equity | Total Assets | Total Liabilities # | Investments (excluding investment in subsidiary) | Turnover/ Total Income | Profit/ (Loss) Before Taxation | Provision for Taxation | Profit/ (Loss) After Taxation | Proposed Dividend | % of Shareholding |
|---------|--|--------------------|---------------|--------------|--------------|---------------------|--|------------------------|--------------------------------|------------------------|-------------------------------|-------------------|-------------------|
| 1 | ISMT Enterprises SA, Luxembourg | Euro | 61.04 | (0.90) | 61.34 | 1.20 | - | - | (0.23) | - | (0.23) | - | 99.62% |
| 2 | Structo Hydraulics AB, Sweden | SEK | 0.78 | (80.38) | 72.24 | 151.84 | - | 53.05 | 1.05 | - | 1.05 | - | 100.00% |
| 3 | ISMT Europe AB, Sweden | SEK | 0.07 | (2.37) | 59.44 | 61.74 | - | 103.09 | 1.19 | - | 1.19 | - | 100.00% |
| 4 | Indian Seamless Inc., USA | USD | 2.10 | (0.99) | 1.13 | 0.02 | - | 1.13 | 0.01 | - | 0.01 | - | 100.00% |
| 5 | Tridem Port and Power Company Private Limited | INR | 2.58 | 111.75 | 115.05 | 0.72 | - | - | (0.34) | - | (0.34) | - | 100.00% |
| 6 | Nagapattinam Energy Private Limited | INR | 0.25 | 57.49 | 57.74 | - | - | - | (0.01) | - | (0.01) | - | 100.00% |
| 7 | PT ISMT Resources, Indonesia | Rupiah | 4.50 | (4.62) | 0.01 | 0.13 | - | - | (0.04) | - | (0.04) | - | 100.00% |
| 8 | Best Exim Private Limited | INR | 0.01 | 0.04 | 0.06 | 0.01 | - | - | - | - | - | - | 100.00% |
| 9 | Success Power and Infraprojects Private Limited | INR | 0.19 | 4.75 | 4.94 | - | - | - | - | - | - | - | 100.00% |
| 10 | Marshal Microwave Infrastructure Development Company Private Limited | INR | 0.01 | 1.37 | 2.18 | 0.80 | - | - | - | - | - | - | 100.00% |

Excluding Share Capital and Other Equity

| Exchange Rates | Closing Exchange Rate for Assets and Liabilities | Average Rate for Profit and Loss items |
|----------------|--|--|
| Euro to INR | 77.3870 | 79.0082 |
| SEK to INR | 7.4488 | 7.6176 |
| GBP to INR | 0.00000 | 0.0000 |
| Rupiah to INR | 0.004870 | 0.004798 |
| USD to INR | 69.2813 | 67.2090 |

Reporting dates of all Subsidiaries is March 31, 2019 except for PT ISMT Resources, which is December 31, 2018.

Note : 1. Names of subsidiaries which are yet to commence operations : None

2. Names of subsidiaries which have been liquidated or sold during the year : None

For and on behalf of the Board of Directors

B. R. Taneja

Managing Director

DIN NO:00328615

Rajiv Goel

Chief Financial Officer

DIN NO:00328723

Chetan Nathani

Company Secretary

FCS NO:9836

Pune, June 14, 2019

Statement on Impact of Audit Qualifications (for audit report with modified opinion) submitted along-with Annual Audited Financial Results – Consolidated
I Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2019

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

Rs. in Crore

| Sr. No. | Particulars | Audited Figures (as reported before adjusting for qualifications) | Adjusted Figures (audited figures after adjusting for qualifications) |
|---------|---|---|--|
| 1. | Turnover / Total income | 1,861.02 | 1,861.02 |
| 2. | Total Expenditure | 2,098.03 | 2,219.61 |
| 3. | Net Profit/(Loss) | (237.01) | (358.59) |
| 4. | Earnings Per Share | (16.18) | (24.48) |
| 5. | Total Assets | 2,442.89 | 2,321.31 |
| 6. | Total Liabilities | 3,312.61 | 3,312.61 |
| 7. | Net Worth | (869.72) | (991.30) |
| 8. | Any other financial item(s) (as felt appropriate by the management) | - | - |

Note :- Impact of Audit qualification mentioned in 3 (a), 4 (a) and 5 (a) below has not been included above as the exact quantum of the same cannot be ascertained.

