ISMT LIMITED

Solutions You Can Trust

ISMT/SEC/20-21

September 08, 2020

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

Symbol: ISMTLTD

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

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 financialyear 2019-20.

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

Thanking you.

Yours Faithfully,
For **ISMT Limited**

Chetan Nathani
Company Secretary

ISMT LIMITED PUNE

Encl: As above

Reg. Off.: Panama House (*Earlier Known as Lunkad Towers*), Viman Nagar, Pune - 411 014
Ph.: +91 20 41434100 Fax: +91 20 26630779 E-mail: secretarial@ismt.co.in
Web: www.ismt.com
CIN: L27109PN1999PLC016417

ANNUAL REPORT
2019-20

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.

Leavy 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

O P Kakkar	-	Chairman
B R Taneja	-	Managing Director
Rajiv Goel	-	Chief Financial Officer
Deepa Mathur	-	Director
Shyam Powar	-	Director
Kanakraj M	-	Director
R Poornalingam	-	Director

Company Secretary

Chetan Nathani

Statutory Auditors

M/s D N V & Co., Chartered Accountants

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 Ltd.
Andhra Bank
Central Bank of India
IKB Deutsche Industrie Bank AG
Edelweiss Asset Reconstruction Co. Ltd.
Asset Reconstruction Co. (India) Ltd. (ARCIL)
SC Lowy Primary Investments, Ltd.

Registered Office

Panama House,
(*Earlier known as* Lunkad Towers),
Viman Nagar, Pune - 411014
Tel: +91-20-4143 4100/ 26630144
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** (Structo)
Steel - Jejuri - Morgaon Road, **Jejuri** – 412303
Power-Village Kurla, Warora, **Chandrapur** - 422910

Registrar & Share Transfer Agent

KFin Technologies Pvt. Ltd.
(*Formerly known as* Karvy Fintech Pvt. Ltd.)

Board's Report

To the Members of ISMT Limited

Your Directors present herewith the Twenty Second Annual Report & Audited Financial Statements of the Company for financial year ended March 31, 2020.

FINANCIAL HIGHLIGHTS

Rs. in Crore

Particulars	Financial Year	
	2019-20	2018-19
Gross Sales	**1675.09**	2423.39
Income from Operations	**1304.29**	1825.10
Earnings before Finance Cost, Depreciation, Amortization & Tax (EBIDTA)	**89.03**	119.87
Cash Profit/ (Loss)	**(179.40)**	(154.35)
Net Profit/ (Loss)	**(240.43)**	(228.78)
Total Comprehensive income	**(243.12)**	(229.62)

FINANCIAL PERFORMANCE

This was a difficult year with net sales dropping sharply by 29%. Contraction in Automobile industry, slow down in capex cycles & the COVID-19 shut down in last quarter were largely responsible for this decrease.

DIVIDEND

Your Directors are unable to recommend dividend for the year ended March 31, 2020 in view of the losses.

RESERVES

No amount is proposed to be transferred to Reserves.

IMPACT OF COVID-19

Operations at all plants of the Company were suspended from March 22, 2020 on account of COVID-19 outbreak and subsequent lockdown. Operations resumed at various locations, in a phased manner from April 28, 2020 onwards after obtaining the necessary permissions from local authorities. COVID-19 crisis is still unfolding and full assessment of the impact of the same will only be possible once the pandemic starts settling down.

OPERATIONS

There has been a sharp drop in the capacity utilization at Steel Plant from 50% to 34%. Tube Plant utilization also went down from 48% to 45%. However, the gross margins were maintained despite the low production.

Tube Sales came down by 25% from Rs. 1,317 Crore to Rs. 982 Crore while Steel Sales slumped by more than 35% from Rs. 478 Crore to Rs. 298 Crore.

FINANCE

As a result of drop in Sales, EBIDTA also slipped by 1/3rd from Rs. 119.87 Crore to Rs. 89.03 Crore. However, through better product mix and cost reduction, EBIDTA margin was sustained despite lower volumes. The Company continued to be EBIDTA positive which enabled it to meet all statutory obligations, essential capex, need based working capital & payment to lenders as per the agreed plan.

DEBT RESOLUTION

In terms of the Resolution Plan, Banks holding 74% of the debt have assigned the debt to Asset Reconstruction Companies with ARCIL acquiring 70% of the debt. ARCIL and other Lenders have signed an Inter Creditor Agreement during the year for restructuring debt of the Company. However, the same could not get concluded before the COVID-19 outbreak.

ENERGY BANKING

Captive Power Plant continued to be inoperative throughout the year in absence of banking facility from Maharashtra State Electricity Distribution Company Ltd. (MSEDCL). The Company's appeal against wrongful denial of banking facility is pending in Supreme Court.

IMPORTS

The present anti dumping duty on imports from China is in force until May, 2021. On account of continuing large imports from China adversely impacting the industry, the industry is seeking renewal of the same for 5 years.

There are large imports from various countries as Defectives at very low prices accounting for more than 25% of total imports. The industry will pursue with the Government for suitable safeguards in this regard.

Imports from other parts of the world are still substantial & needs to be addressed. The Industry has sufficient capacity & capability to meet most of the import requirements.

PSU BUSINESS

Despite having a track record of decades in supplying to ONGC & other PSUs, the Company today is not able to participate in their tenders because of its negative net worth thereby losing out on substantial business. While the Company is pursuing with the lenders for net worth correction, the Company has also made suitable representations to respective authorities for relaxing the net worth requirement.

SCRAP AVAILABILITY

In the absence of the policy for scrapping old commercial vehicles, the country pays for higher pollution and also suffers forex outgo on account of high cost imports. Implementation of this policy will increase domestic availability of scrap at competitive prices & considerably enhance the viability of electric steel making.

ENERGY COST

The Company is entirely dependent on high cost power from the State grid. Availability of power at competitive rates is key to success of Atmanirbhar Bharat and suitable steps need to be taken at both Central and State Governments levels to facilitate -

(a) Special tariff for EAF route;

(b) Free market for sale of power across India; and

(c) Removal of cross subsidy and other State levies.

Board's Report (Contd.)

NON CORE ASSETS

The Company and its Lenders have identified Captive Power Plant, land held by Tridem Port and Power Company Pvt. Ltd., Wholly Owned Subsidiary and Surplus land in Jejuri Plant as non core assets. The COVID-19 crisis will both elongate the time frame and lower the realization from disposal of these assets.

RESEARCH & DEVELOPMENT

Details of R&D activities undertaken are enumerated in Annexure 'B' attached to this Report

DIRECTORS & KEY MANAGERIAL PERSONNEL

In accordance with the provisions of the Companies Act, 2013 ('Act') and the Articles of Association of the Company, Mr. B R Taneja retires by rotation and being eligible, offers himself, for re-appointment.

The term of Mr. Rajiv Goel as Whole-time Director expired on September 30, 2019. He was further re-appointed as such upto September 30, 2020.

Five (5) meetings of the Board of Directors were held during the year. Detailed information is given in the Corporate Governance report.

Independent Directors have given Declaration pursuant to Section 149(7) of the Companies Act, 2013 (Act) & Regulation 25(8) of SEBI (LODR), Regulations 2015, stating that they meet the criteria of independence.

The Board is assured that the Independent Directors of the Company posses adequate proficiency, experience, expertise and integrity.

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.

Chairman evaluates the performance of the Board and of the Independent Directors. While Independent Directors evaluate the performance of the Committees and of Non-Independent 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 Audit observations on the Financial Statements, it has been explained in the Notes forming part of the Financial Statements i.e. Note Nos. 1.32- Remuneration to Executive Directors, 3.12-Minimum Alternate Tax, 3.16-Investments & Receivables - Structo Hydraulics AB, Sweden, 3.17-Investment in Tridem Port & Power Company Pvt. Ltd., 3.18-Going Concern, 3.19- Interest on Loans, 3.20(i)-Recoverability from MSEDCL, 3.20(ii)-Investments in Captive Power Plant & 3.33 - Impact of COVID-19 on operations which are self-explanatory & 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 there under, your Directors had, on recommendation of the Audit Committee, approved the appointment & remuneration of the following Cost Auditors of the Company for FY2019-20:

(i) M/s Dhananjay V. Joshi & Associates; and

(ii) M/s Parkhi Limaye & Co.

The payment of remuneration for FY2019-20 to aforesaid Cost Auditors is subject to ratification by the Members at the ensuing Annual General Meeting.

The Cost Audit Report for FY2018-19 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 & 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.

On account of continuing weakness of European economy, Structo, on consolidated basis, recorded a contraction in Sales from Rs. 149.30 Crore to Rs. 106.14 Crore and incurred loss of Rs. 4.55 Crore in FY2019-20 against profit of Rs. 3.80 Crore in FY2018-19. The COVID-19 crisis has made turnaround of the business more challenging in the short term.

During FY2019-20, the Company acquired stake in its step down subsidiary viz. Structo Hydraulics AB, Sweden (Structo) by acquiring 40,73,627 shares (95.1%) pursuant to conversion of debt as approved by Reserve Bank of India. Accordingly, Structo became a direct subsidiary of the Company.

FIXED DEPOSITS

The Company has not accepted any deposits from the public.

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.

Board's Report (Contd.)

EXTRACT OF ANNUAL RETURN

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

Latest Annual Return of the Company in Form MGT-7 is placed on website 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, 2020 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 www.ismt.com.

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

Details pertaining to Section 197(12) of the Act read with Rules framed thereunder form 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 others 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. KMDS & Associates, Company Secretaries as Secretarial Auditors to undertake Secretarial Audit of the Company for the period ended March 31, 2020.

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 financial results for FY2018-19 got delayed by 2 weeks due to delay in financials of foreign subsidiaries.

ii. Delay in submission of Shareholding Pattern:

Submission of Shareholding Pattern with NSE for quarter ended June, 2019 got delayed by 3 weeks due to technical issues.

iii. Promoter shareholding not in demat form:

One Promoter Shareholder (holding 0.02% shares in physical form) was classified as such by virtue of being related to a former promoter of the Company, who passed away in April, 2013.

The Company has requested the said shareholder from time to time to Demat the shareholding.

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.

Board's Report (Contd.)

CORPORATE SOCIAL RESPONSIBILITY

Pursuant to Section 135 of the Act, a CSR Committee has been constituted by the Board which consists of three directors including two independent directors.

Pursuant to 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 www.ismt.com.

CONTRACTS & ARRANGEMENTS WITH RELATED PARTIES

During the year under review, 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 website 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 under review, there were no cases filed 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 to all employees for their dedication & team work.

For and on behalf of
the Board of Directors

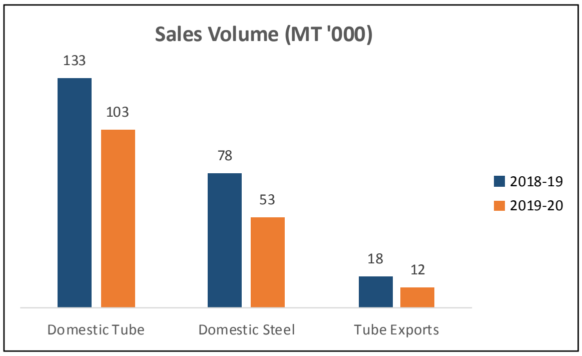
Pune
July 31, 2020

O P Kakkar
Chairman

Management Discussion and Analysis

Company Performance:

Total Revenue	:	Rs.1313.99 Crore
EBIDTA	:	Rs.89.03 Crore
Cash Profit / (Loss)	:	Rs.(179.40) Crore
Profit / (Loss) after Tax	:	Rs.(240.43) Crore



Sales of Domestic and Export seamless tubes and pipes dropped by 24% and 35% respectively in the current year over previous year. Steel sales were lower by 38% against previous year.

Slow down in Automobile sector and downturn in domestic economy resulted into drop in sales.

Rs. in Crore

Particulars	2019-20	2018-19	Change
Net Sales	**1280**	1795	(29%)
Domestic			
-Tube	**855**	1122	(24%)
-Steel	**298**	478	(38%)
Tube Exports	**127**	195	(35%)

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 speciality and alloy steel products is closely linked to automotive and auto component industry.

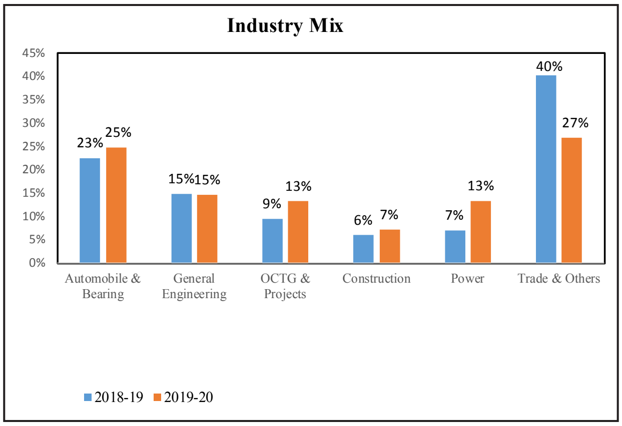
Captive Power Plant

The operations of the Captive Power Plant remained suspended during the year under review 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:

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



Replacement demand and PSU capex during the year led to increase in sales to Power and Project sectors respectively while dependence on Trade has come down..

OPPORTUNITIES & THREATS

Opportunities

Revival of demand post lifting of lock down in the second half of the FY2020-21 & the Government's thrust on "Atmanirbhar Bharat" is likely to give opportunities for domestic seamless manufacturers.

Management Discussion and Analysis (Contd.)

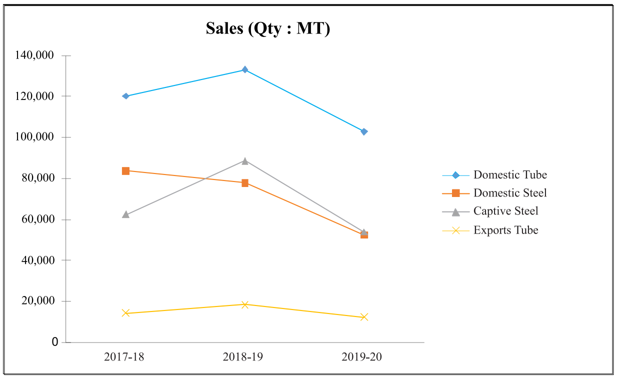
The realignment in the geopolitics and trade practices post COVID-19 pandemic may also create new opportunities in export market.

Threats

The imposition of anti-dumping duties from developed countries remains threat. Also a start of great awareness in environment safety may lead to technological changes. The outbreak of COVID-19 pandemic and subsequent lockdown has distorted market conditions and created a scenario of uncertainty in near to midterm.

SEGMENT/ PRODUCT INFORMATION

Your Company is engaged in manufacturing Seamless Tubes and Engineering Steels. Seamless Tube accounted for 77% of ISMT's sales while Steel accounted for the balance 23%. Captive consumption of steel reduced marginally to 52% as compared to that of 53% for previous year.



Automotive sector is a vital segment which accounts for almost 25% of the seamless tube volume. Similarly the steel volume is directly or indirectly cent percent linked to automotive sector. As FY 2019-20 has been the worst year for automotive sector in last one decade, this along with general slowdown in the economy has affected the sales volume of both seamless tubes and steel products of the Company.

For manufacturing of seamless tubes, your Company uses internal steel from its Steel plant and also purchases few grades of steel from outside market depending upon price dynamics and availability. This dynamics in sourcing of steel also affects the volume of captive steel consumption.

OUTLOOK

The spread of COVID-19 leading to lockdown worldwide is expected to lower the manufacturing activities across the globe. As a result the demand of seamless tubes and steel in midterm is likely to be adversely impacted. At the same time, supply chain issues and uncertainty in import of seamless tubes may also create opportunity for the demand of seamless tubes and steel 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 sudden emergence of Covid-19 pandemic is a great concern for the growth in short term.

For the long term success, 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 on a periodic basis reviews the effectiveness and adequacy of the internal control systems and processes and suggests improvements if any.

FINANCIAL PERFORMANCE

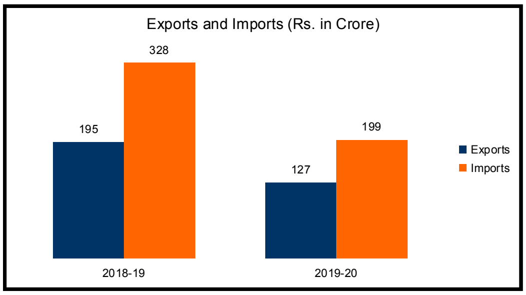
Some of the key financial parameters are as under:

Finance Cost

The Finance cost for the year was almost same as that for previous year at Rs. 274 Crore and stood at 21% of Net Revenue. Most of the finance cost is only a provision towards interest on Term Loans and Working Capital Loans which are under restructuring with lenders.

The Company's forex exposure is managed both through a natural hedge and by contracting import consignment on high sea on INR term factoring therein the premium on exchange rates 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.

Exports and Imports



Majority of the import represents the import of Shredded and Heavy Metal Scrap. The import of scrap depends on price dynamics of various imported scrap and other raw materials. During the year consumption of imported raw material, consumable other items decreased to Rs. 199 Crore from Rs. 328 Crore in the previous year. The decrease is in line with decrease in sales volume and the Company strategy for import of raw materials.

Management Discussion and Analysis (Contd.)

Exports are down primarily due to slowdown in USA and Tariff policies of various countries. Export for the last quarter of FY 2019-20 got impacted due to spread of COVID-19 in various part of the world.

Working Capital

The Company lost substantial sales in the last quarter due to sudden lockdown in Maharashtra and across India. Huge inventory of finished goods and Work in Progress remained unsold as on 31st March 2020 raising the level of inventory in absolute value terms as well as holding period thereby affecting the inventory turnover ratio.

Though the debtors in absolute terms were lower than the previous year on account of lower sales, the debtors turnover ratio has dropped marginally from 6.09 in FY 2018-19 to 5.37 in current financial year.

Creditors turnover increased from 12.48 times in FY2018-19 to 8.17 times, to match the cash flow gaps.

Rs. In Crore

Particulars	2019-20	2018-19
Inventory	**379**	341
Stock Turnover(times)	**3.38**	5.27
Debtors	**238**	295
Debtors Turnover(times)	**5.37**	6.09
Creditors	**106**	100
Creditors Turnover(times)	**8.17**	12.48

The Company is presently relying on its internal cash flows for meeting all its working capital requirement.

Energy Cost

Energy Cost accounted for 18% of the Company's net revenues at Rs. 234 Crore. In the current financial year, operations of the Captive Power Plant remained suspended.

Particulars	2019-20	2018-19	Change
Power consumption			
(KWH/Ton of Production)			
-Steel Division	**869**	884	(3%)
-Tube Division	**624**	558	12%
Avg. Electricity Rate per Unit			
From MSEDCL (Rs./KWH)	**9.04**	8.44	7%

While power consumption per unit of steel division decreased by 3%, same for tube division increased by 12% as compared to previous year. Better planning & block closure of steel unit helped reduce per unit power consumption. In case of tube plants, lower capacity utilization resulted in higher power consumption per unit.

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

Particulars	2019-20	2018-19	Change
Furnace oil Consumption			
(KLtrs/Ton of Production)			
-Steel Division	**35**	32	9%
-Tube Division	**72**	72	0%
Avg. Furnace Oil rate			
Rs. Per Litre	**32.66**	36.00	(9%)

There was a drop in average international oil prices resulting in reduction in furnace oil rate per litre.

There was a 9% increase in furnace oil consumption per Metric Ton of production of steel division over previous year while there was no change in furnace oil consumption of tube divisions.

KEY FINANCIAL RATIOS

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

Particulars	2019-20	2018-19	Change
Debtors Turnover	**5.37**	6.09	(11.82%)
Inventory Turnover	**3.38**	5.27	(35.86%)
Interest Coverage Ratio	**0.09**	0.17	(47.06%)
Current Ratio	**0.22**	0.25	(12%)
Debt Equity Ratio	**-ve**	-ve	NA
Operating Profit Margin	**7.0%**	6.7%	4.5%
Net Profit Margin	**-ve**	-ve	NA
Return on Net Worth	**-ve**	-ve	NA

The outbreak of COVID-19 pandemic towards end of the year led to higher inventory and receivable as on Balance Sheet date which resulted into lower turnover ratio against previous year. Same finance cost as that of previous year with lower Earnings before Interest and Taxes (EBIT) than previous year has had an adverse impact on interest coverage ratio. Increase in current liabilities on account of interest provisioning led to lower current ratio.

HUMAN RESOURCES DEVELOPMENT AND INDUSTRIAL RELATIONS

The Industrial relations continued to remain peaceful throughout the year. The personnel expenses increased marginally by 2% 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.

Management Discussion and Analysis (Contd.)