II. Audit qualification (each qualification separately):
(1) (a) Details of Audit Qualification:

The Parent Company has outstanding Minimum Alternate Tax (MAT) entitlement, classified as Deferred Tax Asset as per Ind AS- 12, Income Taxes, of Rs. 82.05 Crores as on March 31, 2019. Taking into consideration the loss during the period ended March 31, 2019 and carried forward losses under the Income Tax, in our opinion, it is not probable that the MAT entitlement can be adjusted within the specified period against the future taxable profits under the provisions of Income Tax Act 1961. In view of the same, in our opinion, the MAT entitlement cannot be continued to be recognised as an asset in terms of Ind AS-12 and “Guidance note on accounting for credit available in respect of MAT under the Income Tax Act, 1961”. Non-writing off of the same has resulted in understatement of consolidated net loss for the year ended March 31, 2019 and overstatement of other equity by Rs.82.05 Crores and its consequential effect on the Earnings per Share of the Group.

(b) Type of Audit Qualification : Qualified Opinion

(c) Frequency of qualification : appearing since financial year 2013-14.

(d) For Audit Qualification(s) where the impact is quantified by the auditor, Management’s Views :

As per Ind AS- 12 “Income Tax“, Minimum Alternate Tax (MAT) credit (unused tax credit) is regarded as Deferred Tax Assets and the same shall be recognised to the extent that it has become probable that future taxable profit will be available against which the unused tax credit can be utilised. In view of Business uncertainties and pending debt Resolution, it is difficult for the Company to fairly ascertain the probable future taxable profit against which MAT Credit can be utilized. Accordingly, the unabsorbed MAT credit of Rs. 82.05 Crore as at March 31, 2019, if any, shall be charged in the Statement of Profit and Loss to the extent it lapses in the respective years.

(e) For Audit Qualification(s) where the impact is not quantified by the auditor : Not Applicable

(i) Management’s estimation on the impact of audit qualification :

(ii) If management is unable to estimate the impact, reason for the same:

(iii) Auditor’s Comments on (i) or (ii) above:

(2) (a) Details of Audit Qualification:

The Parent Company had recognized claim in earlier years, of which outstanding balance as on March 31, 2019 is Rs. 39.53 Crores, against Maharashtra State Electricity Distribution Company Ltd. (MSEDCL) for non-implementation of Energy Banking Agreement. The Parent Company had appealed to Appellate Tribunal (APTEL) against the order passed by Maharashtra Electricity Regulatory Commission (MERC) and the same has been dismissed by the APTEL. The Parent Company has preferred appeal before the Hon’ble Supreme Court against the order of APTEL. The realization of this claim is contingent and dependent upon the outcome of the decision of the Supreme Court. In our opinion the recognition of above claim, being contingent asset in nature, is not in conformity with Ind AS-37, “Provisions, Contingent liabilities and Contingent assets”. Recognition of the above claim has resulted in overstatement of carrying value of non –current assets and other equity by Rs.39.53 Crores as at March 31, 2019.

(b) **Type of Audit Qualification** : Qualified Opinion

(c) **Frequency of qualification** : appearing since financial year 2013-14

(d) **For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:**

Maharashtra Electricity Regulatory Commission (MERC) had disallowed Company's petition regarding banking of energy facility under Energy Banking Agreement (EBA) vide its orders dated June 20, 2014 and January 12, 2015. The Company filed an appeal before the Appellate Tribunal for Electricity (APTEL) against the said order and the same has been dismissed by the APTEL vide their order dated April 1, 2016. The Company's appeal, challenging the APTEL order is pending before the Hon'ble Supreme Court. The Company had accrued EBA benefit aggregating to Rs. 49.97 Crore upto March 31, 2014, of which amount outstanding as on March 31, 2019 is Rs. 39.53 Crore, representing excess energy charges paid to Maharashtra State Electricity Distribution Company Limited (MSEDCL) on account of non-availability of banking of energy facility. There has been no further accrual since April 1, 2014 on account of suspension of operation of power plant.