EMPLOYEE RELATED INFORMATION

As on March 31, 2020

Particulars	Total
Managers	249
Officers & Staff	628
Workmen	1106
Total	**1983**

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 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 2019-20 and at the last Annual General Meeting and other details are as follows:

Name of the Director	Category	Financial Year 2019-20 Attendance at		No. of Director-ships in other public companies@	Committee positions in other public companies**	
		Board Meetings	Last AGM		Member	Chairman
Mr. B.R. Taneja	Promoter-ED	4	Yes	-	-	-
Mr. Rajiv Goel	ED	5	Yes	-	-	-
Mr. O.P. Kakkar	NED	5	Yes	-	-	-
Mr. R. Poornalingam	Independent-NED	5	Yes	1*	2	2
Ms. Deepa Mathur	NED	4	No	-	-	-
Mr. Shyam Powar	Independent-NED	1	No	1^	2	1
Mr. Kankraj Madhavan	Independent-NED	4	Yes	-	-	-

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.

* Mr. R Poornalingam is an Independent Director in other listed entity viz. Loyal Textile Mills Ltd.

^ Mr. Shyam Powar is an Independent Director in other listed entity viz. TAAL Enterprises Ltd.

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

During the financial year 2019-20, Five Board Meetings were held as under:

Sr. No.	Date of Meeting	Sr. No.	Date of Meeting
1	June 14, 2019	4	November 04, 2019
2	August 08, 2019	5	February 06, 2020
3	September 28, 2019		

As on March 31, 2020, 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. B R Taneja, Director of the Company, retires by rotation at the ensuing Annual General Meeting (AGM) and being eligible, offers himself for re-appointment.

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

AUDIT COMMITTEE

Audit Committee of the Board 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.

CORPORATE GOVERNANCE REPORT (cont.)

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	6
Ms. Deepa Mathur	Member	5
Mr. Shyam Powar	Member	1
Mr. Kanakraj Madhavan	Member	5

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

Sr. No.	Date of Meeting
1	June 14, 2019
2	July 03, 2019
3	August 08, 2019
4	September 28, 2019
5	November 04, 2019
6	February 06, 2020

Mr. R Poornalingam, Chairman of the Audit Committee was present at the last Annual General Meeting held on September 28, 2019.

MANAGERIAL REMUNERATION

a. Nomination & 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 Listing Regulations & Section 178 of the Act. NRC, inter alia, performs functions of recommending to 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	0
Mr. R. Poornalingam	Member	2
Ms. Deepa Mathur	Member	2
Mr. Kanakraj Madhavan	Member	2

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

Sr. No.	Date of Meeting
1	August 08, 2019
2	February 06, 2020

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 2019-20 is given below:

Name of the Director	Salary and Perquisites (Rs.)	Commission (Rs.)	Sitting Fees (Rs.)
Mr. B.R. Taneja	2,04,00,000	-	-
Mr. Rajiv Goel	1,60,50,000	-	-
Mr. O.P. Kakkar	-	-	3,00,000
Mr. Shyam Powar	-	-	1,20,000
Ms. Deepa Mathur	-	-	11,00,000
Mr R Poornalingam	-	-	10,60,000
Mr. Kanakraj M	-	-	9,00,000
TOTAL	3,64,50,000	-	34,80,000

CORPORATE GOVERNANCE REPORT (cont.)

Details of shares of the Company held by Non-Executive Directors as on March 31, 2020:

Name of the Director	Number of equity shares
Mr. O.P. Kakkar	75,000
Ms. Deepa Mathur	1,204
Mr. Shyam Powar	47,865
Mr. R. Poornalingam	Nil
Mr. 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. Kanakraj Madhavan	Chairman	3
Ms. Deepa Mathur	Member	4
Mr. Shyam Powar	Member	0
Mr. R. Poornalingam	Member	4

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

Sr. No.	Date of Meeting
1	June 14, 2019
2	August 08, 2019
3	November 04, 2019
4	February 06, 2020

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

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

Composition and Meetings:

The composition of the CSR Committee is as under:

Name of the Director	Chairman/ Member
Mr. O.P. Kakkar	Chairman
Mr. Shyam Powar	Member
Mr. Kanakraj M	Member

No CSR Committee meeting held during the year.

INDEPENDENT DIRECTORS MEETING

Independent Directors meeting held on March 21, 2019 and all Independent Directors were present.

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 under review, all the complaints/ grievances received from shareholders including via SEBI SCORES, ROC and Stock Exchanges, have been attended to and resolved. No valid transfer/ transmission of shares were pending as on March 31, 2020.

Details of investor complaints received and redressed during Financial Year 2019-20 are as follows:

Number of complaints pending at the beginning of the year	1
Number of complaints received during the year	8
Number of complaints disposed of during the year	9
Number of complaints remaining unresolved at the end of the year	0

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 available on 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
2018-19	AGM	28.09.2019	Hotel Blue Diamond, Pune – IHCL SeleQtions, 11, Koregaon Park, Pune – 411 001	10.30 A.M	2
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

All special resolutions moved at the AGM for year 2017-18 & 2018-19, were passed with requisite majority by way of e-voting and poll.

CORPORATE GOVERNANCE REPORT (cont.)

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.
- There were no complaints filed in FY2019-20 under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.
- 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 confirming that none of the directors of the Company on Board have been debarred/ disqualified from being appointed/ continuing as directors 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 FY2019-20 is Rs. 46 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:

Sr. No.	Skills/ Expertise/ Competencies	Name of Directors possessing the Skills/ Expertise/ Competencies
i.	Business Management	Mr. B R Taneja, Mr. O P Kakkar, Mr. Shyam Powar, Mr. Kanakraj M
ii.	Operations, Planning & Strategy	Mr. B R Taneja, Mr. O P Kakkar, Mr. R Poornalingam, Ms. Deepa Mathur, Mr. Kanakraj M
iii.	Finance and Accounts	Mr. Rajiv Goel, Mr. R Poornalingam, Ms. Deepa Mathur
iv.	Legal	Mr. Rajiv Goel, Mr. R Poornalingam,
v.	Corporate Restructuring	Mr. Rajiv Goel, Mr. Shyam Powar, Ms. Deepa Mathur
vi.	Administration	Mr. B R Taneja, Mr. O P Kakkar, Mr. Rajiv Goel, Mr. Shyam Powar, Mr. R Poornalingam, Ms. Deepa Mathur, Mr. Kanakraj M
vii.	Marketing	Mr. Kanakraj M

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

Last AGM Date and Time	September 28, 2019 at 10.30 a.m.
Venue	Hotel Blue Diamond, Pune – IHCL SeleQtions, 11, Koregaon Park, Pune – 411 001
Financial Year	April 01, 2019 to March 31, 2020
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 2020-'21 to both the Stock Exchanges where the shares of the Company are listed.

CORPORATE GOVERNANCE REPORT (cont.)

STOCK MARKET DATA AND SHARE PRICE PERFORMANCE

(Rs.)

Month	Market price				BSE 500 INDEX	
	BSE		NSE			
	High	Low	High	Low	High	Low
April 2019	8.80	7.51	8.85	7.45	15570.55	15170.57
May 2019	8.09	6.40	8.20	6.50	15657.45	14424.10
June 2019	7.10	5.61	7.40	5.65	15742.11	15008.73
July 2019	6.20	4.35	6.20	4.25	15527.12	14144.39
August 2019	4.99	3.64	5.00	3.65	14424.42	13678.41
September 2019	5.55	3.92	5.50	3.85	15151.94	13860.19
October 2019	4.59	3.53	4.50	3.50	15456.77	14291.12
November 2019	4.59	3.82	4.75	3.75	15676.36	15228.68
December 2019	4.93	4.00	5.00	3.90	15786.44	15193.17
January 2020	5.20	3.75	5.35	4.20	16158.41	15399.68
February 2020	4.43	3.31	4.55	3.20	15977.95	14597.05
March 2020	3.80	2.00	3.90	1.85	14947.11	9758.33

Source: BSE and NSE websites.

REGISTRAR AND SHARE TRANSFER AGENT

The Shareholders may contact the RTA at the following address:

KFin Technologies Pvt. Ltd.

(Formerly known as "Karvy Fintech Pvt. Ltd.")

Selenium Building, Tower-B, Plot 31&32, Financial District,

Nanakramguda, Serilingampally, Hyderabad - 500 032

Tel: +91 40 67162222 FAX: +91 40 23001153

Email: einward.ris@kfintech.com Web: www.kfintech.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, 2020

Shareholding of Nominal Value of Rs		No. of Shareholders	% to total no. of shareholders	No. of Shares held	% to Total
Upto	5000	70407	94.42	12706137	8.67
5001	10000	1748	2.34	2696002	1.84
10001	20000	1049	1.41	3046856	2.08
20001	30000	507	0.68	2543463	1.74
30001	40000	179	0.24	1251523	0.85
40001	50000	152	0.20	1429642	0.98
50001	100000	279	0.37	4007234	2.74
100001	And above	243	0.34	118820526	81.10
Total		**74564**	**100.00**	**146501383**	**100.00**

SHAREHOLDING PATTERN

Sr. No.	Category	As on March 31, 2020	
		No. of shares	% of total no. of shares
1	Promoters	75760903	51.71
2	Mutual Funds/ Banks/ Financial Institutions	2037046	1.39
3	Bodies Corporate	10587012	7.23
4	Public	35356547	24.13
5	NRIs	10058410	6.87
6	Others	12701465	8.67
	Total	**146501383**	**100%**

CORPORATE GOVERNANCE REPORT (cont.)

DEMATERIALISATION OF SHARES AND LIQUIDITY

91.49 % of total Equity Capital is held in demat form with NSDL and CDSL as on March 31, 2020

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 DIVIDEND ON EQUITY SHARES:

To facilitate investors who have not claimed dividend amount for earlier years on Equity Shares from the Company, details of unclaimed amount is displayed on the Ministry of Corporate Affairs 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 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 2020-'21.

For the purpose of this declaration, Senior Management Team comprises of employees in the Vice President and above Cadre as on March 31, 2020

For ISMT Limited

Pune **B. R. Taneja**

July 31, 2020 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, 2020 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, 2020;

(ii) All significant changes in accounting policies during the financial year ended March 31, 2020 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 **Rajiv Goel**

Managing Director Chief Financial Officer

Pune, July 31, 2020

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,

ISMT Limited

Lunkad Towers, Viman Nagar,

Pune – 411 014

We, have examined the relevant registers, records, forms, returns and disclosures 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 us 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 our opinion and to the best of our 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 us by the Company and its Officers, we hereby certify that none of the Directors of the Company as stated below for the Financial Year ended on 31st March, 2020 have been debarred or disqualified from being appointed or continuing as Directors of Companies by SEBI, Ministry of Corporate Affairs or any such other Authority.

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

Ensuring the eligibility of 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
Practicing Company Secretary
M. No.: A-40375 CP No.: 17832
UDIN: A040375B000342655

Place: Virar
Date: 15th June, 2020

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, 2020. 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 Regulation 17 to 27 and clauses (b) to (i) of Regulation 46(2) and para C and D of Schedule V to the Listing Regulations for the year ended March 31, 2020.

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 addressed to and 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
UDIN: 20100583AAAADF7578

Place: Mumbai
Date: July 31, 2020

Annexure 'A' to the Directors' Report

Extract Of Annual Return As on the Financial Year Ended on March 31, 2020

[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	KFin Technologies Pvt. Ltd. (Formerly known as "Karvy Fintech Pvt. Ltd.") Selenium Building, Tower B, Plot 31-32, Financial District, Nanakramguda, Serilingampally, Hyderabad - 500 032 **Tel:** +91 40 67162222 **FAX:** +91 40 23001153 **Email:** einward.ris@kfintech.com **Web:** www.kfintech.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	63.25%
2	Steel	24109	36.75%

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	6, Place De Nancy, L -2212, 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	99.98
5	ISMT Europe AB	Box 1, 68821 Storfors, Sweden	NA	Subsidiary	99.98
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 Microware 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, 2020 (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. Promoters									
(1) Indian									
a) Individual/ HUF	4877960	0	4877960	3.33	4974461	0	4974461	3.40	0.07
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	70762915	23527	70786442	48.32	0.10
e) Banks / FI									
f) Any other	0	0	0	0.00	0	0	0	0.00	
Sub-total (A)(1) :-	**75499582**	**23527**	**75523109**	**51.55**	**75737376**	**23527**	**75760903**	**51.72**	**0.17**
(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)	**75499582**	**23527**	**75523109**	**51.55**	**75737376**	**23527**	**75760903**	**51.72**	**0.17**
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	8589	38981	47570	0.03	8589	38950	47539	0.03	0.00
b) Banks / FI	1984529	6308	1990837	1.36	1985099	4408	1989507	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	1200	1495	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**	**46489**	**2039902**	**1.39**	**1993983**	**44558**	**2038541**	**1.39**	**0.00**
2. Non-Institutions									
a) Bodies Corp.	10987458	126302	11113760	7.59	10469453	117559	10587012	7.23	-0.36
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 2 lakh/-	20653854	6343945	26997799	18.43	20180505	5188513	25369018	17.32	-1.11
ii) Individual shareholders holding nominal share capital in excess of Rs 2 lakh/-	9215920	50900	9266820	6.33	9937629	49900	9987529	6.82	0.49
c) Others (specify)									
i)Trusts	5000	5212951	5217951	3.56	0	5212551	5212551	3.56	0.00
ii) Non-Residents	8198632	2037763	10236395	6.99	8229653	1828757	10058410	6.86	-0.13
iii) HUF	1628843	0	1628843	1.11	1550179	0	1550179	1.06	-0.05
iv) IEPF	4476804	0	4476804	3.06	5937240	0	5937240	4.05	0.99
Sub-total (B)(2):-	**55166511**	**13771861**	**68938372**	**47.07**	**56304659**	**12397280**	**6 8701939**	**46.90**	**-0.17**
Total Public Shareholding (B)=(B)(1)+ (B)(2)	57159924	13818350	70978274	48.46	58298642	12441838	70740480	48.29	-0.17
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)	**132659506**	**13841877**	**146501383**	**100.00**	**134036018**	**12465365**	**146501383**	**100.00**	**0.00**

Extract Of Annual Return As on the Financial Year Ended on March 31, 2020 (Cont.)

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

(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	91.23	69020151	47.11	90.94	0.08
2	Vishkul Enterprises P. Ltd. (Formerly known as 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	120872	0.08	0.00	-0.06
7	Shentracon Finalease P Ltd	24802	0.02	0.00	114802	0.08	0.00	0.06
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	58543	0.04	0.00	0.03
10	Laurus Tradecon P Ltd (Formerly known as 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	145534	0.10	0.00	0.09
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	Tara Jain	1414848	0.97	0.00	1414848	0.97	0.00	0.00
16	Ramesh Sureka	132155	0.09	0.00	132155	0.09	0.00	0.00
17	Savitri Devi Sureka	139834	0.10	0.00	99834	0.07	0.00	-0.03
18	Sanjay Sureka	0	0.00	0.00	0	0.00	0.00	0.00
19	Alka P Mehta	73473	0.05	0.00	73473	0.05	0.00	0.00
20	Aayushi Jain	41424	0.03	0.00	41424	0.03	0.00	0.00
21	Mini Sureka	0	0.00	0.00	0	0.00	0.00	0.00
22	Priti Sureka	105967	0.07	0.00	105967	0.07	0.00	0.00
23	Akshay Jain	10313	0.01	0.00	10313	0.01	0.00	0.00
24	Rohin Raj Sureka	10000	0.01	0.00	10000	0.01	0.00	0.00
25	Avishi Sureka	10000	0.01	0.00	10000	0.01	0.00	0.00
26	Jagdish Prasad Sureka(HUF)	79932	0.05	0.00	79932	0.05	0.00	0.00
	Total	**75523109**	**51.55**	**91.23**	**75760903**	**51.71**	**90.94**	**0.17**

(iii) Change in Promoters' Shareholding

Sl. No.	Particulars	Shareholding at beginning of the year		Cumulative Shareholding during 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	75523109	51.55		
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	75760903	51.71		

Extract Of Annual Return As on the Financial Year Ended on March 31, 2020 (Cont.)

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

Following are the details of datewise shareholding change

Sl. No.	Name	Shareholding		Date	Increase(+)/Decrease(-) in Shareholding	Reason	Cumulative Shareholding during the year (01-04-2019 to 31.03.2020)	
		No. of shares at beginning (01.04.2019/ end of year (31.03.2020)	% of total shares of the Company				No. of shares	% of total shares of the Company
1	Indian Seamless Enterprises Ltd	68918858	47.04	01.04.2019				
				16.08.2019	12100	Purchase	68930958	47.05
				23.08.2019	89193	Purchase	69020151	47.11
		69020151	47.11	31.03.2020				
2	Prismo (India) Limited	210872	0.14	01.04.2019				
				28.02.2020	-40000	Sale	170872	0.12
				06.03.2020	-50000	Sale	120872	0.08
		120872	0.08	31.03.2020				
3	Shentracon Finalease P Ltd	24802	0.02	01.04.2019				
				06.03.2020	90000	Purchase	114802	0.08
		114802	0.08	31.03.2020				
4	Shentracon Holdings P Ltd	18543	0.01	01.04.2019				
				20.03.2020	40000	Purchase	58543	0.04
		58543	0.04	31.03.2020				
5	Savitri Devi Sureka	139834	0.10	01.04.2019				
				20.03.2020	-40000	Sale	99834	0.07
		99834	0.07	31.03.2020				
6	Baldevraj Topanram Taneja	9033	0.01	01.04.2019				
				30.08.2019	87501	Purchase	96534	0.07
				06.09.2019	28075	Purchase	124609	0.09
				13.09.2019	20925	Purchase	145534	0.10
		145534	0.10	31.03.2020				

(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 (01-04-2019 to 31.03.2020)	
		No. of shares at the beginning (01.04.2019)/ end of year (31.03.2020)	% total shares of the Company				No. of shares	% of total shares of the Company
1	JITEN KIRTANLAL SHAH	7418640	5.06	01.04.2019	0	NA	NA	NA
		7418640	5.06	31.03.2020				
2	INVESTOR EDUCATION PROTECTION FUND	4476804	3.06	01.04.2019				
				31.01.2020	117002	Transfer	4593806	3.14
				07.02.2020	1343434	Transfer	5937240	4.05
		5937240	4.05	31.03.2020				
3	ISSAL EMPLOYEE WELFARE FUND	5000000	3.41	01.04.2019	0	NA	NA	NA
		5000000	3.41	31.03.2020				
4	LIFE INSURANCE CORPORATION OF INDIA	1983208	1.35	01.04.2019	0	NA	NA	NA
		1983208	1.35	31.03.2020				

Extract Of Annual Return As on the Financial Year Ended on March 31, 2020 (Cont.)

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

Sl.No.	Name of the shareholder	Shareholding		Date	Increase(+)/ Decrease(-) in Shareholding	Reason	Cumulative Shareholding during the year (01-04-2019 to 31.03.2020)	
		No. of shares at the beginning (01.04.2019)/ end of year (31.03.2020)	% total shares of the Company				No. of shares	% of total shares of the Company
5	MAHARASHTRA SEAMLESS LIMITED	1445000 1445000	0.99 0.99	01.04.2019 31.03.2020	0	NA	NA	NA
6	GVN FUELS LIMITED	1387941 1387941	0.95 0.95	01.04.2019 31.03.2020	0	NA	NA	NA
7	DANIEL VYAPPAR PVT LTD	1342889 1342889	0.92 0.92	01.04.2019 31.03.2020	0	NA	NA	NA
8	CONCORD TREXIM PVT LTD	1260764 1260764	0.86 0.86	01.04.2019 31.03.2020	0	NA	NA	NA
9	BINDU VISHAL GUPTA	0	0.00	01.04.2019				
				26.04.2019	828401	Transfer	828401	0.57
				19.07.2019	56813	Transfer	885214	0.6
				31.12.2019	181942	Transfer	1067156	0.73
		1067156	0.73	31.03.2020				
10	PUSHPANJALI INVESTRADE LTD	1066541 1066541	0.73 0.73	01.04.2019 31.03.2020	0	NA	NA	NA

(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 (01-04-2019 to 31.03.2020)	
		No. of shares at the beginning (01.04.2019)/ end of year (31.03.2020)	% total shares of the Company				No. of shares	% of total shares of the Company
1	B. R. Taneja - Managing Director	9033	0.01	01.04.2019				
				30.08.2019	87501		96534	0.07
				06.09.2019	28075		124609	0.09
				13.09.2019	20925		145534	0.10
		145534	0.10	31.03.2020				
2	Rajiv Goel - Whole-time Director & CFO	2000 2000	0.00 0.00	01.04.2019 31.03.2020	0	NA	NA	NA
3	O. P. Kakkar - Non-Executive Director	75000 75000	0.05 0.05	01.04.2019 31.03.2020	0	NA	NA	NA
4	R Poornalingam - Independent Director	0 0	0.00 0.00	01.04.2019 31.03.2020	0	NA	NA	NA
5	Kanakraj M - Independent Director	2254 2254	0.00 0.00	01.04.2019 31.03.2020	0	NA	NA	NA
6	Deepa Mathur- Independent Director	1204 1204	0.00 0.00	01.04.2019 31.03.2020	0	NA	NA	NA
7	Shyam Powar- Independent Director	47865 47865	0.03 0.03	01.04.2019 31.03.2020	0	NA	NA	NA
8	Chetan Nathani - Company Secretary	0	0.00	0 1.04.2019	0	NA	NA	NA

Extract Of Annual Return As on the Financial Year Ended on March 31, 2020 (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	2,138.21	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**
Change in Indebtedness during financial year				
Addition (+) / Reduction (-)	209.93	(6.56)	-	203.37
Net Change				
Indebtedness at the end of the financial year				
i) Principal Amount	2,087.06	42.12	-	2,129.18
ii) Interest due but not paid	1,177.58	-	-	1,177.58
iii) Interest accrued but not due	0.63	-	-	0.63
Total (i+ii+iii)	**3,265.26**	**42.12**	**-**	**3,307.38**

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	1,80,00,000	75,00,000	2,55,00,000
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	26,79,600	61,29,600	88,09,200
	(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: Contribution to Provident Fund & Super-annuation Fund	-	-	-
	Total (A)	**2,06,79,600**	**1,36,29,600**	**3,43,09,200**
	Ceiling as per the Act*	In view of inadequacy of profit, remuneration is paid/ payable as per the Central Government approval, wherever applicable		

* 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, 2020 (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	R Poornalingam	Kanakraj M	Shyam Powar	O.P. Kakkar	
1	Independent Directors						
	Fee for attending board/ committee meetings	-	10,60,000	9,00,000	1,20,000	-	20,80,000
	Commission		-	-	-		-
	Others, please specify		-	-	-		-
	Total (1)	**-**	**10,60,000**	**9,00,000**	**1,20,000**	**-**	**20,80,000**
2	Other Non-Executive Directors				-	-	-
	Fee for attending board/ committee meetings	11,00,000	-	-	-	3,00,000	14,00,000
	Commission	-				-	-
	Others, please specify	-				-	-
	Total (2)	**11,00,000**	**-**	**-**	**-**	**3,00,000**	**14,00,000**
	Total (B)=(1+2)	**11,00,000**	**10,60,000**	**9,00,000**	**1,20,000**	**3,00,000**	**34,80,000**
	Total Managerial Remuneration (A+B)						**3,77,89,200**
	Overall Ceiling as per the Act	**NA**					

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	10,88,321	10,88,321
	(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	-	-
2	Stock Option	-	-
3	Sweat Equity	-	-
4	Commission	-	-
	- as % of profit	-	-
	others, specify…	-	-
5	Others, please specify: Contribution to PF & other Funds	80,046	80,046
	Total	**11,68,367**	**11,68,367**

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, 2020:

(A) Conservation of Energy

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

1. Direct shell charging in PQF inlet resulting in less power consumption at Baramati Plant.
2. Power factor maintained unity throughout the year by continuous monitoring and maintaining APFC panels at Ahmednagar and Baramati Plants, resulting in rebate in electricity bill.
3. Roller Hearth Furnace 5 power consumption reduced by developing operator guideline table to adjust linear speed according to actual zone temperatures at Ahmednagar Plant.
4. Roller Hearth Furnace power consumption reduced by improving the insulation at Precision Tube division of Ahmednagar Plant.
5. Variable Frequency Drive provided for cooling blowers in hot mill area at Ahmednagar Plant.

(ii) steps taken by the company for utilising alternate sources of energy : NIL

(iii) capital investment on energy conservation equipment : NIL

(B) Technology absorption

(i) the efforts made towards technology absorption:

1. Development of Lift Axle tubes at Ahmednagar Plant.
2. Development of new steel grade ISMT-6 at Jejuri Plant.

(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	2019-20	2018-19
i)	Capital	**0.10**	0.50
ii)	Recurring	**0.01**	0.51
	Total	**0.11**	1.01
	Total R & D as a % of Turnover	**0.01%**	0.06%

(C) Foreign exchange earnings and Outgo

The Company continues to strive to improve its export earnings across regions & across sectors. Your company has established strong foothold in value added seamless tubes segment in overseas market & continue to pursue product certifications. Further details in respect of exports as set out elsewhere in the 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 2019-20, Ratio of the remuneration of each Director to median remuneration of employees of the Company for the financial year 2019-20, is given below:

Sr. No.	Name of the Directors/ Key Managerial Personnel (KMP) and Designation	Remuneration of Directors/KMP for FY2019-20 (Rs)	% increase in remuneration in FY2019-20	Ratio of remuneration of each Director to median remuneration of executive employees
1	B. R. Taneja, Managing Director	2,04,00,000	8.5%	40:1
2	Rajiv Goel, Whole-time Director & Chief Financial Officer	1,60,50,000	9%	32:1
3	Chetan Nathani, Company Secretary	11,68,367	3%	N.A.

2) Median remuneration of employees of the Company during the financial year was Rs. 5.06 Lakh p. a.

3) For the period under review, there was an increase of 7.35% in median remuneration of employees.

4) There were 1,983 permanent employees on rolls of the Company as on March 31, 2020.

5) Average percentile increase made in salaries of employees other than managerial personnel in financial year 2019-20 was 2 to 7%. The percentile increase in managerial remuneration for said period was 8%.

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, 2020

[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, 2020 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, 2020 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 SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
   b. The SEBI (Prohibition of Insider Trading) Regulations, 1992;
   c. The SEBI (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 (Depositories And Participants) Regulations, 2018

iii) 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:

1. Pursuant to Regulation 31(2) of the SEBI (LODR), Regulations 2015 - 100 % shareholding of promoter(s) and promoter group must be 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 but not actively involved in the day to day affairs of the Company of the Company. Mr. A K Jain passed away on April 12, 2013. The Company is now taking steps to re-classify them from Promoter to Public Category.

2. 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, Eg., fines, warning letter, debarment, etc.	Observations/ Remarks of the Practicing Company Secretary
1.	BSE & NSE	Regulation 33 of SEBI (LODR), 2015: There was a delay of 13 days in submission of annual audited standalone & Consolidated financial results along with the audit report for the financial year ending 31.03.2019 to Stock Exchanges.	The Company has paid necessary fine of amounting to Rs. 88,500/- each to NSE and BSE	• As informed by the Company, the Board meeting approving the financial statements for the financial Year ended on 31st March, 2019, was held on 14th June, 2019 and accordingly there was a delay in submission of the results to the Stock Exchange/s due to delay in financial statements of the foreign subsidiaries of the Company.

2.	BSE & NSE	Regulation 17(1) (b) of SEBI (LODR), 2015: Delay in appointment of an Independent Director on the Board of the Company (Non-compliance pertains to FY2018-19)	The Company has paid necessary fine amounting to Rs. 3,48,100/- each to NSE and BSE	• 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.
3.	NSE	Regulation 31 of SEBI (LODR), 2015 Delay of 16 days in Submission of shareholding pattern Report for the quarter ending 30th June, 2019	The Company has paid necessary fine of Rs. 37,760/- to NSE	• As informed by the Company, the shareholding pattern for the quarter ending 30th June, 2019 on was submitted late due to technical reasons, as the information on SBO (Significant Beneficial Owners) could not be filled in the NSE format of shareholding pattern which is a mandatory section as the same was to be filed based on the information in BEN-2 form which was not filed with ROC as the same was not yet due for filing with ROC.

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

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.

Disclaimer: Verification of documents has been conducted virtually due to COVID-19 pandemic. This certificate is issued on the basis of information provided by the company and audit meetings conducted through video conferencing mode.

For KMDS & ASSOCIATES
COMPANY SECRETARIES
CS M. B. KASODEKAR
PARTNER
Membership No. F 2756
C. P. No: 1681
Unique Code of Partnership Firm: P2020MH080600

Place : Pune
Date : June 19, 2020
UDIN : F002756B000357616

'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 KMDS &ASSOCIATES
COMPANY SECRETARIES
CS M B KASODEKAR
PARTNER
Membership No. F 2756
C. P. No: 1681
Unique Code of Partnership Firm: P2020MH080600

Place: Pune
Date: June 19, 2020
UDIN: F002756B000357616

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, 2020 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 then 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 2020, and its net 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, 2020. Taking into consideration the loss during the year ended March 31, 2020 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. Non-writing off of the same has resulted in understatement of loss for the year ended March 31, 2020 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 to the company from SHAB against the supplies made is Rs. 15.41 Crores. The company has received approval from regulatory authorities for conversion into equity of an amount of Rs. 33.33 Crores (USD 5 Million) due from SHAB and out of which Rs. 16.75 Crores has been converted into equity and the balance of Rs. 16.58 Crores is pending for allotment. SHAB has been incurring losses and its net worth is also eroded due to continuing losses. No provision for diminution in value of investment (including pending allotment) and net receivable against supplies is made by the company as explained in Note No.3.16 of the standalone financial statement. We are unable to comment on the same and ascertain its impact, if any, on net loss for the year ended March 31, 2020, carrying value of the investment and other equity as at March 31, 2020 in respect of the above matters.

   C. The company had recognized claim in earlier years, of which outstanding balance as on March 31, 2020 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, 2020. Refer Note No. 3.20 (i) of standalone financial statements.

   D. The company is unable to determine the recoverable value of 40 MW Captive Power Project (CPP) at Chandrapur, Maharashtra for the reasons stated in Note No. 3.20(ii) of standalone financial statements; hence, the CPP is measured on March 31, 2020 at the carrying amount of Rs. 237.29 Crores and 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 net loss for the year ended March 31 2020, carrying value of the CPP and other equity as at March 31, 2020.

   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 116.69 Crores on March 31, 2020 for the reasons stated in Note No.3.17 of standalone financial statements. 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 2020, carrying value of the investment and other equity as at March 31, 2020.

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 for the reason stated in Note No 3.19 of standalone financial statements. The quantum and its impact, if any, on the net loss for the year ended March 31 2020, carrying value of the Borrowings (i.e. Financial Liabilities) and other equity as at March 31,2020 is unascertainable.

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 the Auditor's Responsibilities for the Audit of the standalone 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, the company has incurred net cash loss during the year ended March 31, 2020 and previous years and the company's current liabilities exceeded its current assets as at March 31, 2020. 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 standalone financial statements of the company have been prepared on a going concern basis for the reasons stated in the Note No. 3.18 of standalone financial statements.

Our opinion is not modified in respect of this matter.

4. Emphasis of Matter (s)

We draw attention to:

a) Note No. 1.32 of standalone financial statements regarding remuneration to the Managing Director and Executive Director amounting to Rs 3.41 Crores for the year ended March 31, 2020 (Rs.9.43 Crores cumulative up to March 31, 2020) is subject to approval of Lenders.

b) Note no. 3.3 of standalone financial statements, regarding the uncertainties arising out of the outbreak of COVID 19 pandemic and the assessment made by the management on its operations and the financial reporting for the year ended March 31, 2020. Such an assessment and the outcome of the pandemic, as made by the management, is dependent on the circumstances as they evolve in the subsequent periods.

Our opinion is not modified in respect of above stated 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 standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone 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 standalone 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.

Those 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 standalone financial statements.

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

- Identify and assess the risks of material misstatement of the standalone 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;
- 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 with reference to standalone financial statements in place and the operating effectiveness of such controls;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- 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 standalone 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; and
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone 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 standalone 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 standalone 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:

a) 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;

b) 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;

c) The company has no branch offices whose accounts are audited by branch auditors;

d) 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;

e) 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;

f) 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.

g) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of section 164 (2) of the Act.

h) The qualifications relating to maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion paragraph above.

i) with respect to the adequacy of the internal financial controls with respect to standalone financial statements of the company and the operating effectiveness of such controls, refer to our separate report in "Annexure C"; and

j) 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. The company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer Note 3.1of standalone financial statements;

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 no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the company.

For D N V & Co.
Chartered Accountants
Firm's registration No.:102079W

CA Bharat Jain
Partner
Membership No.: 100583
UDIN: 20100583AAAADD9101

Place: Mumbai
Date: July 31, 2020

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

KEY AUDIT MATTER	RESPONSE TO KEY AUDIT MATTER
Inventory of raw material, work in progress, finished goods and stores and spares (Existence)	
Management's physical verification of inventories was not physically observed by us at the year-end or subsequent to the year-end due to the restrictions imposed on account of COVID-19.	On account of COVID – 19 related nationwide lockdown, we were unable to carry out inventory verification at the year-end or subsequent to the year-end. Inventories, being material to the financial statements of the company, we have performed following alternate procedures to audit the existence of inventory as per the guidance provided in SA 501 "Audit Evidence - Specific Considerations for Selected Items", which includes: a) Evaluated the design and implementation of the controls over physical verification of inventory and tested the operating effectiveness of these controls during the interim periods. b) Inspection of supporting documentation relating to purchases, production, sales, results of cyclical count performed by the Management throughout the year and such other third-party evidences where applicable; c) Obtained verification reports of the in house Internal Audit department managing inventory verification process on regular basis and at year end at factories and other location and also verified the instructions provided by the management in respect of the same; and d) Performed Roll back and forward procedure wherever required. Evaluated the differences identified during physical verification of inventories and it was noted that there were no major deviations found.
Property Plant and Equipment	
Refer note 2.5 and 2.20 for policies in respect of Property, Plant and Equipment The carrying amount of Property, Plant and Equipment is Rs 1,341.87 Crores, which represents about 55% of the total assets of the company. The value in use of these Property, Plant and Equipment have been determined based on certain assumptions and estimates of future performance. 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. Due to the significance of the value of the Property, Plant and Equipment, 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.	In view of the significance of the matter our procedures in this area included the following: 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 the reasonableness of the 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 the past performances where relevant and assessing historical accuracy of the forecast produced by management; 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; g) Evaluating the adequacy of the disclosures made in the standalone financial statements; h) Also refer para 2D of the Auditor's Report regarding inability to determine recoverable value of Captive Power Project (CPP).

Impairment of Trade Receivables:	
Trade Receivables, net of impairment allowance, amounts to Rs.238.10 Crores as on 31st March 2020, which constitutes about 9.80% of the total Assets of the company. 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.	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: 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 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 analyzed "Simplified Approach" adopted by the company to determine expected credit loss (ECL); d) We have sought information and explanations from the department Heads regarding the status of receivable for the purpose of ensuring adequate impairment provisions; e) We have also tested subsequent collections made from the overdue receivables.
Evaluation of Uncertain outcome of pending litigation	
Refer note 3.1 for policies in respect of contingent liabilities 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 liabilities in dispute amounting to Rs 48 Crores as on March 31, 2020 Further the company is having pending legal cases filed against the company with the claim amount involved of Rs 199.67 Crores. 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.	Our audit procedures include the following substantive procedures: 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 Property Plant and Equipment ("PPE").

b) The company has a program of verification to cover all the items of PPE 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 PPE 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 Right of Use Asset ("ROU") in the standalone 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 the maintenance of cost records under sub-section (l) of section 148 of the Act and 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, 2020 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 standalone 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 D N V & Co.
Chartered Accountants
Firm's registration No.:102079W

CA Bharat Jain
Partner
Membership No.: 100583
UDIN: 20100583AAAADD9101

Place: Mumbai
Date: July 31, 2020

Annexure - I

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

Rs. In Crores

Nature of Statue	Nature of Dues	Amount Disputed	Forum where dispute is pending
Central Sales Tax Act, 1956	Sales Tax	6.56 0.01 0.41 2.18	Dy. Commissioner (Appeals), Pune High Court, Bombay Dy. Commissioner, Pune Joint Commissioner (Appeal), Pune
Maharashtra Sales Tax Act, 1959	Sales Tax	0.80 0.47 5.29 2.11	Tribunal, Mumbai High Court, Bombay Dy. Commissioner (Appeals), Pune Joint Commissioner (Appeal), Pune
Central Excise Act, 1944	Excise Duty	16.43 7.09 1.96	CESTAT, Mumbai High Court, Bombay Commissioner, Nashik
Customs Act,1962	Custom Duty	1.49 2.50 0.28	Dy. Commissioner Customs, Mumbai Asst. Commissioner Customs, Mumbai CESTAT, Mumbai

Annexure II

Installments due including interest outstanding as at March 31, 2020:

Rs. In Crores

Name of the Lenders/ Government	0-30 Days	31-60 Days	61- 90 Days	More than 90 Days	Total
Andhra Bank	1.74	0.87	0.93	96.84	100.38
Bank of Baroda	6.16	2.66	2.84	349.77	361.43
Central Bank of India	0.56	0.34	0.36	47.89	49.15
ICICI Bank Limited	0.83	-	-	83.78	84.61
*Edelweiss Asset Reconstruction Co. Ltd.	2.08	0.70	0.76	52.40	55.94
IKB Deutsche Industrie Bank AG	-	-	-	89.20	89.20
**Asset Reconstruction Company India Ltd.	27.70	18.73	23.47	1,153.25	1,223.15
*** SC Lowy Primary Investment Limited	0.44	-	-	50.06	50.50
Total	**39.51**	**23.30**	**28.36**	**1,923.19**	**2,014.36**

* Loans Assigned by ICICI Bank Limited.

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

***Loans Assigned by Bank of India.

Annexure III

Details of Managerial Remuneration paid / provided in excess of requisite approvals:

Rs. in Crores

Designation	Amounts paid / provided	Amounts paid / provided in excess of the limit prescribed	Amounts due as recoverable from Balance Sheet	Steps taken for recovery
The Managing Director Remuneration: Paid Provided	 1.20 0.60	 1.20 0.60	 #1.20 -	 - -
Executive Director Remuneration: Paid Provided	 0.15 1.46	 0.15 1.46	 #0.15 -	 - -
Total	**3.41**	**3.41**	**1.35**	

Recoverable subject to approval of Lenders.

Rs.6.02 Crores up to Financial Year 2018-19 paid / provided.

Annexure C : TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 9 C (i) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls with reference to standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls with reference to standalone financial statements of ISMT Limited ("the company") as of March 31, 2020 in conjunction with our audit of the 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 with reference to standalone financial statements 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.

Auditors' Responsibility

Our responsibility is to express an opinion on the company's internal financial controls with reference to standalone financial statements 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 the Institute of Chartered Accountants of India and 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 with reference to standalone financial statements 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 with reference to standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone financial statement included obtaining an understanding of internal financial controls with reference to standalone financial statements, 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 standalone 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 with reference to standalone financial statements.

Meaning of Internal Financial Controls with reference to standalone financial statements

A company's internal financial control with reference to standalone financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to standalone financial statements 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 standalone financial statements.