(e) **For Audit Qualification(s) where the impact is not quantified by the auditor: Not Applicable**

(i) **Management's estimation on the impact of audit qualification:**

(ii) **If management is unable to estimate the impact, reason for the same:**

(iii) **Auditor's Comments on (i) or (ii) above:**

(3) (a) **Details of Audit Qualification:**

The Parent Company has reclassified 40 MW Captive Power Project (CPP) at Chandrapur, Maharashtra, which was asset held for sale to Property Plant and Equipment on Balance Sheet date for the reasons stated below. The Parent Company has expressed its inability to determine the recoverable value of the CPP on re-classification for the reasons stated below; hence, the CPP is measured on the Balance sheet date at the adjusted carrying amount of Rs. 236.08 Crores and not at lower of the adjusted carrying amount and the recoverable amount as required by Ind AS 105 "Non-current Assets Held for Sale and Discontinued Operations. In view of the aforesaid, we are unable to determine the impact of the same, if any, on consolidated net loss for the year ended March 31 2019, carrying value of the CPP and other equity as at March 31, 2019.

(b) **Type of Audit Qualification** : Qualified Opinion

(c) **Frequency of qualification** : appearing for the first time in the financial year 2018-19

(d) **For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:**

In spite of efforts made, the Company is unable to sell the Captive Power Plant (CPP) which has been classified as 'Asset held for Sale', in terms of Ind AS 105, "Non-current Assets Held for Sale and Discontinued Operations" in earlier years. The Company does not see any exit possibility in near term due to structural weaknesses in this sector. The management has therefore considered it appropriate, in terms of Ind AS 105, "Non-current Assets Held for Sale and Discontinued Operations" to reclassify CPP as non-current asset under the head Property Plant and Equipment on Balance Sheet date.

Pursuant to said re-classification of CPP, the Company has provided depreciation of Rs.20.38 Crore on the CPP from the date of classification as held for sale till 31st March 2019 and the required adjustment to carrying amount of CPP is disclosed under Exceptional item in the Statement of Profit and Loss.

It is not possible to reasonably or reliably determine the recoverable amount of the CPP on Balance Sheet date given the prevailing uncertainties of running the CPP or disposing it as going concern or otherwise. The outcome of the Supreme Court case will also have material bearing on the determination of the recoverable amount.

In view of the above and being a sub-judice matter it is not possible to reasonably or reliably determine the recoverable amount, hence the asset (on reclassification from held for sale) is measured on the Balance Sheet date at the adjusted carrying amount of Rs.236.08 Crore. The financial effect, if any, of the same on loss for the quarter and year ended March 31, 2019, carrying value of the CPP and other equity is not ascertainable.

(e) **For Audit Qualification(s) where the impact is not quantified by the auditor:**

(i) **Management's estimation on the impact of audit qualification:** Not ascertainable

(ii) **If management is unable to estimate the impact, reason for the same:** Not ascertainable

(iii) **Auditor's Comments on (i) or (ii) above:** Not ascertainable as explained in the qualification stated above

(4) (a) **Details of Audit Qualification:**

The wholly owned subsidiary company, Tridem Port and Power Company Private Limited (TPPCL) along with its subsidiaries, has reclassified thermal power project and captive port (TPP) at Tamilnadu, which was asset held for sale, to Property Plant and Equipment and Capital Work-in progress on Balance Sheet date for the reasons stated below. The Group has expressed its inability to determine the recoverable value of the TPP on re-classification for the reasons stated in said note; hence, the TPP is measured on the Balance sheet date at the carrying amount of Rs. 104.56 Crores and not at lower of the carrying amount and the recoverable amount as required by Ind AS 105 "Non-current Assets Held for Sale and Discontinued Operations". In view of the aforesaid, we are unable to determine the impact of the same, if any, on consolidated net loss for year ended March 31 2019, carrying value of the TPP and other equity as at March 31, 2019.