Inherent Limitations of Internal Financial Controls with reference to standalone financial statements

Because of the inherent limitations of internal financial controls with reference to standalone financial statements, 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 with reference to standalone financial statements to future periods are subject to the risk that the internal financial control with reference to standalone financial statements 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 with reference to standalone financial statements and such internal financial controls with reference to standalone financial statements were operating effectively as at March 31, 2020, based on the internal control with reference to standalone financial statements 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 D N V & Co.
Chartered Accountants
Firm's registration No.:102079W

CA Bharat Jain
Partner
Membership No.: 100583
UDIN: 20100583AAAADD9101

Place: Mumbai
Date: July 31, 2020

BALANCE SHEET AS AT MARCH 31, 2020

Rs. In Crore

Particulars	Note No.	As at March 31, 2020		As at March 31, 2019	
ASSETS					
Non - Current Assets					
a) Property, Plant and Equipment	1.1	**1,341.87**		1,359.58	
b) Capital Work-in-Progress		**5.91**		2.74	
c) Financial Assets					
i) Investments	1.2	**200.23**		199.62	
ii) Trade Receivables	1.3	**-**		-	
iii) Loans	1.4	**15.67**		16.00	
iv) Others Financial Assets	1.5	**7.56**		8.27	
d) Deferred Tax Asset (Net)	1.6	**82.05**		82.05	
e) Other Non Current Assets	1.7	**46.50**		49.18	
Sub Total			**1,699.79**		1,717.44
Current Assets					
a) Inventories	1.8	**379.00**		340.98	
b) Financial Assets					
i) Trade Receivables	1.9	**238.10**		295.04	
ii) Cash and Cash Equivalents	1.10	**28.03**		30.02	
iii) Bank Balance other than (ii) above	1.11	**27.08**		13.48	
iv) Loans	1.12	**1.15**		1.14	
v) Others Financial Assets	1.13	**1.08**		0.91	
c) Current Tax Assets (Net)	1.14	**1.90**		4.16	
d) Other Current Assets	1.15	**55.17**		67.10	
Sub Total			**731.51**		752.83
Total Assets			**2,431.30**		2,470.27
EQUITY AND LIABILITIES					
EQUITY					
a) Equity Share Capital	1.16	**73.25**		73.25	
b) Other Equity	1.17	**(1,135.45)**		(892.33)	
Total Equity			**(1,062.20)**		(819.08)
LIABILITIES					
Non - Current Liabilities					
a) Financial Liabilities					
i) Borrowings	1.18	**167.15**		275.09	
ii) Other Financial Liabilities	1.19	**4.02**		-	
b) Provisions	1.20	**7.40**		6.66	
c) Other Non -Current Liabilities	1.21	**0.01**		0.51	
Sub Total			**178.58**		282.26
Current Liabilities					
a) Financial Liabilities					
i) Borrowings	1.22	**1,016.16**		1,058.23	
ii) Trade Payables	1.23				
- Dues of Micro and Small Enterprises		**9.06**		12.05	
- Dues of Creditors other than Micro and Small Enterprises		**97.34**		87.55	
iii) Other Financial Liabilities	1.24	**2,175.09**		1,831.14	
b) Other Current Liabilities	1.25	**14.97**		15.96	
c) Provisions	1.26	**2.30**		2.16	
Sub Total			**3,314.92**		3,007.09
Total Equity and Liabilities			2,431.30		2,470.27
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

Mumbai, July 31, 2020

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, July 31, 2020

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2020

Rs. In Crore

Particulars	Note No.	2019-20		2018-19	
INCOME					
Revenue from Operations					
Sale of Products	1.27	**1,675.09**		2,423.39	
Less: Inter Segment Transfers		**317.40**		541.28	
: Inter Division Transfers		**78.07**		86.67	
Net Sales			**1,279.62**		1,795.44
Other Operating Income	1.28		**24.67**		29.66
Other Income	1.29		**9.70**		6.94
Total Income			**1,313.99**		1,832.04
EXPENSES:					
Cost of Materials Consumed	1.30		**706.81**		971.63
Changes in Inventories of Finished Goods & Work-in-Progress	1.31		**(42.71)**		7.54
Employee Benefits Expense	1.32		**135.07**		132.84
Finance Costs	1.33		**274.27**		276.46
Depreciation	1.34		**62.98**		54.05
Other Expenses	1.35		**425.79**		600.16
Total Expenses			**1,562.21**		2,042.68
Profit / (Loss) Before Exceptional Item and Tax			**(248.22)**		(210.64)
Exceptional Item					
i) Foreign Exchange (Gain)/Loss			**(5.84)**		(2.24)
ii) Depreciation on reclassification of assets held for sale			**-**		20.38
Profit / (Loss) Before Tax			**(242.38)**		(228.78)
Tax Expenses					
Current Tax			**-**		-
Deferred Tax			**-**		-
Earlier Years Tax			**(1.95)**		-
Profit / (Loss) for the Year			**(240.43)**		(228.78)
Other Comprehensive Income					
a) Items that will not be reclassified to profit or loss					
(i) Re-measurement of gain/ (loss) on defined benefit plans			**(2.69)**		(0.84)
(ii) Income tax effect on above			**-**		-
Other Comprehensive Income			**(2.69)**		(0.84)
Total Comprehensive Income for the year			**(243.12)**		(229.62)
Earnings Per Share (in Rs.) (Basic and Diluted) (Face Value of Rs. 5/- each) (Refer Note No. 3.13)			**(16.41)**		(15.62)
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

Mumbai, July 31, 2020

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, July 31, 2020

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

Rs. In Crore

		2019-20		2018-19	
i)	**CASH FLOW FROM OPERATING ACTIVITIES :**				
	Net Profit / (Loss) Before Tax		**(242.38)**		(228.78)
	Adjustments for :				
	Depreciation	**62.98**		54.05	
	Depreciation on reclassification of assets held for sale	**-**		20.38	
	Finance Costs	**274.27**		276.46	
	Interest Income	**(8.38)**		(4.49)	
	Unrealised Exchange (Gain) / Loss	**3.88**		5.98	
	Provision for Doubtful Debts	**-**		4.86	
	Loss/ (Profit) on Sale of assets (net)	**0.01**		(0.01)	
	Investment write off	**-**		0.02	
	Provision for expected credit loss	**-**		0.05	
	Remeasurement of Defined Benefit Plan	**(2.69)**	**330.07**	(0.84)	356.46
	Operating Cash Profit before Working Capital Changes		**87.69**		127.68
	Adjustments for working capital changes:				
	(Increase) / Decrease in trade receivable	**60.82**		(76.34)	
	(Increase) / Decrease in Inventories	**(38.03)**		(7.33)	
	(Increase) / Decrease in non current financial assets others	**0.71**		(1.42)	
	(Increase) / Decrease in non current loans	**0.33**		(2.33)	
	(Increase) / Decrease in other non current assets	**(1.27)**		(1.11)	
	(Increase) / Decrease in current loans	**(0.01)**		(0.27)	
	(Increase) / Decrease in other current financial assets	**0.04**		0.20	
	(Increase) / Decrease in other current assets	**10.57**		(4.08)	
	Increase / (Decrease) in trade payables	**6.68**		(1.96)	
	Increase / (Decrease) in other current financial liabilities	**(13.25)**		12.94	
	Increase / (Decrease) in other current liabilities	**(0.98)**		(4.75)	
	Increase / (Decrease) in current provisions	**0.14**		(0.08)	
	Increase / (Decrease) in non current provisions	**0.74**		1.60	
			26.49		(84.93)
	Taxes (Paid) / Refund		**4.20**		(0.33)
	Net Cash flow from Operating Activities		**118.38**		42.42
ii)	**CASH FLOW FROM INVESTING ACTIVITIES :**				
	Purchase of Property, Plant and Equipment	**(16.84)**		(7.45)	
	Sale of Property, Plant and Equipment	**0.02**		0.04	
	Other Bank balance not considered as cash and cash equivalent	**(13.59)**		5.08	
	Interest received	**7.45**		3.56	
	Investments	**(0.61)**		(7.11)	
	Net Cash used in Investing Activities		**(23.57)**		(5.88)
iii)	**CASH FLOW FROM FINANCING ACTIVITIES :**				
	Dividend Paid	**(0.46)**		(0.71)	
	Proceeds from /(Repayment of) Borrowings	**(82.13)**		(23.29)	
	Payment of Lease Liability	**(2.62)**		-	
	Interest Paid	**(11.59)**		(15.60)	
	Net Cash from Financing Activities		**(96.80)**		(39.60)
	Net Increase / (Decrease) in Cash and Cash Equivalents		**(1.99)**		(3.06)
	Cash and Cash Equivalents at the beginning of the year*		**30.02**		33.08
	Cash and Cash Equivalents at the end of the year *		**28.03**		30.02
	Net Increase / (Decrease) in Cash and Cash Equivalents		**(1.99)**		(3.06)

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

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

***Cash and Cash Equivalents comprises the following** **Rs. In Crore**

Particulars	**As at March 31, 2020**	As at March 31, 2019
(a) Balance with Banks (in current accounts)	5.34	14.82
(b) Cash in Hand	0.04	0.02
(c) Deposits with banks (maturity less than 3 months)	22.65	15.18
Cash and Cash Equivalents	**28.03**	30.02

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

Mumbai, July 31, 2020

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, July 31, 2020

Notes to Financial Statement for the year ended March 31, 2020

NOTE NO. 1.1 PROPERTY, PLANT AND EQUIPMENT

Rs. In Crore

Particulars	Land Freehold	Land Lease-hold #	Buildings	Plant and machinery	Furni-ture and Fixtures	Office Equip-ment	Vehicles	ROU of Asset-Building @	ROU of Asset-Plant & Machinery @	Total
Cost or valuation										
As at April 1, 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 reclasification 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**
Additions	-	-	2.94	* 30.45	0.01	0.26	0.08	3.67	7.88	**45.29**
Disposals	-	-	-	-	-	-	0.34			**0.34**
As at March 31, 2020	**13.47**	**217.49**	**136.49**	**1,957.24**	**5.02**	**13.11**	**1.04**	**3.67**	**7.88**	**2,355.41**
Depreciation										
As at April 1, 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**
Charge for the year	-	3.22	3.51	53.22	0.06	0.17	0.08	1.17	1.55	**62.98**
Disposals	-	-	-	-	-	-	0.32			**0.32**
As at March 31, 2020	**-**	**17.84**	**65.34**	**909.75**	**4.71**	**12.39**	**0.79**	**1.17**	**1.55**	**1,013.54**
Net Block										
As at March 31, 2019	**13.47**	**202.87**	**71.72**	**1,070.26**	**0.36**	**0.63**	**0.27**	**-**	**-**	**1,359.58**
As at March 31, 2020	**13.47**	**199.65**	**71.15**	**1,047.49**	**0.31**	**0.72**	**0.25**	**2.50**	**6.33**	**1,341.87**

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, Bombay between The Indian Seamless Metal Tubes Limited and the Company amounting to Rs.Nil Crore (Previous Year Rs. 3.65 Crore) has been transferred from Amalgamation Reserve to General Reserve.

@ Refer Note No 3.7

* Additions to Plant and Machinery includes Foreign Exchange Loss of Rs. 19.77 Crore (Previous Year Loss of Rs. 7.97 Crore).

Represents additions on account of reclassification of assets held for sale including Foreign Exchange Loss of Rs.2.46 Crore.

NOTE NO. 1.2 NON CURRENT FINANCIAL ASSETS - INVESTMENTS

Rs. In Crore

Particulars		As at March 31, 2020	As at March 31, 2019
I)	**Investment in Equity Instruments-Unquoted**		
a)	In Subsidiary Companies (At Cost)		
i)	ISMT Enterprises S.A.,Luxembourg	**48.43**	48.43
	8,06,757 (Previous Year 8,06,757) Equity Shares of Euro 10 each fully paid		
ii)	Tridem Port and Power Company Pvt. Ltd	**2.58**	2.58
	25,80,300 (Previous Year 25,80,300) Equity Shares of Rs 10 each fully paid		
iii)	Indian Seamless INC. U.S.A.	**1.78**	1.78
	3,17,900 (Previous Year 3,17,900) Equity Shares of USD 1 each fully paid		
iv)	Structo Hydraulics AB, Sweden	**16.75**	-
	40,73,627 (Previous Year Nil) Equity Shares of SEK 5 each fully paid		
	Sub Total - I	**69.54**	52.79

Notes to Financial Statement for the year ended March 31, 2020 (Contd.)

Rs. In Crore

Particulars	As at March 31, 2020	As at March 31, 2019
II) Investment in Subsidiary – Equity Component (At Cost) (Refer Note. No. 3.15)	**130.69**	146.83
Sub Total - II	**130.69**	146.83
Total Non Current Investment (I+II)	**200.23**	199.62
Aggregate amount of unquoted investments	**200.23**	199.62
Financial assets carried at cost	**200.23**	199.62

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

Particulars	As at March 31, 2020	As at March 31, 2019
Unsecured Considered Doubtful	**27.51**	27.51
Less: Provision for Doubtful	**27.51**	27.51
Total	**-**	-

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

Particulars	As at March 31, 2020	As at March 31, 2019
Security Deposits	**15.67**	16.00
Total	**15.67**	16.00

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

Particulars	As at March 31, 2020	As at March 31, 2019
Security Deposits (Including paid under protest)	**7.56**	8.27
Total	**7.56**	8.27

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

Particulars	As at March 31, 2020	As at March 31, 2019
i) Deferred Tax Liabilities		
Depreciation	**257.95**	250.89
	257.95	250.89
ii) Deferred Tax Assets		
a) Accumulated Tax Losses	**153.18**	160.21
b) Unabsorbed Tax Depreciation	**178.34**	178.34
c) Deduction eligible in future period in respect of expenses already debited to the statement of Profit and Loss	**422.80**	331.10
	754.32	669.65
Restricted to Deferred Tax Liabilities	**257.95**	250.89
iii) MAT Credit Entitlement	**82.05**	82.05
Deferred Tax Assets (Net)	**82.05**	82.05

Deferred Tax Assets have been recognised 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, 2020	As at March 31, 2019
i) Capital Advances	**1.46**	1.52
ii) Deferred Expenses	**0.80**	3.43
iii) Statutory Refunds from Government Authorities	**44.24**	44.23
Total	**46.50**	49.18

Notes to Financial Statement for the year ended March 31, 2020 (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, 2020**	As at March 31, 2019
i) Raw Materials	**92.70**	108.28
ii) Work-in-progress	**79.99**	76.06
iii) Finished goods	**114.10**	75.32
iv) Stores, Spares and Consumables	**92.21**	81.32
Total	**379.00**	340.98

NOTE NO. 1.9 CURRENT FINANCIAL ASSETS - TRADE RECEIVABLES
(Net of bills discounted with Banks)

Rs. In Crore

Particulars	**As at March 31, 2020**	As at March 31, 2019
Unsecured		
Considered Good	**242.27**	299.21
Less: Provision for Expected Credit Loss	**4.17**	4.17
Total	**238.10**	295.04

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

Rs. In Crore

Particulars	**As at March 31, 2020**	As at March 31, 2019
Cash and Cash Equivalents		
i) Balances with Banks	**5.34**	14.82
ii) Cash on Hand	**0.04**	0.02
iii) Deposits with Banks (maturity less than 3 months)	**22.65**	15.18
Total	**28.03**	30.02

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

Rs. In Crore

Particulars	**As at March 31, 2020**	As at March 31, 2019
Other Earmarked Balances		
i) Unclaimed Dividend Accounts	**-**	0.46
ii) Unclaimed Debentures Accounts	**-**	0.02
iii) Deposits with Banks	**27.08**	13.00
Total	**27.08**	13.48
Deposits with Banks includes:		
Margin Money Deposits against Guarantees / Letter of Credit	**0.02**	4.90

NOTE NO. 1.12 CURRENT FINANCIAL ASSETS - LOANS

Rs. In Crore

Particulars	**As at March 31, 2020**	As at March 31, 2019
Unsecured , Considered Good		
Loans and advances to Employees	**1.15**	1.14
Total	**1.15**	1.14

Notes to Financial Statement for the year ended March 31, 2020 (Contd.)

NOTE NO. 1.13 CURRENT FINANCIAL ASSETS - OTHERS (UNSECURED, CONSIDERED GOOD)

Rs. In Crore

Particulars	**As at March 31, 2020**	**As at March 31, 2019**
i) Security Deposits	**0.41**	0.44
ii) Interest Receivables	**0.67**	0.47
Total	**1.08**	0.91

NOTE NO. 1.14 CURRENT TAX ASSETS (NET)

Rs. In Crore

Particulars	**As at March 31, 2020**	**As at March 31, 2019**
Taxes paid	**1.90**	4.35
Less: Provision for Tax	**-**	0.19
Total	**1.90**	4.16

NOTE NO. 1.15 OTHER CURRENT ASSETS

Rs. In Crore

Particulars	**As at March 31, 2020**	**As at March 31, 2019**
i) Balance with Custom, Excise and GST	**6.77**	1.32
ii) Export Incentives and Other Refunds	**17.96**	25.37
iii) Prepaid Expenses	**3.87**	4.99
iv) Deferred Expenses	**0.53**	0.99
v) Others	**26.04**	34.43
Total	**55.17**	67.10

NOTE NO. 1.16 EQUITY SHARE CAPITAL

Rs. In Crore

Particulars	**As at March 31, 2020**	**As at March 31, 2019**
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	**March 31, 2020**		March 31, 2019	
	Equity Shares Number	**Rs. in Crore**	Equity Shares Number	Rs. in Crore
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 Financial Statement for the year ended March 31, 2020 (Contd.)

The details of shareholders holding more than 5% shares.

Particulars	March 31, 2020		March 31, 2019	
	No. of Shares held	**% of Holding**	No. of Shares held	% of Holding
Indian Seamless Enterprises Limited	**69,020,151**	**47.11%**	68,918,858	47.04%
Jiten Kirtanlal Shah	**7,418,640**	**5.06%**	7,418,640	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 — Items that will not be reclassified to profit or Loss	Total
	Capital Reserve	Capital Redemption Reserve	Revaluation Reserve	Amalgamation Reserve	Reserve for Contingencies	General Reserve	Retained Earnings	Re-measurement of the net defined benefit plans	
As at April 1, 2018 (A)	**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 (B)	**-**	**-**	**(3.14)**	**(3.65)**	**(1.91)**	**8.70**	**(228.78)**	**(0.84)**	**(229.62)**
As at March 31, 2019 (C) = (A) + (B)	**6.94**	**80.60**	**197.12**	**-**	**-**	**432.82**	**(1,610.31)**	**0.50**	**(892.33)**
Adjustments:									
Add : Transferred to General Reserves	-	-	(3.14)	-	-	3.14	-	-	-
Add: Remeasurement of the net defined benefit plans	-	-	-	-	-	-	-	(2.69)	(2.69)
Add : Transferred from Retained Earnings	-	-	-	-	-	-	1.20	(1.20)	-
Add: Profit / (Loss) for the year	-	-	-	-	-	-	(240.43)	-	(240.43)
Total (D)	**-**	**-**	**(3.14)**	**-**	**-**	**3.14**	**(239.23)**	**(3.89)**	**(243.12)**
As at March 31, 2020 (E) = (C) + (D)	**6.94**	**80.60**	**193.98**	**-**	**-**	**435.96**	**(1,849.54)**	**(3.39)**	**(1,135.45)**

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.

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, 2020.

Notes to Financial Statement for the year ended March 31, 2020 (Contd.)

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

Particulars	As at March 31, 2020		As at March 31, 2019	
SECURED LOANS :				
Term Loans :				
i) Banks				
a) Rupee Loans	**37.71**		63.47	
b) Foreign Currency Loans	**-**		6.50	
		37.71		69.97
ii) Assigned Term Loans *				
Rupee Loans		**121.27**		194.89
UNSECURED LOANS :				
i) Sales Tax Deferral Loan		**0.42**		3.40
ii) Others – Associate Company	**7.75**		7.75	
Less : Ind AS Fair Value Adjustments	**-**		0.92	
		7.75		6.83
Total		**167.15**		275.09

* Term Loans assigned by Banks to Asset Reconstruction Companies (ARC's) .

Security

i) Term Loans of Rs. 774.93 Crore (including current maturities of Rs.656.45 Crore) (Previous Year Rs 809.09 Crore including maturities of Rs. 606.34 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. 67.50 Crore) (Previous Year Rs 108.00 Crore including maturities of Rs. 41.85 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. 12.85 Crore (including current maturities of Rs. 12.85 Crore) (Previous Year Rs. 12.76 Crore including maturities of Rs.12.76 Crore) are stipulated to be secured by exclusive charge on the equipment financed.

iv) Term Loans of Rs. 91.99 Crore (including current maturities of Rs. 91.99 Crore) (Previous Year Rs. 84.42 Crore including maturities of Rs.77.92 Crore) are stipulated to be secured by exclusive charge on the equipment financed.

v) Term Loans of Rs. 114.44 Crore (including current maturities of Rs.114.44 Crore) (Previous Year Rs. 107.56 Crore including maturities of Rs. 107.56 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 further secured by unencumbered properties located at Ahmednagar and Jejuri and also personal guarantee given by Mr. B. R. Taneja (Promoter and the Managing Director of the Company).

vii) Maturity Schedule

Particulars	1-2 year	2-3 year	3-4 year	Beyond 4 years
a) Secured Term Loans	99.07	59.91	-	-
b) Sales Tax Deferral Loan	2.47	0.51	-	-

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

Notes to Financial Statement for the year ended March 31, 2020 (Contd.)

NOTE NO. 1.19 NON CURRENT FINANCIAL LIABILITIES - OTHERS

Rs. In Crore

Particulars	As at March 31, 2020	As at March 31, 2019
Lease Liabilities (Refer Note No.3.7)	4.02	-
Total	4.02	-

NOTE NO. 1.20 NON CURRENT LIABILITIES - PROVISIONS

Rs. In Crore

Particulars	As at March 31, 2020	As at March 31, 2019
Provision for Employee Benefits		
Leave Encashment	7.40	6.66
Total	7.40	6.66

NOTE NO. 1.21 OTHER NON CURRENT LIABILITIES

Rs. In Crore

Particulars	As at March 31, 2020	As at March 31, 2019
Deferred - Sales Tax	0.01	0.51
Total	0.01	0.51

NOTE NO. 1.22 CURRENT FINANCIAL LIABILITIES - BORROWINGS

Rs. In Crore

Particulars	As at March 31, 2020	As at March 31, 2019
SECURED		
Loans Repayable on Demand		
Working Capital Borrowings- Banks		
Rupee Loans	169.75	183.17
Assigned Working Capital Borrowings *		
Rupee Loans	815.09	843.74
Unsecured		
Assigned Working Capital Borrowings *		
Rupee Loans	31.32	31.32
Total	1,016.16	1,058.23

*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).

NOTE NO. 1.23 CURRENT FINANCIAL LIABILITIES - TRADE PAYABLES

Rs. In Crore

Particulars	As at March 31, 2020	As at March 31, 2019
Other Trade Payables		
i) Dues of Micro and Small Enterprises (Refer Note No.3.6)	9.06	12.05
ii) Dues of Creditors other than Micro and Small Enterprises	97.34	87.55
Total	106.40	99.60

Notes to Financial Statement for the year ended March 31, 2020 (Contd.)

NOTE NO. 1.24 CURRENT FINANCIAL LIABILITIES - OTHERS

Rs. In Crore

Particulars	As at March 31, 2020		As at March 31, 2019	
Current Maturities of Long-Term Debt				
a) SECURED				
Term Loans – Banks				
i) Rupee Loans	**150.62**		174.96	
ii) Foreign Currency Loans	**278.11**		253.76	
	@	**428.73**	@	428.72
Assigned Term Loans *				
i) Rupee Loans	**465.89**		372.41	
ii) Foreign Currency Loans	**48.61**		45.30	
	@	**514.50**	@	417.71
b) UNSECURED				
Sales Tax Deferral Loan		**2.47**		5.06
c) Other Payables – Capital creditors		**3.95**		3.72
d) Interest accrued but not due on borrowings		**0.63**		0.61
e) Interest accrued and due on borrowings **		**1,177.58**		916.52
f) Unclaimed dividends		**-**		0.46
g) Provision for Expenses		**28.68**		35.19
h) Other Liabilities		**16.66**		23.15
i) Lease Liabilities (Refer Note No 3.7)		**1.89**		-
Total		**2,175.09**		1,831.14

Rs. In Crore

Delay in No. of Days	As at March 31, 2020		As at March 31, 2019	
	Principal @	**Interest ****	**Principal @**	**Interest ****
0 - 30 Days	**16.67**	**22.84**	22.28	23.44
31 - 60 Days	**3.94**	**19.36**	6.69	18.70
61 - 90 Days	**7.67**	**20.70**	13.42	20.70
More than 90 Days	**808.50**	**1,114.68**	657.78	853.68
Total	**836.78**	**1,177.58**	700.17	916.52

Over due amount of interest and principal installments as on March 31, 2020 are disclosed based on the terms of sanction of loans. (Refer Note No. 3.19 of Notes to Accounts).

* Term Loans assigned by Banks to ARC's.

** Interest accrued and due on borrowings includes Rs. 888.69 Crore (Previous Year Rs.483.08 Crore) assigned by Banks to ARC's.

NOTE NO. 1.25 OTHER CURRENT LIABILITIES

Rs. In Crore

Particulars	As at March 31, 2020	As at March 31, 2019
i) Advances From Customers	**12.32**	12.48
ii) Deferred Sales Tax	**0.16**	0.84
iii) Deferred Income	**-**	0.73
iv) Other Liabilities	**2.49**	1.91
Total	**14.97**	15.96

Notes to Financial Statement for the year ended March 31, 2020 (Contd.)

NOTE NO. 1.26 CURRENT LIABILITIES - PROVISIONS

Rs. In Crore

Particulars	As at March 31, 2020	As at March 31, 2019
Provision for Employee Benefits		
i) Gratuity	**0.48**	0.46
ii) Leave Encashment	**1.09**	0.89
iii) Superannuation	**0.73**	0.81
Total	**2.30**	2.16

NOTE NO. 1.27 REVENUE FROM OPERATIONS
SALE OF PRODUCTS

Rs. In Crore

Particulars	2019-20	2018-19
i) Tube	**1,059.55**	1,403.88
ii) Steel	**615.54**	1,019.51
Gross Sales	**1,675.09**	2,423.39

NOTE NO. 1.28 OTHER OPERATING REVENUE (GROSS)

Rs. In Crore

Particulars	2019-20		2018-19	
Other Operating Revenues				
i) Sale of Scrap (Gross)	**64.76**		79.11	
Less : Inter Segment Transfers	**46.17**		58.77	
		18.59		20.34
ii) Export Incentives		**6.08**		9.32
Total		**24.67**		29.66

NOTE NO. 1.29 OTHER INCOME

Rs. In Crore

Particulars	2019-20	2018-19
i) Interest Income (Refer Note. No. 3.21)	**6.57**	2.70
ii) Miscellaneous Income	**0.40**	1.15
iii) Interest Income on financial instruments measured at amortised cost	**1.81**	1.79
iv) Government Grant-Sales Tax Deferral	**0.92**	1.30
Total	**9.70**	6.94

NOTE NO. 1.30 COST OF RAW MATERIAL CONSUMED

Rs. In Crore

Particulars	2019-20	2018-19
Opening Stock	**108.28**	82.78
Add : Purchases made during the year	**691.23**	997.13
	799.51	1,079.91
Less : Closing Stock	**92.70**	108.28
Total	**706.81**	971.63

Notes to Financial Statement for the year ended March 31, 2020 (Contd.)

RAW MATERIAL CONSUMED

Rs. In Crore

Particulars	2019-20	2018-19
Tube Segment		
Steel Bars	**657.54**	931.17
Less : Inter Segment Transfer	**313.08**	534.09
Net Consumption	**344.46**	397.08
Steel Segment		
i) Pig & Sponge Iron, DRI and Steel Scrap	**348.99**	540.89
ii) Ferro Alloys	**59.53**	92.42
	408.52	633.31
Less : Inter Segment Transfer	**46.17**	58.76
Net Consumption	**362.35**	574.55
Total Raw Material Consumed	**706.81**	971.63

NOTE NO. 1.31 CHANGE IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS

Rs. In Crore

Particulars	2019-20	2018-19
Closing Stock		
i) Finished goods	**114.10**	75.32
ii) Work-in-Progress	**79.99**	76.06
	194.09	151.38
Opening Stock		
i) Finished goods	**75.32**	99.53
ii) Work-in-Progress	**76.06**	59.39
	151.38	158.92
(Increase)/ Decrease in Inventories		
i) Finished Goods	**(38.78)**	24.21
ii) Work-in-Progress	**(3.93)**	(16.67)
Total	**(42.71)**	7.54

PRODUCTWISE DETAILS OF CLOSING WORK-IN-PROGRESS

Rs. In Crore

Particulars	2019-20	2018-19
i) Tube	**56.65**	64.91
ii) Steel	**23.34**	11.15
Total	**79.99**	76.06

NOTE NO. 1.32 EMPLOYEE BENEFITS EXPENSE

Rs. In Crore

Particulars	2019-20	2018-19
i) Salaries, Wages, Bonus and Allowances #	**112.99**	113.29
ii) Contributions to Provident Fund & Other Funds #	**14.33**	11.22
iii) Staff Welfare Expenses	**7.75**	8.33
Total	**135.07**	132.84

includes remuneration paid / payable to the Managing Director and Executive Director amounting to Rs. 3.41 Crore (Previous Year of Rs. 3.16 Crore) is subject to approval of Lenders.

Notes to Financial Statement for the year ended March 31, 2020 (Contd.)

NOTE NO. 1.33 FINANCE COSTS **Rs. In Crore**

Particulars	2019-20		2018-19	
i) Interest Expenses				
a) Term Loans	**119.69**		119.31	
b) Working Capital and others	**139.83**		143.20	
c) Others	**2.22**		1.87	
		261.74		264.38
ii) Other Finance Costs *		**1.76**		5.96
iii) Exchange Difference regarded as an adjustment to Interest Cost		**10.77**		6.12
Total		**274.27**		276.46

* Net of interest cost on Employee Defined Benefits Plan- Gain of Rs. 0.13 Crore (Previous Year Gain of Rs. 0.04 Crore).

NOTE NO. 1.34 DEPRECIATION **Rs. In Crore**

Particulars	2019-20	2018-19
Depreciation for the year	**62.98**	54.05
Total	**62.98**	54.05

NOTE NO. 1.35 OTHER EXPENSES

Rs. In Crore

Particulars	2019-20		2018-19	
i) Materials				
a) Stores and Spares	**44.40**		67.22	
b) Consumables	**59.19**	**103.59**	124.19	191.41
ii) Energy				
a) Power Charges	**163.74**		199.05	
b) Fuel	**54.11**		73.50	
c) Gases	**16.03**		16.83	
iii) Direct Manufacturing		**233.88**		289.38
a) Processing Charges	**7.05**		8.22	
b) Other Direct Expenses	**23.44**		32.09	
c) Repairs Maintenance to Plant and Machinery	**4.77**		6.15	
d) Repairs to Factory Building	**0.43**		0.97	
e) Machine Rentals	**-**		1.71	
		35.69		49.14
iv) Selling & Distribution				
a) Freight Charges	**16.03**		22.33	
b) Commission on Sales	**5.81**		6.41	
c) Selling and Other Expenses	**1.44**		2.42	
		23.28		31.16
v) Administrative Expenses				
a) Rent	**0.05**		1.33	
b) Rates and Taxes	**0.55**		0.95	
c) Travelling	**2.82**		2.82	
d) Communication	**0.86**		1.05	
e) Repair and Maintenance (Others)	**0.39**		0.56	
f) Insurance	**1.41**		1.03	
g) Equipment Lease Rentals	**0.72**		0.71	
h) Loss on Sale of Assets *	**-**		-	
i) Miscellaneous Expenses	**22.55**		30.62	
(Refer Note. No. 3.14)		**29.35**		39.07
Total		**425.79**		600.16

* Loss on Sale of Assets Rs. 38,325/- (Previous Year Rs. 24,902/-)

Notes to Financial Statement for the year ended March 31, 2020 (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, 2020 were approved for the issue by the Board of Directors at their Board Meeting dated July 31, 2020.

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 of the Companies Act 2013 ("Act") read with Companies (Indian Accounting Standards) Rules, 2016; as amended and the other relevant provisions of the Act and Rules there under.

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.

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.

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

Notes to Financial Statement for the year ended March 31, 2020 (Contd.)

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 statement of profit and loss 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 Deprecation 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:

The Company’s leased assets consist of leases for Buildings and Plant and Machinery. At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and (iii) the Company has the right to direct the use of the asset.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of Property, Plant and Equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company’s incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The lease liability is subsequently measured at amortised cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company’s estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in statement of profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets:

The Company has elected not to recognise right-to-use assets and lease liabilities for short-term lease that have a lease term of 12 months or less and leases of low-value assets. The Company recognises the lease payments associated with these leases as an operating expense as per the terms of the lease.

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

Notes to Financial Statement for the year ended March 31, 2020 (Contd.)

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 statement of profit and loss.

- **Leave Encashment:**

  The Company provides for the liability at year end on account of un availed 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.

  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 and 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).

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 statement of profit and loss 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

Notes to Financial Statement for the year ended March 31, 2020 (Contd.)

amounts of cash and which are subject to an insignificant risk of changes in value.

2.15 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.

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 level of the fair value hierarchy, then the fair value measurement is categorised in its entirely in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

2.16 Financial instruments:

The 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 statement of 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 and 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 and loss.

c) Investment in subsidiaries:

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

d) 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'.

e) De-recognition of Financial Assets:

A financial asset is primarily derecognized when rights to receive cash flows from the asset have

Notes to Financial Statement for the year ended March 31, 2020 (Contd.)

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.

f) 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 or 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.

For trade receivables the 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.

2.17 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.

2.18 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,

Notes to Financial Statement for the year ended March 31, 2020 (Contd.)

from the beginning of the year or date of issuance of such potential equity shares, to the date of conversion.

2.19 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.

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.

2.20 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.

2.21 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.

2.22 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.

2.23 Standards issued but not yet effective:

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable to the Company from April 1, 2020.

2.24 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

Notes to Financial Statement for the year ended March 31, 2020 (Contd.)

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:

a. Assessment of functional currency (Refer Note No: 2.2);

b. Financial instruments (Refer Note No 2.16);

c. Estimates of useful lives and residual value of PPE and intangible assets (Refer Note No. 2.5 and 2.6);

d. Impairment of financial and non-financial assets (Refer Note No. 2.16 and 2.20);

e. Valuation of inventories (Refer Note No. 2.8);

f. Measurement of recoverable amounts of cash-generating units (Refer Note No. 2.20);

g. Measurement of Defined Benefit Obligations and actuarial assumptions (Refer Note No. 2.9);

h. Allowances for uncollected trade receivable and advances (Refer Note No. 2.16):

i. Evaluation of recoverability of deferred tax assets (Refer Note No. 2.19); and

j. Contingencies and Provisions (Refer Note No. 2.21).

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, 2020 (Contd.)

NOTE NO 3 NOTES TO ACCOUNTS

3.1 CONTINGENT LIABILITIES AND COMMITMENTS (to the extent not provided for)

Rs. In Crore

Sr No	Particulars	As at March 31, 2020	As at March 31, 2019
A	**Contingent Liabilities**		
	Claims against the Company not acknowledged as debt		
i)	Sales Tax	**17.65**	18.37
ii)	Income Tax disputed by the Company	**4.35**	4.35
iii)	Excise and Customs Duty	**30.35**	33.36
iv)	Claims filed by Banks / Lenders with Debt Recovery Tribunal*	**119.37**	6.44
v)	Others	**80.30**	106.75
B)	**Commitments**		
	Capital Commitments		
	Estimated amount of contract remaining to be executed on capital account and not provided for (net of advances)	**6.64**	7.50

The Company does not expect the outcome of the matters stated above to have a material adverse impact on the Company's financial condition, result of operations or cash flows. Future cash outflows in respect of liability under clause A (i) to (iii) is dependent on decisions by relevant authorities of respective disputes and in respect of liability under clause A (iv & v) is dependent on terms agreed upon with the parties.

* Out of the above most of the debt have been assigned to ARC's and the Company is in process of restructuring of the debt.

3.2 Considering the uncertainity related to realisation, the following items are not considered to accrue till they are setlled / 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 Operations at all the plants of the Company were suspended from last week of March, 2020 on account of COVID-19 outbreak and subsequent lockdown. However, operations resumed at various locations, in a phased manner from April 28, 2020 onwards after obtaining necessary permissions from the local authorities. As per our current assessment, no significant impact on carrying amounts of inventories, trade receivables, investments and other financial assets is expected and we continue to monitor changes in future economic conditions. The eventual outcome of the impact of the global health pandemic may be different from those estimated as on the date of approval of these financial statements.

Though the Covid crisis will necessarily have a wide ranging impact on domestic, European and global economies, the Covid crisis is still unfolding and full assessment of the impact of the same on the Company's business, SHAB's operations, CPP and on Port and Power Project (TPPCL) will be only possible once the pandemic starts settling down.

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, 2020 (Contd.)

3.4 I Segment Information

Rs. In Crore

Sr No	Particulars	As on March 31, 2020				As on March 31, 2019			
		Tube Segment	Steel Segment	Unallocable	Total	Tube Segment	Steel Segment	Unallocable	Total
i)	**Segment Revenue**								
	Total External Sales (Gross)	**981.48**	**298.14**		**1,279.62**	1,317.21	478.23		1,795.44
	Add : Inter Segment Transfers (Gross)	**-**	**317.40**		**317.40**	-	541.28		541.28
	: Inter Division Transfers (Gross)	**78.07**	**-**		**78.07**	86.67	-		86.67
		1,059.55	**615.54**		**1,675.09**	1,403.88	1,019.51		2,423.39
	Less : Inter Segment Transfers (Net)	**-**	**317.40**		**317.40**	-	541.28		541.28
	Inter Division Transfers (Net)	**78.07**	**-**		**78.07**	86.67	-		86.67
	Net Sales	**981.48**	**298.14**		**1,279.62**	1,317.21	478.23		1,795.44
ii)	**Segment Results**								
	Profit Before Finance Costs , Foreign Exchange Loss and Taxes	**32.78**	**(6.90)**	**0.17**	**26.05**	48.53	13.57	3.72	65.82
	Less : Finance Costs				**274.27**				276.46
	: Foreign Exchange Loss				**(5.84)**				(2.24)
	: Depreciation on reclassification of assets held for sale				**-**				20.38
	Profit / (Loss) Before Tax				**(242.38)**				(228.78)
	Less : Tax Expenses				**(1.95)**				-
	Profit / (Loss) After Tax				**(240.43)**				(228.78)
	Add : Other Comprehensive Income				**(2.69)**				(0.84)
	Profit / (Loss) After Comprehensive Income				**(243.12)**				(229.62)
iii)	**Other Information**								
	Total Segment Assets	**1,370.61**	**428.77**	**-**	**1,799.38**	1,463.96	393.00	-	1,856.96
	Total Segment Liabilities	**113.18**	**64.83**	**-**	**178.01**	120.69	59.72	-	180.41
	Total cost incurred for acquiring Segment Assets	**36.01**	**4.29**	**7.83**	**48.13**	11.22	1.76	2.46	15.44
	Segment Depreciation	**43.88**	**12.47**	**6.63**	**62.98**	40.92	13.13	20.38	74.43
	Non - Cash Expenses	**-**	**-**	**-**	**-**	4.41	0.56	-	4.97
	Total Unallocable Assets				**631.92**				613.31
	Total Unallocable Liabilities				**3,315.49**				3,108.94

Note : Steel Segment Results include profit on steel captively consumed by Tube Segment.

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	**2019-20**	2018-19
Revenue from External Customers		
Domestic	**1,152.97**	1,600.50
Exports	**126.65**	194.94
Total revenue	**1,279.62**	1,795.44

III Revenue from Major Customers

Revenue under the segment ‘Steel’ include Rs 37.46 Crore (Previous Year: Rs 92.66 Crore of two customer) from one customer 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, 2020 (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 31,2020 is Rs. 9.06 Crore (Previous Year 12.05 Crore) including interest accrued and remaining unpaid of Rs. 0.46 Crore (Previous Year Rs. 0.31 Crore) and an amount of Rs. Nil (Previous Year Rs.0.03 Crore) has been paid to MSME suppliers during the year.

3.7 Leases

The Company has adopted Ind AS 116, effective annual reporting period beginning April 1, 2019 and applied the Standard to its leases, retrospectively, with the cumulative effect of initially applying the Standard, recognized on the date of initial application, that is, April 1, 2019. Accordingly, the Company has not restated comparative information.

The Company measure lease liability at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the date of initial application, and measure that right-of-use asset an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the balance sheet immediately before the date of initial application. This has resulted in recognizing a right-of-use (ROU) assets of Rs 11.25 Crore and lease liability of Rs 7.36 Crore as at April 1, 2019.

The effect of this adoption is not significant on the consolidated profit and loss for the year and earning per share.

A) Following are the changes in the carrying amount of Right-of-Use Assets for the year ended March 31, 2020.

Rs. In Crore

Particulars	As at March 31, 2020	
	Office Buildings	Plant and Machinery
Balance as on April 1, 2019	-	-
On Transition on Ind AS 116	3.37	7.88
Addition during the year	0.30	-
Deletion on cancellation of lease	-	-
Depreciation on ROU of Assets	1.17	1.55
Depreciation on Deletion	-	-
Balance as on March 31, 2020	2.50	6.33

B) The following is the movement in Lease Liabilities for the year ended March 31, 2020

Rs. In Crore

Particulars	As at March 31, 2020	
	Office Buildings	Plant and Machinery
Balance as on April 1, 2019	-	-
On Transition to Ind AS 116	3.27	4.09
Additions during the year	0.30	-
Finance Cost incurred during the year	0.40	0.47
Deletion on Cancellation of lease	-	-
Payment of lease liabilities	(1.33)	(1.29)
Balance as on March 31, 2020	2.64	3.27

Notes to Financial Statement for the year ended March 31, 2020 (Contd.)

The table below provides details regarding the contractual maturities of lease liabilities as at March 31, 2020 on an undiscounted basis.

Rs. In Crore

Particulars	As at March 31, 2020
Due within one year	2.54
Due within one year to five years	4.14
Due for more than five years	1.15
Total Undiscounted Lease Liabilities	7.83
Lease Liabilities included in the Statement of standalone financial position	
Non- Current Financial Liabilities	4.02
Current Financial Liabilities	1.89
Total	5.91

The Company does not face a liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

C) The following amounts are recognized in the Standalone Statement of Profit and Loss for the year ended March 31, 2020:

Rs. In Crore

Particulars	As at March 31, 2020
Interest Expenses on Financial Liabilities	0.87
Depreciation on ROU Assets	2.72
Expenses relating to Short Term Lease	0.05
Expenses relating to Leases of Low Value Assets	-
Total	3.64

D) The following amounts are recognized in the Standalone Statements of Cash Flows for the year ended March 31, 2020:

Rs. In Crore

Particulars	As at March 31, 2020
Total Cash outflows for Leases	2.62

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 19.77 Crore and Rs 10.43 Crore (including Assets held for sale) for the year ended March 31, 2020 and March 31, 2019 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. O P Kakkar	Non-Executive Director
4	Ms. Deepa Mathur	Non-Executive Director
5	Mr. Shyam Powar	Independent Director
6	Mr. R Poornalingam	Independent Director
7	Mr. Kanakraj M	Independent Director

Notes to Financial Statement for the year ended March 31, 2020 (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.
4	Structo Hydraulics AB, Sweden (w.e.f. October 14, 2019)
B	**Indirect Subsidiary Companies**
1	Structo Hydraulics AB, Sweden (upto October 13, 2019)
2	ISMT Europe AB, Sweden
3	Nagapattinam Energy Private Limited.
4	Best Exim Private Limited.
5	Success Power and Infraprojects 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: (KMP)

Rs. In Crore

Sr No	Nature of Transactions	2019-20	2018-19
1	Managerial Remuneration *	**3.41**	3.16
2	Sitting Fees	**0.35**	0.39

* 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	
		2019-20	2018-19	2019-20	2018-19
1	Sale of Finished Goods	**79.86**	125.72	**11.82**	18.90
2	Commission on Sales	**5.05**	4.88	**-**	-
3	Quality claims	**0.49**	0.91	**-**	-
4	Rent Paid	**0.01**	0.01	**-**	-
5	Interest Paid	**-**	-	**-**	0.14
6	Investment in Equity Shares	**16.75**	-	**-**	-
7	Loans and Advances Given	**0.61**	7.11	**-**	-
8	Repayment of Advance received	**-**	-	**-**	1.00
	Outstanding as at Balance Sheet date				
1	- Receivables (net of provisions)	**53.72**	61.26	**1.82**	8.05
2	- Payables	**1.11**	1.04	**-**	-
3	- Advances Recoverable-(Equity Component)	**130.69**	146.83	**-**	-
4	- Unsecured Loan Payable	**-**	-	**7.75**	7.75

a) Sale of finished goods to Subsidiary Companies includes sales to Structo Hydraulics AB Rs. 12.55 Crore (Previous Year Rs. 20.96 Crore) and ISMT Europe AB Rs. 67.31 Crore (Previous Year Rs. 104.78 Crore). Sale of finished goods to Associate Companies include sales to Indian Seamless Enterprises Limited Rs. 9.09 Crore (Previous Year Rs. 11.73 Crore), Taneja Areospace and Aviation Limited Rs. Nil Crore (Previous Year Rs. 0.35 Crore) and First Airways Inc, USA Rs. 2.73 Crore (Previous Year Rs. 6.82 Crore).