(b) **Type of Audit Qualification** : Qualified Opinion

(c) **Frequency of qualification : appearing for the first time in the financial year 2018-19**

(d) **For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:**

Tridem Port and Power Company Private Limited (TPPCL), the wholly owned subsidiary of the Company, along with its subsidiaries had proposed to set up a thermal power project and captive port in Tamil Nadu. TPPCL had obtained the approvals for the projects including acquisition of land but no construction activity had commenced.

However, on account of subsequent adverse developments, the TPPCL had decided not to pursue these projects. There has been negligible interest from the potential buyers due to present power sector scenario. TPPCL has also unsuccessfully tried to sell the freehold land since there were no takers for the project.

Considering premature status of the project, prevailing power sector scenario, ongoing litigations, the various alternative usage of land of the project and inability to successfully pursue the sale of the project or its freehold land, it is not possible to reasonably or reliably determine the recoverable amount and consequently to ascertain whether there is any impairment of the amount invested in TPPCL as required by Ind AS 36 "Impairment of Assets" and hence the aforesaid asset is measured on the Balance sheet date at the carrying amount of Rs 116.08 Crore (including advances given to TPPCL of Rs. 113.50 Crores). The financial effect, if any, of the same on loss for the quarter and year ended March 31, 2019, carrying value of the investment and other equity is not ascertainable.

(e) **For Audit Qualification(s) where the impact is not quantified by the auditor:**

(i) **Management's estimation on the impact of audit qualification:** Not ascertainable

(ii) **If management is unable to estimate the impact, reason for the same:** Not ascertainable

(iii) **Auditor's Comments on (i) or (ii) above:** Not ascertainable as explained in the qualification stated above

(5) (a) **Details of Audit Qualification:**

Pending approval/ sanction of debt restructuring scheme by lenders and balance confirmation from majority of lenders, the Parent Company has not provided for the overdue /penal interest, if any. The quantum and its impact, if any, on the consolidated net loss for the year ended March 31 2019, carrying value of the Borrowings (i.e Current Financial Liabilities) and other equity as at March 31,2019 is unascertainable.

(b) **Type of Audit Qualification :** Qualified Opinion

(c) **Frequency of qualification :** appearing since financial year 2016-17

(d) **For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:**

Consequent to RBI Circular dated 12th February, 2018 the lenders have decided to explore assignment of debt as a Resolution Plan. Accordingly, Banks holding about 71 % of the principal debt have assigned their debt to Asset Reconstructing Companies (ARCs) while Banks holding most of the remaining debt are also pursuing the process for assignment of debt to ARCs. ARCs in turn are expected to restructure the debt on a sustainable basis which inter alia could necessitate downsizing of debt including interest. There has been a substantial progress on the Resolution Plan agreed to by the Banks and restructuring process is also initiated by the Company for the assigned debt in the current quarter. Notwithstanding the pending restructuring of debt and balance confirmations from lenders, interest on the loans has been provided as per the terms of sanction letters of the respective banks on simple interest basis (excluding overdue / penal and compounding of interest). In view of restructuring exercise, occurrence of such interest though unascertained, however the same has been provided out of abundant precaution. The financial effect of non provision of overdue / penal and compounding of interest, if any, on loss for the quarter and year ended March 31, 2019, carrying value of the borrowings (current financial liabilities) and other equity is not ascertainable.

(e) **For Audit Qualification(s) where the impact is not quantified by the auditor:**

(i) **Management's estimation on the impact of audit qualification:** Not ascertainable.

(ii) **If management is unable to estimate the impact, reason for the same:** Not ascertainable.

(iii) **Auditor's Comments on (i) or (ii) above:** Not ascertainable as explained in qualification stated above.

III Signatories:

As per our report of even date

For D N V & Co

Chartered Accountants

Firm Registration No. 102079W

CA Bharat Jain

Partner

M. No.100583

Pune, June 14, 2019

For and on behalf of the Board of Directors

B. R. Taneja

Managing Director

DIN NO:00328615

R. Poornalingam

Audit Committee Chairman

Pune, June 14, 2019

Rajiv Goel

Chief Financial Officer

DIN NO:00328723

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