Notes to Financial Statement for the year ended March 31, 2020 (Contd.)

b) Commission on sales to Subsidiary Companies include paid / provided for to ISMT Europe AB, Rs. 4.90 Crore (Previous Year Rs. 4.65 Crore) and Indian Seamless Inc, USA Rs. 0.15 Crore (Previous Year Rs. 0.22 Crore).

c) Quality claims of Subsidiary Companies include paid / provided for to Structo Hydraulics AB Rs. 0.37 Crore (Previous Year Rs. 0.58 Crore) and ISMT Europe AB Rs. 0.12 Crore (Previous Year Rs. 0.33 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. Nil Crore (Previous Year Rs.0.14 Crore).

f) Advances given to Subsidiary Company Tridem Port and Power Company Private Limited Rs. 0.61 Crore (Previous Year Rs. 7.11 Crore) for operational expenses of its Port and Power Project .

g) Repayment of Advance received from Associate Company - Taneja Aerospace and Aviation Limited is Rs. Nil Crore (Previous Year Rs.1.00 Crore).

3.10 Income Tax Expenses

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

Rs. In Crore

Sr No.	Particulars	2019 -20	2018 -19
I	**Income Tax recognised in the statement of profit and loss**		
	Current tax	-	-
	Deferred tax	-	-
	Earlier Year Tax	(1.95)	-
	Total Income Tax recognised in the statement of profit and loss	(1.95)	-
II	**Income Tax recognised in Other Comprehensive Income**		
	Deferred tax	-	-
	Total Income Tax recognised in Other Comprehensive Income	Nil	Nil

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

Rs. In Crore

Particulars	2019 -20	2018 -19
Accounting profit before income tax expenses	**(242.38)**	(228.78)
Enacted tax rates in India (%)	**34.94%**	34.94%
Expected income tax expenses		
Tax Effect of :	**(84.70)**	(79.94)
Expenses not deductible	**88.02**	89.19
Accelerated capital allowances	**5.45**	8.61
Expenses on which no deduction is admissible	**(1.75)**	1.41
(Profit) / Loss in respect of which deferred tax assets not recognized for the year*	**(7.02)**	(19.27)
Tax expenses recognised in statement of profit and loss	**(0.00)**	-
Adjustments recognised in current year in relation to the current tax of earlier years	**(1.95)**	-
Income Tax Expenses	**(1.95)**	-
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 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, 2020 (Contd.)

C Significant components of Deferred tax assets & liabilities recognized in Financial Statements

As at March 31, 2020

Rs. In Crore

Particulars	As at April 1, 2019	Charged / (credited) to Statement of income	Charged / (credited) to OCI	As at March 31, 2020
Tax effect of item constituting Deferred Tax Liabilities				
Depreciation	250.89	7.06	-	**257.95**
	250.89	**7.06**	**-**	**257.95**
Tax effect of item constituting Deferred Tax Assets				
i) Accumulated Tax lossess	160.21	(7.03)	-	**153.18**
ii) Unabsorbed Tax Depreciation	178.34	-	-	**178.34**
iii) Deduction eligible in future period in respect of expenses already debited to the Statement of Profit and Loss *	331.10	91.70	-	**422.80**
	669.65	**84.67**	**-**	**754.32**
Restricted to Deferred Tax Liabilities	**250.89**	**7.06**	**-**	**257.95**
iv) MAT Credit Entitlement	82.05	-	-	**82.05**
	332.94	**7.06**	**-**	**340.00**
Net Defrred Tax Asset /(Liability)	**82.05**	**-**	**-**	**82.05**

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				
Depreciation	250.81	0.08	-	250.89
	250.81	**0.08**	**-**	**250.89**
Tax effect of item constituting Deferred Tax Assets				
i) Accumulated Tax lossess	179.48	(19.27)	-	160.21
ii) Unabsorbed Tax Depreciation	178.34	-	-	178.34
iii) Deduction eligible in future period in respect of expenses already debited to the Statement of Profit and Loss*	238.52	92.58	-	331.10
	596.34	**73.31**	**-**	**669.65**
Restricted to Deferred Tax Liabilities	**250.81**	**0.08**	**-**	**250.89**
iv) MAT Credit Entitlement	82.05	-	-	82.05
	332.86	**0.08**	**-**	**332.94**
Net Defrred Tax Asset/ (Liability)	**82.05**	**-**	**-**	**82.05**

*Deferred tax assets 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.

Notes to Financial Statement for the year ended March 31, 2020 (Contd.)

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, 2020**	As at March 31, 2019
Within five years	**438.37**	458.47
Greater than five years	**-**	-
No expiry	**510.37**	510.37
Total	**948.74**	968.84

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	**2019-20**	2018-19
a) Employer's Contribution to Provident Fund and Employee Pension Scheme	**9.28**	6.13
b) Employer's Contribution to Superannuation Fund	**2.83**	2.98
Total	**12.11**	9.11

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.

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, 2020 and March 31, 2019, being the respective measurement dates:

Rs. In Crore

Sr No.	**Particulars**	**Gratuity (Funded)**	
		2019-20	2018-19
a)	**Changes in present value of defined benefit obligations**		
	Present value of defined benefit obligation at the beginning of the Year	**34.90**	32.20
	Current Service Cost	**1.74**	1.68
	Interest Cost	**2.59**	2.46
	Actuarial changes arising from change in financial assumptions	**1.78**	(3.46)
	Actuarial changes arising from change in experience adjustments	**0.80**	4.21
	Benefits paid	**(2.40)**	(2.19)
	Present value of defined benefit obligation at the end of the Year	**39.41**	34.90
b)	**Changes in fair value of Plan Assets:**		
	Fair value of Plan Assets as at beginning of the Year	**34.44**	31.52
	Interest Income	**2.73**	2.41
	Employer Contribution	**1.94**	0.68
	Return on plan assets excluding interest income	**(0.11)**	(0.09)
	Benefits paid	**(0.07)**	(0.08)
	Fair value of plan Assets as at end of the Year	**38.93**	34.44

Notes to Financial Statement for the year ended March 31, 2020 (Contd.)

Rs. In Crore

Sr No.	Particulars	Gratuity (Funded)		Leave Encashment (Non Funded)	
		2019-20	2018-19	**2019-20**	2018-19
c)	**Net asset / (liability) recognised in the balance sheet**				
	Present value of defined benefit obligation at the end of the Year	**39.41**	34.90	**8.49**	7.55
	Fair value of plan Assets as at end of the Year	**38.93**	34.44	**-**	-
	Amount recognised in the Balance Sheet	**0.48**	0.46	**8.49**	7.55
	Net (liability) / assets - Current	**0.48**	0.46	**1.09**	0.89
	Net (liability) / assets - Non - current	**-**	-	**7.40**	6.66
d)	**Expenses recognised in the Statement of Profit and Loss for the year**				
	Current Service Cost	**1.74**	1.68	**0.68**	0.58
	Interest Cost on benefit obligation (net)	**(0.13)**	(0.04)	**0.51**	0.37
	Actuarial (gain)/ Loss	**-**	-	**1.61**	2.76
	Total expenses included in employee benefits expenses	**1.61**	1.64	**2.80**	3.71

Rs. In Crore

Sr No.	Particulars	Gratuity (Funded)	
		2019-20	2018-19
e)	**Recognised in other comprehensive income for the year**		
	Actuarial changes arising from change in financial assumptions	**1.78**	(3.46)
	Actuarial changes arising from change in experience adjustments	**0.80**	4.21
	Return on plan assets excluding interest income	**0.11**	0.09
	Recognised in other comprehensive income	**2.69**	0.84
f)	**Estimate of expected defined benefit obligation (in absolute terms i.e undiscounted)**		
	within the next 12 months	**7.43**	6.44
	Between 2 to 5 Years	**15.30**	12.93
	6 years and onwards	**31.94**	29.27
g)	**Quantitative sensivity analysis for significant assumption**		
	1 % increase in discount rate	**37.17**	32.79
	1% decrease in discount rate	**41.91**	37.25
	1% increase in salary growth rate	**41.60**	37.00
	1% decrease in salary growth rate	**37.40**	32.98
	1% increase in employee withdrawal rate	**39.76**	35.31
	1% decrease in employee withdrawal rate	**39.16**	34.45

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 corelated. When calculating the sensivity of the defined benefit obligation to significant acturial assumptions the same method (projected unit credit method) has been applied as when calculating the defined benefit obligation within the balance sheet.

Sr No.	Particulars	Gratuity (Funded)	
		2019-20	2018-19
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%**	3.10%
	Corporate Bonds	**0.10%**	0.10%
	Special Deposit Scheme	**0.30%**	0.30%
	Insurer Managed Funds	**93.80%**	93.80%
	Others	**2.70%**	2.70%
	Total	**100.00%**	100.00%

Notes to Financial Statement for the year ended March 31, 2020 (Contd.)

Sr No.	Particulars	Gratuity (Funded)		Leave Encashment (Non Funded)	
		2019-20	2018-19	**2019-20**	2018-19
i)	**Principal Actuarial Assumptions used as at the Balance Sheet date:**				
	Discount Rate	**6.80%**	7.70%	**6.80%**	7.70%
	Expected Rate of Return on Plan Assets	**7.70%**	7.20%	**7.70%**	0.00%
	Salary Escalation Rate	**4.00%**	3% - 6%	**4.00%**	3% - 6%

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. 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 utilized. Accordingly, the unabsorbed MAT credit, if any, out of the total MAT Credit of Rs. 82.05 Crore as at March 31, 2020, shall be charged in the Statement of Profit and Loss to the extent it lapses in the respective years and subject to review of the same once the Company opts for options permitted under section 115BAA of the Income Tax Act, 1961.

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	2019 -20	2018 -19
Net Profit / (Loss) for the year attributable to Equity Shareholders (Rs. In Crore)	**(240.43)**	(228.78)
Weighted Average Number of Equity Shares outstanding for basic and diluted	**146,501,383**	146,501,383
Face Value of Equity Share (in Rs.)	**5.00**	5.00
Earnings Per Share (in Rs.) (Basic and Diluted)	**(16.41)**	(15.62)

3.14 Miscellaneous Expenses includes:

Rs. In Crore

Particulars	2019 -20	2018 -19
i) Repair and Maintenance - Other Building	**0.01**	0.01
ii) Director Sitting Fees	**0.35**	0.39
iii) Auditors Remuneration		
a) Statutory Audit Fees	**0.27**	0.30
b) Others	**-**	0.03
c) Out of Pocket Expenses	**0.01**	-
iv) Provision for Doubtful Debts	**-**	4.86
v) Sales Tax, Excise and Custom duty paid under Amnesty Scheme	**5.65**	-
vi) 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, 2020	As at March 31, 2019
i) Structo Hydraulics AB, Sweden (Refer Note No. 3.16)	16.58	33.33
ii) Advance to Tridem Power and Port Company Pvt. Ltd. (Refer Note No. 3.17)	114.11	113.50
Total	130.69	146.83

Notes to Financial Statement for the year ended March 31, 2020 (Contd.)

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 approval from regulatory authorities for conversion into equity of an amount of Rs. 33.33 Crore (USD 5 Million) due from SHAB and out of which Rs. 16.75 Crore has been converted into equity and the balance of Rs. 16.58 Crore is pending for allotment. The net receivables on account of sales made to SHAB as on March 31, 2020 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 (including pending allotment) , which is in the nature of forward integration and considered Strategic, Long Term. The financial effect, if any, of the same on net loss for the year ended March 31, 2020, carrying value of investment and other equity as at March 31, 2020 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.

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 project 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 116.69 Crore (including advances given to TPPCL of Rs. 114.11 Crore). The financial effect, if any, of the same on loss for the year ended March 31, 2020, carrying value of the investment and other equity as at March 31, 2020 is not ascertainable.

3.18 The Company's EBIDTA and EBIDTA margin has been consistently increasing year on year from 2015-16 and the EBIDTA margin for the first nine months of the current financial year was higher than that of corresponding period of previous year. However, performance of the fourth quarter of financial year 2019-20 was affected due to the Covid lockdown and the overall performance for the year has to be viewed against the back drop of slow down of the economy. The Company also expects to benefit from Atmanirbhar policies of the Government including continuation of Anti Dumping Duty on import of seamless tubes from China. Majority of the lenders of the Company have also signed Inter Creditor Agreement for restructuring the debt of the Company. The proposed restructuring on sustainable basis is expected to address the negative net worth of the Company thereby enlarging the business opportunities including participation in Government tenders. Accordingly the Company has continued to prepare its financial statements on 'Going Concern Basis'.

3.19 Consequent to RBI Circular dated 12th February, 2018, the lenders had decided to explore assignment of debt as a Resolution Plan. Accordingly, Banks holding about 74 % 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. Majority of the lenders of the company consisting of both ARCs and the banks have signed Inter Creditor Agreement as per the RBI guidelines for restructuring the debt of the Company. However, the Restructuring and assignment of further debt could not be concluded due to the implementation of countrywide lockdown on account of COVID-19 outbreak. Restructuring of debt to be done on a sustainable basis could inter alia necessitate down-sizing of debt including interest and will also need to factor in the COVID impact on global and domestic economy and consequently on the business of the Company.

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, if any of non provision of overdue / penal and compounding of interest, on loss for the year ended March 31, 2020, carrying value of the borrowings (financial liabilities) and other equity as at March 31, 2020 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, 2020 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.

Notes to Financial Statement for the year ended March 31, 2020 (Contd.)

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 reporting date at the carrying amount of Rs.39.53 Crore. The financial effect, if any, of the same on net loss for the year ended March 31, 2020, carrying value of non-current asset and other equity as at March 31, 2020 is not ascertainable.

ii) Considering prevailing uncertainties of operating the 40 MW Captive Power Plant (CPP) at Chandrapur, Maharashtra or disposing it as going concern or otherwise and pending outcome of supreme court decision as referred above, it is not possible to reasonably or reliably determine the recoverable amount and consequently to ascertain whether there is any impairment of the CPP as required by Ind AS 36 "Impairment of Assets". Hence the aforesaid asset is measured as at March 31 ,2020 at the carrying amount of Rs 237.29 Crore. The financial effect, if any, of the same on net loss for the year ended March 31, 2020, carrying value of CPP and other equity as at March 31, 2020 is not ascertainable.

3.21 Interest income includes interest received from Banks of Rs. 3.41 Crore (Previous Year Rs. 1.67 Crore).

3.22 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.

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.

The Company has exposure to following risk arising from financial instruments:

a) Credit risk

The 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, 2020**	As at March 31, 2019
Gross Carrying Amount	**242.27**	299.21
Less: Expected credit loss at simplified approach	**4.17**	4.17
Carrying amount of trade receivables (net of impairment)	**238.10**	295.04

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.

Notes to Financial Statement for the year ended March 31, 2020 (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, 2020				
Borrowings	1,016.16	159.40	7.75	1,183.31
Trade and other payables	106.40	-	-	106.40
Other financial liabilities	2,175.09	-	-	2,175.09
Other Non Current financial liabilities	-	4.02	-	4.02
Total	**3,297.65**	**163.42**	**7.75**	**3,468.82**
March 31, 2019				
Borrowings	1,058.23	268.26	6.83	1,333.32
Trade and other payables	99.60	-	-	99.60
Other financial liabilities	1,831.14	-	-	1,831.14
Total	**2,988.97**	**268.26**	**6.83**	**3,264.06**

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.

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, 2020		As at March 31, 2019	
	Foreign Currency in Million	Rs. In Crore	Foreign Currency in Million	Rs. In Crore
Secured Loans				
USD	**38.58**	**290.83**	39.32	271.99
EURO	**4.32**	**35.89**	4.32	33.57
Receivables				
USD	**6.14**	**41.86**	8.21	53.97
EURO	**5.48**	**45.32**	4.03	31.47
Australian Dollar	**0.001**	**0.01**	0.006	0.03
GBP	**0.05**	**0.48**	0.03	0.23
Payables				
USD	**1.02**	**7.69**	1.01	7.01
EURO	**0.08**	**0.70**	0.08	0.62

Notes to Financial Statement for the year ended March 31, 2020 (Contd.)

Currency	As at March 31, 2020		As at March 31, 2019	
	Foreign Currency in Million	Rs. In Crore	Foreign Currency in Million	Rs. In Crore
Interest Payable				
USD	**7.48**	**55.76**	5.67	40.37
EURO	**0.98**	**8.15**	0.77	6.17

5 % appreciation in USD and EURO with respect to Indian Rupees would have result in increase in loss before tax by Rs 15.41 Crore for March 31, 2020 and increase in Losss before tax by Rs 13.46 Crore for March 31, 2019.

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.

3.23 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.

3.24 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, 2020	As at March 31, 2019	**As at March 31, 2020**	As at March 31, 2019
Financial Assets at amortised cost (non-current)				
Loans	**15.67**	16.00	**15.67**	16.00
Other financial Assets	**7.56**	8.27	**7.56**	8.27
Total	**23.23**	24.27	**23.23**	24.27
Financial Assets at amortised cost (current)				
Trade Receivables	**238.10**	295.04	**238.10**	295.04
Cash and Cash Equivalents	**28.03**	30.02	**28.03**	30.02
Bank Balance other than Cash and Cash Equivalents	**27.08**	13.48	**27.08**	13.48
Loans	**1.15**	1.14	**1.15**	1.14
Other financial Assets	**1.08**	0.91	**1.08**	0.91
Total	**295.44**	340.59	**295.44**	340.59
Financial Liabilities at amortised cost (non-current)				
Sales tax Deferral Loan	**0.42**	3.40	**0.42**	3.40
Lease Liabilities	**4.02**	-	**4.02**	-
Long Term Loans from Banks and Others	**166.73**	271.69	**166.73**	271.69
Total	**171.17**	275.09	**171.17**	275.09

Notes to Financial Statement for the year ended March 31, 2020 (Contd.)

Rs. In Crore

Particulars	Carrying value of the financial assets/ liabilities		Fair value of the financial assets/ liabilities	
	As at March 31, 2020	As at March 31, 2019	**As at March 31, 2020**	As at March 31, 2019
Financial Liabilities at amortised cost (current)				
Sales Tax Deferral Loan	**2.47**	5.06	**2.47**	5.06
Current Maturities of Long Term Debt	**943.23**	846.43	**943.23**	846.43
Loans Repayable on Demand	**1,016.16**	1,058.23	**1,016.16**	1,058.23
Trade and Other Payables	**106.40**	99.60	**106.40**	99.60
Other financial Liabilities	**1,229.39**	979.65	**1,229.39**	979.65
Total	**3,297.65**	2,988.97	**3,297.65**	2,988.97

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

Rs. In Crore

Particulars	As at March 31, 2020	As at March 31, 2019	Level	Valuation techniques and key inputs
Financial Assets at amortised cost (non-current)				
Deposit for premises / Security Deposits	**15.67**	16.00	3	Discounted cash flow method using interest rate for similar financial instrument
Financial Liabilities at amortised cost (non-current)				
Sales tax Deferral Loan	**0.42**	3.40	3	Discounted cash flow method using interest rate for similar financial instrument
Unsecured Loan from Associate Company	**7.75**	6.83	3	Discounted cash flow method using interest rate for similar financial instrument
Financial Liabilities at amortised cost (current)				
Sales tax Deferral Loan	**2.47**	5.06	3	Discounted cash flow method using interest rate for similar financial instrument

Fair value of cash and cash equivalents, loan and advances, 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, 2020.

During the reporting period ended March 31, 2020 and March 31, 2019, there were no transfers between level 1, level 2 and level 3 fair value measurements.

Notes to Financial Statement for the year ended March 31, 2020 (Contd.)

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, 2018)	**13.67**	**12.46**	**6.02**
Additions during the year	1.22	-	-
Interest Expenses	-	1.06	0.81
Interest Income	1.19	-	-
Repayment of Loan	(0.08)	(5.06)	-
Closing Balance (March 31, 2019)	**16.00**	**8.46**	**6.83**
Additions during the year	-	-	-
Interest Income	1.09	-	-
Interest Expenses	-	0.51	0.92
Repayment of Loan	(1.42)	(6.08)	-
Closing Balance (March 31, 2020)	**15.67**	**2.89**	**7.75**

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.

3.25 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.

3.26 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

Mumbai, July 31, 2020

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, July 31, 2020

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, 2020
[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	1.313.99	1,313.99
2.	Total Expenditure	1,554.42	1,676.00
3.	Net Profit/(Loss)	(240.43)	(362.01)
4.	Earnings Per Share	(16.41)	(24.71)
5.	Total Assets	2,431.30	2,309.72
6.	Total Liabilities	3,493.50	3,493.50
7.	Net Worth	(1,062.20)	(1,183.78)
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 Crore as on March 31, 2020. Taking into consideration the loss during the period ended March 31, 2020 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. Non-writing off of the same has resulted in understatement of net loss for the year ended March 31, 2020 and overstatement of other equity by Rs.82.05 Crore 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 the probable future taxable profit against which MAT credit can be utilized. Accordingly, the unabsorbed MAT credit, if any out of the total MAT credit of Rs. 82.05 Crore as at March 31, 2020, shall be charged in the Statement of Profit and Loss to the extent it lapses in the respective years and subject to review of the same once the Company opts for options permitted under section 115BAA of the Income Tax Act, 1961.

(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 Crore in Structo Hydraulics AB Sweden (SHAB). Net receivables to the Company from SHAB against the supplies made is Rs. 15.41 Crore. The Company has received approval from regulatory authorities for conversion into equity of an amount of Rs. 33.33 Crore (USD 5 Million) due from SHAB and out of which Rs. 16.75 Crore has been converted into equity and the balance of Rs. 16.58 Crore is pending for allotment. SHAB has been incurring losses and its net worth is also eroded due to continuing losses. No provision for diminution in value of investment (including pending allotment) 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 year ended March 31, 2020, carrying value of the investment and other equity as at March 31, 2020 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:** Not Applicable.

(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:

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 approval from regulatory authorities for conversion into equity of an amount of Rs. 33.33 Crore (USD 5 Million) due from SHAB and out of which Rs. 16.75 Crore has been converted into equity and the balance of Rs. 16.58 Crore is pending for allotment. The net receivables on account of sales made to SHAB as on March 31, 2020 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 (including pending allotment) , which is in the nature of forward integration and considered Strategic, Long Term. The financial effect, if any, of the same on net loss for the year ended March 31, 2020, carrying value of investment and other equity as at March 31, 2020 is not ascertainable.

(iii) Auditor's Comments on (i) or (ii) above: Not ascertainable as explained in the 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, 2020 is Rs. 39.53 Crore, 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 Crore as at March 31, 2020.

(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 up to March 31, 2014, of which amount outstanding as on March 31, 2020 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 reporting date at the carrying amount of Rs.39.53 Crore. The financial effect, if any, of the same on net loss for year ended March 31, 2020, carrying value of non-current asset and other equity as at March 31, 2020 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:

(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 is unable to determine the recoverable value of 40 MW Captive Power Project (CPP) at Chandrapur, Maharashtra, hence, the CPP is measured on March 31, 2020 at the carrying amount of Rs. 237.29 Crore and 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 net loss for the year ended March 31 2020, carrying value of the CPP and other equity as at March 31, 2020.

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

(c) **Frequency of qualification : appearing since financial year 2018-19**

(d) **For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:** Not applicable.

(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:**

Considering prevailing uncertainties of operating the 40 MW Captive Power Plant (CPP) at Chandrapur, Maharashtra or disposing it as going concern or otherwise and pending outcome of supreme court decision as referred 3 (d) , it is not possible to reasonably or reliably determine the recoverable amount and consequently to ascertain whether there is any impairment of the CPP as required by Ind AS 36 "Impairment of Assets".

Hence the aforesaid asset is measured as at March 31, 2020 at the carrying amount of Rs 237.29 Crore. The financial effect, if any, of the same on net loss for the year ended March 31, 2020, carrying value of CPP and other equity as at March 31, 2020 is 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:**

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 116.69 Crore on Balance Sheet date. 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 2020, carrying value of the investment and other equity as at March 31, 2020.

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

(c) **Frequency of qualification : appearing since financial year 2018-19**

(d) **For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:** Not applicable.

(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:**

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.

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 116.69 Crore (including advances given to TPPCL of Rs. 114.11 Crore). The financial effect, if any, of the same on loss for the year ended March 31, 2020, carrying value of the investment and other equity as at March 31, 2020 is 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 year ended March 31 2020, carrying value of the Borrowings (i.e. Financial Liabilities) and other equity as at March 31, 2020 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:** Not applicable.

(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:

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 74% 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. Majority of the lenders of the Company consisting of both ARCs and the banks have signed Inter Creditor Agreement as per the RBI guidelines for restructuring the debt of the Company. However the restructuring and assignment of further debt could not be concluded due to the implementation of countrywide lockdown on account of COVID -19 outbreak. Restructuring of debt to be done on a sustainable basis could inter-alia necessitate down-sizing of debt including interest and will also need to factor in the COVID impact on global and domestic economy and consequently on the business of the Company.

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, if any of non provision of overdue / penal and compounding of interest, on loss for the year ended March 31, 2020, carrying value of the borrowings (i.e. financial liabilities) and other equity as at March 31, 2020 is not ascertainable.

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

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

Mumbai, July 31, 2020

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, July 31, 2020

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 ISMT Group"), which comprise the Consolidated Balance Sheet as at March 31, 2020, 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, and based on the consideration of reports of other auditors on separate financial statements of such subsidiaries as were audited by the other auditors, 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 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 ISMT Group as at March 31, 2020, 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, 2020. Taking into consideration the loss during the period ended March 31, 2020 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. Non-writing off of the same has resulted in understatement of consolidated net loss for the year ended March 31, 2020 and overstatement of other equity by Rs.82.05 Crores and its consequential effect on the Earnings per Share of the ISMT Group.

b) The Parent company had recognized claim in earlier years, of which outstanding balance as on March 31, 2020 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, 2020. Refer Note No. 3.17 (i) of the consolidated financial statements.

c) The Parent Company is unable to determine the recoverable value of 40 MW Captive Power Project (CPP) at Chandrapur, Maharashtra for the reasons stated in Note No 3.17 (ii) of the consolidated financial statements; hence, the CPP is measured on March 31,2020 at the carrying amount of Rs. 237.29 Crores and 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 consolidated net loss for the year ended March 31, 2020, carrying value of the CPP and other equity as at March 31, 2020.

d) The ISMT Group is unable to determine the recoverable value of thermal power project and captive port (TPP) at Tamilnadu for the reasons stated in Note No. 3.16 of the consolidated financial statements. Hence, the TPP is measured on March 31, 2020 at the carrying amount of Rs. 104.56 Crores and 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 consolidated net loss for year ended March 31 2020, carrying value of the TPP and other equity as at March 31, 2020.

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 for the reason stated in Note No 3.15 of the consolidated financial statement. The quantum and its impact, if any, on the consolidated net loss for the year ended March 31, 2020, carrying value of the Borrowings (i.e. Financial Liabilities) and other equity as at March 31, 2020 is unascertainable.

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing ("SAs") specified under section143(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 ISMT 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 along with the consideration of audit reports of the other auditors referred to in sub-paragraph (a) of the "Other Matter" paragraph below, 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 ISMT Group has accumulated losses and its net worth has been fully eroded, the ISMT Group has incurred consolidated net cash loss during the year ended March 31, 2020 and in previous years and the ISMT Group's current liabilities exceeded its current assets as at March 31, 2020. These conditions indicate the existence of a material uncertainty that may cast significant doubt on the ISMT Group's ability to continue as a going concern. However, the consolidated financial statements of the Company 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:

a) Notes No 1.31 to the consolidated financial statements regarding remuneration to the Managing Director and Executive Director of the Parent Company amounting to Rs. 3.41 Crores for the financial year 2019-20 (Rs. 9.43 Crores cumulative up to March 31, 2020) is subject to approval of Lenders.

b) Note no. 3.3 of consolidated financial statements, regarding the uncertainties arising out of the outbreak of COVID 19 pandemic and the assessment made by the management on its operations and the financial reporting for the year ended March 31, 2020. Such an assessment and the outcome of the pandemic, as made by the management, is dependent on the circumstances as they evolve in the subsequent periods

Our opinion is not modified 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 consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated 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 the Parent Company's Annual Report, but does not include consolidated 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 including the work done/audit report of other auditors and 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 Parent 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 ISMT 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 ISMT Group are responsible for maintenance of the adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the ISMT 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 Parent Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the ISMT Group are responsible for assessing the ability of each company 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 respective Board of Directors of the companies included in the ISMT Group are also responsible for overseeing the financial reporting process of each company.

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:

- 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;
- 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 through a separate report on the complete set of consolidated financial statements on whether the company has adequate internal financial controls with reference to consolidated financial statements in place and the operating effectiveness of such controls;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Conclude on the appropriateness of management's use of the going concern basis of accounting in preparation of consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ISMT 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 ISMT Group to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- Obtain sufficient appropriate audit evidence regarding the financial information of such entities within the ISMT Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of financial information of the entities included in the consolidated financial statements of which we are the independent auditors. For the other 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.

We believe that the audit evidence obtained by us along with the consideration of audit reports of the other auditors referred to in paragraph (a) of the "Other Matters" below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

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 safe guards.

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 (8) subsidiaries, whose financial statements/ financial information reflect total assets of Rs. 293.39 Crores as at March 31, 2020, total revenues of Rs. 104.98 Crores and net cash outflows amounting to Rs.10.75 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, in sofar 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 (2) subsidiaries, whose financial statements/ financial information reflect total assets of Rs. 65.43 Crores as at March 31, 2020, total revenues of Rs. 0.16 Crores and net cash out flows amounting to Rs. 0.11 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 sofar 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 ISMT Group.

In case of subsidiaries located outside India, these financial statements / financial information have been prepared in accordance with accounting principles generally accepted in its respective country and have been audited by their respective independent auditors. The Parent Company's management has converted these financial statements / financial information of such subsidiaries to the Indian GAAP and the accounting principles generally accepted in India. We have audited these conversion adjustments made by the Parent Company's management and our opinion on the Statement, in so far as it relates to the amounts and disclosures in respect of these subsidiaries, is based solely on the reports of such auditors and the procedures performed by us in the above paragraph and our audit of the conversion adjustments made.

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. Subsidiaries incorporated in India have not paid any remuneration to its directors.

B. As required by Section 143(3) of the Act, based on our audit we report that:

a) 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.

b) 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.

c) 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.

d) 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.

e) 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.

f) On the basis of the written representations received from the directors of the Parent Company as on March 31, 2020 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, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.

g) The qualifications relating to maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion paragraph above.

h) With respect to the adequacy of the internal financial controls with reference to the financial statements of the Parent Company and its Subsidiaries companies incorporated in India and the operating effectiveness of such controls, refer to our separate Report in "Annexure C".

i) 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 and based on the consideration of the reports of the other auditors on separate financial statements of the subsidiaries, as noted in the "Other Matter" paragraph:

i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the ISMT Group– Refer Note No 3.1 of consolidated financial statements.

ii. The ISMT Group did not have any material foreseeable losses on long-term contracts including derivative contracts;

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Parent Company. There are no amounts which are required to be transferred to the Investor Education and Protection Funds by its subsidiary companies incorporated in India during the year ended March 31 2020.

For D N V & Co.
Chartered Accountants
Firm's registration No.: 102079W

CA Bharat Jain
Partner
Membership No.: 100583
UDIN: 20100583AAAADE1196
Place: Mumbai
Date: July 31, 2020

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
Parent Company: **Inventory of raw material, work in progress, finished goods and stores and spares (Existence)**	
Management's physical verification of inventories was not physically observed by us at the year-end or subsequent to the year-end due to the restrictions imposed on account of COVID-19.	On account of COVID – 19 related nationwide lockdown, we were unable to carry out inventory verification at the year end or subsequent to the year-end. Inventories, being material to the financial statements of the company, we have performed following alternate procedures to audit the existence of inventory as per the guidance provided in SA 501 "Audit Evidence - Specific Considerations for Selected Items", which includes: a) Evaluated the design and implementation of the controls over physical verification of inventory and tested the operating effectiveness of these controls during the interim periods; b) Inspection of supporting documentation relating to purchases, production, sales, results of cyclical count performed by the Management throughout the year and such other third-party evidences where applicable; c) Obtained verification reports of the in-house Internal Audit department managing inventory verification process on regular basis and at year end at factories and other location and also verified the instructions provided by the management in respect of the same; and d) Performed Roll back and forward procedure wherever required. Evaluated the differences identified during physical verification of inventories and it was noted that there were no major deviations found.
Property Plant and Equipment	
Refer Note no 2.6 and 2.21 for policies in respect of Property, Plant and Equipment The carrying amount of Property, Plant and Equipment including Capital work in progress is Rs 1,479.24 Crores, which represents about 61.67% of the total assets of the ISMT Group. The value in use of these Property, Plant and Equipment have been determined based on certain assumptions and estimates of future performance. 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. 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.	In view of the significance of the matter our procedures in this area included the following: 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 the reasonableness of the 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 the past performances where relevant and assessing historical accuracy of the forecast produced by management; 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; g) Evaluating the adequacy of the disclosures made in the consolidated financial statements; and h) Also refer para 2c & 2d of the Auditor's Report regarding inability to determine net realizable value of Captive Power Plant (CPP) and thermal power project and captive port (TPP).

Impairment of Trade Receivables:	
Trade Receivables, net of impairment allowance, amounts to Rs. 198.74 Crores as on March 31, 2020, which constitutes about 8.28% of the total Assets of the ISMT Group. Management's judgment is involved in identifying impairment in the value of the receivable which has an adverse impact on the profits of the ISMT Group.	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: 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 analyzed "Simplified Approach" adopted by the Group to determine expected credit loss (ECL); d) We have sought information and explanations from the department Heads regarding the status of receivable for the purpose of ensuring adequate impairment provisions; and e) We have also tested subsequent collections made from the overdue receivables.
Evaluation of Uncertain outcome of pending litigation	
Refer note 3.1 for policies in respect of contingent liabilities The ISMT Group 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 48 Crores as on March 31, 2020 Further the ISMT Group is having pending legal cases filed against the company with the claim amount involved of Rs 211.06 Crores as on March 31, 2020 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 consolidated financial statements.	Our audit procedures include the following substantive procedures: 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; and c) Discussed with appropriate senior managementand evaluated management's underlying key assumptions in assessing management's estimate of the possible outcome of the disputed matters.

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
The Managing Director Remuneration:				
Paid	1.20	1.20	#1.20	-
Provided	0.60	0.60	-	-
Executive Director Remuneration:				
Paid	0.15	0.15	#0.15	-
Provided	1.46	1.46	-	-
Total	**3.41**	**3.41**	**1.35**	

Recoverable subject to approval of Lenders.

Rs.6.02 Crores up to financial year 2018-19 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 with reference to consolidated financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls with reference to consolidated financial statements of ISMT Limited ('the Parent Company') and its subsidiary Companies which are companies incorporated in India, as at March 31, 2020 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 with reference to financial statements 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 respective 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 with reference to consolidated financial statements 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 with reference to consolidated financial statements 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 with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to financial statements, 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 with reference to consolidated financial statements.

Meaning of Internal Financial Controls with reference to consolidated financial statements:

A company's internal financial control with reference to consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to consolidated financial statements 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 with reference to consolidated financial statements:

Because of the inherent limitations of internal financial controls with reference to financial statements, 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 with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to consolidated financial statements 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 with reference to consolidated financial statements and such internal financial controls with reference to consolidated financial statements were operating effectively as at March 31, 2020, based on the internal control with reference to consolidated financial statements 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 with reference to consolidated financial statements in so far 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 D N V & Co.
Chartered Accountants
Firm's registration No.: 102079W

CA Bharat Jain
Partner
Membership No.: 100583
UDIN: 20100583AAAADE1196
Place: Mumbai
Date: July 31, 2020

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2020

Rs. In Crore

Particulars	Note No.	As at March 31, 2020		As at March 31, 2019	
ASSETS					
Non - Current Assets					
a) Property, Plant and Equipment	1.1	**1,385.07**		1,404.83	
b) Capital Work-in-Progress		**94.17**		91.01	
c) Goodwill on Consolidation		**37.67**		37.67	
d) Financial Assets					
i) Trade Receivables	1.2	**-**		-	
ii) Loans	1.3	**15.72**		16.05	
iii) Others Financial Assets	1.4	**7.56**		8.27	
e) Deferred Tax Asset (Net)	1.5	**82.05**		82.05	
f) Other Non Current Assets	1.6	**47.19**		49.51	
Sub Total			**1,669.43**		1,689.39
Current Assets					
a) Inventories	1.7	**388.22**		349.98	
b) Financial Assets					
i) Trade Receivables	1.8	**198.74**		249.53	
ii) Cash and Cash Equivalents	1.9	**52.97**		65.81	
iii) Bank Balance other than (ii) above	1.10	**27.08**		13.48	
iv) Loans	1.11	**1.15**		1.14	
v) Others Financial Assets	1.12	**1.08**		0.92	
c) Current Tax Assets (Net)	1.13	**2.46**		4.73	
d) Other Current Assets	1.14	**57.47**		67.91	
Sub Total			**729.17**		753.50
Total Assets			**2,398.60**		2,442.89
EQUITY AND LIABILITIES					
EQUITY					
a) Equity Share Capital	1.15	**73.25**		73.25	
b) Other Equity	1.16	**(1,187.87)**		(942.86)	
Equity attributable to Parent		**(1,114.62)**		(869.61)	
Non Controlling Interest		**0.24**		(0.11)	
Total Equity			**(1,114.38)**		(869.72)
LIABILITIES					
Non - Current Liabilities					
a) Financial Liabilities					
i) Borrowings	1.17	**167.23**		277.48	
ii) Other Financial Liabilities	1.18	**4.02**		-	
b) Provisions	1.19	**8.48**		7.76	
c) Other Non-Current Liabilities	1.20	**0.01**		0.51	
Sub Total			**179.74**		285.75
Current Liabilities					
a) Financial Liabilities					
i) Borrowings	1.21	**1,022.69**		1,066.85	
ii) Trade Payables	1.22				
Dues of Micro and Small Enterprises		**9.06**		12.05	
Dues of Creditors other than Micro and Small Enterprises		**99.36**		89.45	
iii) Others Financial Liabilities	1.23	**2,182.25**		1,838.23	
b) Other Current Liabilities	1.24	**17.55**		18.10	
c) Provisions	1.25	**2.33**		2.18	
Sub Total			**3,333.24**		3,026.86
Total Equity and Liabilities			**2,398.60**		2,442.89
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

Mumbai, July 31, 2020

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, July 31, 2020

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2020

Rs. In Crore

Particulars	Note No.	2019-20		2018-19	
INCOME					
Revenue from Operations					
Sale of Products	1.26	**1,775.73**		2,577.79	
Less: Inter Segment Transfers		**317.40**		541.28	
: Inter Division Transfers		**78.07**		86.67	
: Sales to Subsidiary / Parent Company		**79.86**		126.92	
Net Sales			**1,300.40**		1,822.92
Other Operating Income	1.27		**24.96**		30.71
Other Income	1.28		**11.62**		7.39
Total Income			**1,336.98**		1,861.02
EXPENSES:					
Cost of Materials Consumed	1.29		**715.47**		977.65
Changes in Inventories of Finished Goods & Work-in-Progress	1.30		**(42.89)**		10.37
Employee Benefits Expense	1.31		**146.86**		144.58
Finance Costs	1.32		**274.89**		277.86
Depreciation	1.33		**65.56**		56.89
Other Expenses	1.34		**428.28**		605.38
Total Expenses			**1,588.17**		2,072.73
Profit / (Loss) Before Exceptional Item and Tax			**(251.19)**		(211.71)
Exceptional Item					
i) Foreign Exchange (Gain)/Loss			**(8.87)**		4.92
ii) Depreciation on reclassification of assets held for sale			**-**		20.38
Profit / (Loss) Before Tax			**(242.32)**		(237.01)
Tax Expenses					
Current Tax			-		-
Deferred Tax			-		-
Earlier Years Tax			**(1.95)**		-
Profit / (Loss) for the Year			**(240.37)**		(237.01)
Other Comprehensive Income					
a) Items that will not be reclassified to profit or loss					
(i) Re-measurement of gain/ (loss) on defined benefit plans			**(2.69)**		(0.84)
(ii) Income tax effect on above			-		-
b) Items that will be reclassified to profit or loss					
i) Foreign Currency Translation Reserve			**(1.60)**		14.30
(ii) Income tax effect on above			-		-
Other Comprehensive Income			**(4.29)**		13.46
Total Comprehensive Income for the year			**(244.66)**		(223.55)
Profit /(Loss) attributable to :					
Equity Shareholders of Parent			**(240.43)**		(237.00)
Non Controlling Interest			**0.06**		(0.01)
Other Comprehensive Income attributable to :					
Equity Shareholders of Parent			**(4.28)**		13.41
Non Controlling Interest			**(0.01)**		0.05
Total Comprehensive Income attributable to :					
Equity Shareholders of Parent			**(244.71)**		(223.59)
Non Controlling Interest			**0.05**		0.04
Earnings Per Share (in Rs.) (Basic and Diluted) (Face Value of Rs. 5/- each) (Refer Note No. 3.12)			**(16.41)**		(16.18)
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

Mumbai, July 31, 2020

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, July 31, 2020

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

Rs. In Crore

		2019-20		2018-19	
i)	**CASH FLOW FROM OPERATING ACTIVITIES :**				
	Net Profit / (Loss) Before Tax		**(242.32)**		(237.01)
	Adjustments for :				
	Depreciation	**65.56**		56.89	
	Depreciation on reclassification of Assets	**-**		20.38	
	Finance Costs	**274.89**		277.86	
	Interest Income	**(8.38)**		(4.49)	
	Unrealised Exchange (Gain) / Loss / Foreign Currency Translation Reserve	**1.61**		10.39	
	Provision for Doubtful Debts	**-**		5.53	
	Loss/ (Profit) on Sale of assets (net)	**(1.17)**		(0.01)	
	Investment written off	**-**		0.02	
	Provision for expected credit loss	**-**		(0.46)	
	Remeasurement of Defined Benefit Plan	**(2.69)**		(0.84)	
			329.82		365.27
	Operating Cash Profit before Working Capital Changes		**87.50**		128.26
	Adjustments for :				
	(Increase) / Decrease in trade receivable	**54.69**		(30.30)	
	(Increase) / Decrease in Inventories	**(38.24)**		(4.35)	
	(Increase) / Decrease in non current financial assets others	**0.28**		(2.33)	
	Decrease /(Increase) in non current financial assets others	**0.71**		(1.42)	
	(Increase) / Decrease in other non current assets	**2.24**		(1.05)	
	(Increase) / Decrease in current loans	**(0.01)**		(0.27)	
	(Increase) / Decrease in other current financial assets	**0.08**		0.20	
	(Increase) / Decrease in other current assets	**5.18**		(3.89)	
	Increase / (Decrease) in trade payables	**6.80**		(6.19)	
	Increase / (Decrease) in other non current financial liabilities	**-**		(6.88)	
	Increase / (Decrease) in other current financial liabilities	**(14.32)**		9.84	
	Increase / (Decrease) in other current liabilities	**(0.56)**		(3.36)	
	Increase / (Decrease) in current provisions	**0.73**		1.72	
	Increase / (Decrease) in non current provisions	**0.14**		(0.08)	
			17.72		(48.36)
	Taxes (Paid) / Refund		**4.23**		(0.19)
	Net Cash flow from Operating Activities		**109.45**		79.71
ii)	**CASH FLOW FROM INVESTING ACTIVITIES :**				
	Purchase of Property, Plant and Equipment	**(16.92)**		(7.38)	
	Sale of Property, Plant and Equipment	**1.46**		0.04	
	Decrease / (Increase) in other bank balances	**(13.59)**		5.08	
	Interest Received	**7.45**		2.84	
	Net Cash used in Investing Activities		**(21.60)**		0.58
iii)	**CASH FLOW FROM FINANCING ACTIVITIES :**				
	Dividend Paid	**(0.46)**		(0.71)	
	Proceeds from /(Repayment of) Borrowings	**(86.05)**		(32.61)	
	Payment of Lease Liabilities	**(2.62)**		-	
	Interest Paid	**(11.56)**		(17.00)	
	Net Cash from Financing Activities		**(100.69)**		(50.32)
	Net Increase / (Decrease) in Cash and Cash Equivalents		**(12.84)**		29.97
	Cash and Cash Equivalents at the beginning of the year*		**65.81**		35.84
	Cash and Cash Equivalents at the end of the year *		**52.97**		65.81
	Net Increase / (Decrease) in Cash and Cash Equivalents		**(12.84)**		29.97

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

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2020 (Contd.)

*Cash and Cash Equivalents comprises the following

Rs. In Crore

Particulars	As at March 31, 2020	As at March 31, 2019
(a) Balance with Banks (in current accounts)	**30.27**	**50.61**
(b) Cash in Hand	**0.05**	**0.02**
(c) Deposits with Banks (maturity less than 3 Months)	**22.65**	**15.18**
Cash and Cash Equivalents	**52.97**	**65.81**

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

Mumbai, July 31, 2020

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, July 31, 2020

Notes to Consolidated Financial Statement for the year ended March 31, 2020

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	ROU – Building @	ROU – Plant & Machinery @	Total
Cost or valuation										
As at April 1, 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 reclasification 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**
Additions	-	-	2.93	* 30.61	0.01	0.26	0.08	3.67	7.88	45.44
Foreign currency translation reserve	-	-	0.56	1.72	-	-	-			2.28
Disposals	-	-	0.28	0.82	-	-	0.33			1.43
As at March 31, 2020	**29.77**	**217.49**	**163.90**	**2,037.72**	**5.02**	**13.40**	**1.05**	**3.67**	**7.88**	**2,479.90**
Depreciation										
As at April 1, 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**
Charge for the year	-	3.22	4.48	54.81	0.07	0.17	0.09	1.17	1.55	65.56
Foreign currency translation reserve	-	-	0.27	1.35	-	-	-			1.62
Disposals	-		-	0.81	-	-	0.32			1.13
As at March 31, 2020	**-**	**17.84**	**79.14**	**976.92**	**4.76**	**12.65**	**0.80**	**1.17**	**1.55**	**1,094.83**
Net Block										
As at March 31, 2019	**29.77**	**202.87**	**86.30**	**1,084.64**	**0.32**	**0.66**	**0.27**	**-**	**-**	**1,404.83**
As at March 31, 2020	**29.77**	**199.65**	**84.76**	**1,060.80**	**0.26**	**0.75**	**0.25**	**2.50**	**6.33**	**1,385.07**

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, Bombay between The Indian Seamless Metal Tubes Limited and the Parent Company amounting to Rs.Nil Crore (Previous Year Rs. 3.65 Crore) has been transferred from Amalgamation Reserve to General Reserve.

The Subsidairy Company Structo Hydraulics AB has transferred amount of depreciation provided on revalued amount and revalued portion of assets disposed off amounting to Rs. 0.64 Crore (Previous Year Rs. 0.65 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.

@ Refer Note No. 3.6

* Additions to Plant and Machinery includes Foreign Exchange Loss of Rs. 19.77 Crore (Previous Year Loss of Rs. 7.97 Crore).

Represents additions on account of reclassification of assets held for sale including Foreign Exchange Loss of Rs.2.46 Crore.

Notes to Consolidated Financial Statement for the year ended March 31, 2020 (Contd.)

NOTE NO. 1.2 NON CURRENT FINANCIAL ASSETS - TRADE RECEIVABLES

Rs. In Crore

Particulars	As at March 31, 2020	As at March 31, 2019
Unsecured Considered Doubtful	**27.51**	27.51
Less: Provision for Doubtful	**27.51**	27.51
Total	**-**	-

NOTE NO. 1.3 NON CURRENT FINANCIAL ASSETS - LOANS **Rs. In Crore**

Particulars	As at March 31, 2020	As at March 31, 2019
Security Deposits	**15.72**	16.05
Total	**15.72**	16.05

NOTE NO. 1.4 NON CURRENT FINANCIAL ASSETS - OTHERS

Rs. In Crore

Particulars	As at March 31, 2020	As at March 31, 2019
Security Deposits (Including paid under protest)	**7.56**	8.27
Total	**7.56**	8.27

NOTE NO. 1.5 DEFERRED TAX ASSETS (Net)

Rs. In Crore

Particulars	As at March 31, 2020	As at March 31, 2019
i) Deferred Tax Liabilities		
Depreciation	**259.04**	252.33
	259.04	252.33
ii) Deferred Tax Assets		
a) Accumulated Tax Lossess	**175.57**	182.25
b) Unabsorbed Tax Depreciation	**178.46**	178.45
c) Deduction eligible in future period in respect of expenses already debited to the statement of Profit and Loss	**422.79**	331.10
d) Others	**-**	0.13
	776.82	691.93
Restricted to Deferred Tax Liabilities	**259.04**	252.33
iii) MAT Credit Entitlement	**82.05**	82.05
Deferred Tax Assets (Net)	**82.05**	82.05

Deferred Tax Assets have been recognised to the extent of Deferred Tax Liability under prudence.

NOTE NO. 1.6 NON CURRENT ASSETS - OTHERS

Rs. In Crore

Particulars	As at March 31, 2020	As at March 31, 2019
i) Capital Advances	**1.46**	1.53
ii) Deferred Expenses	**0.80**	3.43
iii) Statutory Refunds from Government Authorities	**44.23**	44.23
iv) Others	**0.70**	0.32
Total	**47.19**	49.51

Notes to Consolidated Financial Statement for the year ended March 31, 2020 (Contd.)

NOTE NO. 1.7 CURRENT ASSETS - INVENTORIES

(Valued at cost or net realisable value whichever is lower) **Rs. In Crore**

Particular	As at March 31, 2020	As at March 31, 2019
i) Raw Materials	**97.25**	112.79
ii) Work-in-progress	**80.13**	77.34
iii) Finished goods	**118.63**	78.53
iv) Stores, Spares and Consumables	**92.21**	81.32
Total	**388.22**	349.98

NOTE NO. 1.8 CURRENT FINANCIAL ASSETS - TRADE RECEIVABLES

(Net of bills discounted with Banks)

Rs. In Crore

Particulars	As at March 31, 2020	As at March 31, 2019
Unsecured		
Considered Good	**203.00**	253.82
Less: Provision for Expected Credit Loss	**4.26**	4.29
Total	**198.74**	249.53

NOTE NO. 1.9 CURRENT FINANCIAL ASSETS - CASH AND BANK BALANCES

Rs. In Crore

Particulars	As at March 31, 2020	As at March 31, 2019
Cash and Cash Equivalents		
i) Balances with Banks	**30.27**	50.61
ii) Cash on Hand	**0.05**	0.02
iii) Deposits with Banks (maturity less than 3 months)	**22.65**	15.18
Total	**52.97**	65.81

NOTE NO. 1.10 CURRENT FINANCIAL ASSETS - BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

Rs. In Crore

Particulars	As at March 31, 2020	As at March 31, 2019
Other Earmarked Balances		
i) Unclaimed Dividend Accounts	**-**	0.46
ii) Unclaimed Debentures Accounts	**-**	0.02
iii) Deposits with Banks	**27.08**	13.00
Total	**27.08**	13.48
Deposits with Banks includes:		
Margin Money Deposits against Guarantees / Letter of Credit	**0.02**	4.90

NOTE NO. 1.11 CURRENT FINANCIAL ASSETS - LOANS

Rs. In Crore

Particulars	As at March 31, 2020	As at March 31, 2019
Unsecured , Considered Good		
Loans and advances to Employees	**1.15**	1.14
Total	**1.15**	1.14

Notes to Consolidated Financial Statement for the year ended March 31, 2020 (Contd.)

NOTE NO. 1.12 CURRENT FINANCIAL ASSETS - OTHERS

(UNSECURED, CONSIDERED GOOD)

Rs. In Crore

Particulars	As at March 31, 2020	As at March 31, 2019
i) Security Deposits	**0.41**	0.45
ii) Interest Receivables	**0.67**	0.47
Total	**1.08**	0.92

NOTE NO. 1.13 CURRENT TAX ASSETS (NET)

(UNSECURED, CONSIDERED GOOD)

Rs. In Crore

Particulars	As at March 31, 2020	As at March 31, 2019
Taxes paid	**2.46**	5.02
Less: Provision for Tax	**-**	0.29
Total	**2.46**	4.73

NOTE NO. 1.14 OTHER CURRENT ASSETS

Rs. In Crore

Particulars	As at March 31, 2020	As at March 31, 2019
i) Balance with Custom, Excise and GST	**6.85**	1.37
ii) Export Incentives and Other Refunds	**17.96**	25.37
iii) Prepaid Expenses	**4.24**	5.65
iv) Deferred Expenses	**0.53**	0.99
v) Others	**27.89**	34.53
Total	**57.47**	67.91

NOTE NO. 1.15 EQUITY SHARE CAPITAL

Rs. In Crore

Particulars	As at March 31, 2020	As at March 31, 2019
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	**March 31, 2020**		March 31, 2019	
	Equity Shares Number	**Rs. in Crore**	Equity Shares Number	Rs. in Crore
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, 2020 (Contd.)

The details of shareholders holding more than 5% shares.

Name of Shareholders	March 31, 2020		March 31, 2019	
	No. of Shares held	**% of Holding**	No. of Shares held	% of Holding
Indian Seamless Enterprises Limited	**69,020,151**	**47.11%**	68,918,858	47.04%
Jiten Kirtanlal Shah	**7,418,640**	**5.06%**	7,418,640	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. 1.16 OTHER EQUITY

Rs. In Crore

Particulars	Reserve and Surplus							Items of Other Comprehensive Income		Total impact on Other equity
								Items that will be reclassified to Profit or Loss	Items that will not be reclassified to Profit or Loss	
	Capital Reserve	Capital Redemption Reserve	Revaluation Reserve	Amalgamation Reserve	Reserve for Contingencies	General Reserve	Retained Earnings	Foreign Currency Translation Reserve	Re-measurement of the net defined benefit plans	
As at April 1, 2018 (A)	**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: Remeasurement of the net defined benefit plans	-	-	-	-	-	-	-	-	(0.84)	(0.84)
Add: Foreign Currency Translation Reserve	-	-	-	-	-	-	-	14.25	-	14.25
Add : Reclassification of Retained earnings	-	-	-	-	-	-	13.76	(13.76)	-	-
Add: Profit / (Loss) for the year	-	-	-	-	-	-	(237.00)	-	-	(237.00)
Total (B)	**-**	**-**	**(3.79)**	**(3.65)**	**(1.91)**	**9.35**	**(223.24)**	**0.49**	**(0.84)**	**(223.59)**
As at March 31, 2019 (C) = (A) + (B)	**6.94**	**80.60**	**201.52**	**-**	**-**	**437.69**	**(1,673.12)**	**3.01**	**0.50**	**(942.86)**
Adjustments:										
Add : Adjustment persuant to Acquisation of new Shares	-	-	0.04	-	-	0.01	(0.36)	0.01	-	(0.30)
Add : Transferred to General Reserves	-	-	(3.78)	-	-	3.78	-	-	-	-
Add: Foreign Currency Translation Reserve	-	-	-	-	-	-	-	(1.59)	-	(1.59)
Add: Remeasurement of the net defined benefit plans	-	-	-	-	-	-	-	-	(2.69)	(2.69)
Add : Transferred from Retained Earnings	-	-	-	-	-	-	1.20		(1.20)	-
Add: Profit / (Loss) for the year	-	-	-	-	-	-	(240.43)	-	-	(240.43)
Total (D)	**-**	**-**	**(3.74)**	**-**	**-**	**3.79**	**(239.59)**	**(1.58)**	**(3.89)**	**(245.01)**
As at March 31, 2020 (E) = (C) + (D)	**6.94**	**80.60**	**197.78**	**-**	**-**	**441.48**	**(1,912.71)**	**1.43**	**(3.39)**	**(1,187.87)**

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”.

Notes to Consolidated Financial Statement for the year ended March 31, 2020 (Contd.)

D Amalgamation Reserve

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

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 Cosolidated 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, 2020.

NOTE NO. 1.17 NON CURRENT FINANCIAL LIABILITIES - BORROWINGS

Rs. In Crore

Particulars	**As at March 31, 2020**		As at March 31, 2019	
SECURED LOANS :				
Term Loans :				
i) From Banks				
a) Rupee Loans	**37.71**		63.47	
b) Foreign Currency Loans	**0.08**		8.89	
		37.79		72.36
ii) Assigned Term Loans *				
Rupee Loans		**121.27**		194.89
UNSECURED LOANS :				
i) Sales Tax Deferral Loan		**0.42**		3.40
ii) Others – Associate Company	**7.75**		7.75	
Less : Ind AS Fair Value Adjustments	**-**		0.92	
		7.75		6.83
Total		**167.23**		277.48

*Term Loans assigned by Banks to Asset Reconstruction Companies (ARC's) .

Security

Parent Company

i) Term Loans of Rs. 774.93 Crore (including current maturities of Rs.656.45 Crore) (Previous Year Rs 809.09 Crore including maturities of Rs. 606.34 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. 67.50 Crore) (Previous Year Rs 108.00 Crore including maturities of Rs. 41.85 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. 12.85 Crore (including current maturities of Rs. 12.85 Crore) (Previous Year Rs. 12.76 Crore including maturities of Rs.12.76 Crore) are stipulated to be secured by exclusive charge on the equipment financed.

iv) Term Loans of Rs. 91.99 Crore (including current maturities of Rs. 91.99 Crore) (Previous Year Rs. 84.42 Crore including maturities of Rs.77.92 Crore) are stipulated to be secured by exclusive charge on the equipment financed.

v) Term Loans of Rs. 114.44 Crore (including current maturities of Rs.114.44 Crore) (Previous Year Rs. 107.56 Crore including maturities of Rs. 107.56 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 further secured by unencumbered properties located at Ahmednagar and Jejuri and also personal guarantee given by Mr. B. R. Taneja (Promoter and the Managing Director of the Company).

Notes to Consolidated Financial Statement for the year ended March 31, 2020 (Contd.)

Subsidiary Companies

Structo Hydraulics AB :

vii) Term Loans of Rs. 3.08 Crore (including current maturities of Rs. 3.00 Crore) (Previous Year Rs. 3.88 Crore including maturities of Rs. 1.49 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	99.15	59.91	-	-
b) Sales Tax Deferral Loan	2.47	0.51	-	-

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. 1.18 NON CURRENT FINANCIAL LIABILITIES - OTHERS

Rs. In Crore

Particulars	**As at March 31, 2020**	As at March 31, 2019
Lease Liabilities (Refer Note No. 3.6)	**4.02**	-
Total	**4.02**	-

NOTE NO. 1.19 NON CURRENT LIABILITIES - PROVISIONS

Rs. In Crore

Particulars	**As at March 31, 2020**	As at March 31, 2019
Provision for Employee Benefits		
Leave Encashment	**8.48**	7.76
Total	**8.48**	7.76

NOTE NO. 1.20 NON CURRENT LIABILITIES - OTHERS

Rs. In Crore

Particulars	**As at March 31, 2020**	As at March 31, 2019
Deferred - Sales Tax	**0.01**	0.51
Total	**0.01**	0.51

NOTE NO. 1.21 CURRENT FINANCIAL LIABILITIES - BORROWINGS

Rs. In Crore

Particulars	**As at March 31, 2020**	As at March 31, 2019
SECURED		
Loans Repayable on Demand		
Working Capital Borrowings From Banks		
i) Rupee Loans	**169.75**	183.17
ii) Foreign Currency Loans	**6.53**	8.62
Assigned Working Capital Borrowings *		
Rupee Loans	**815.09**	843.74
Unsecured		
Assigned Working Capital Borrowings *	**31.32**	31.32
Rupee Loans		
Total	**1,022.69**	1,066.85

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

Security

Parent Company

Working Capital Borrowings from Consortium Banks is secured by first charge ranking pari passu by hypothecation in respect of

Notes to Consolidated Financial Statement for the year ended March 31, 2020 (Contd.)

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. 1.17 (i).

Subsidiary Companies

Structo Hydraulics AB

Working Capital Loan is secured against fixed and current assets of the Company excluding immovable property.

NOTE NO. 1.22 CURRENT FINANCIAL LIABILITIES - TRADE PAYABLES

Rs. In Crore

Particulars	As at March 31, 2020	As at March 31, 2019
Other Trade Payables		
i) Dues of Micro and Small Enterprises	**9.06**	12.05
ii) Dues of Creditors other than Micro and Small Enterprises	**99.36**	89.45
Total	**108.42**	101.50

NOTE NO. 1.23 CURRENT FINANCIAL LIABILITIES - OTHERS

Rs. In Crore

Particulars	As at March 31, 2020		As at March 31, 2019	
Current Maturities of Long-Term Debt				
a) SECURED				
Term Loans Banks				
i) Rupee Loans	**150.62**		174.96	
ii) Foreign Currency Loans	**280.09**		255.25	
	@	**430.71**	@	430.21
Assigned Term Loans *				
i) Rupee Loans	**465.89**		372.41	
ii) Foreign Currency Loans	**48.61**		45.30	
	@	**514.50**	@	417.71
b) UNSECURED				
Sales Tax Deferral Loan		**2.47**		5.06
c) Other Payables – Capital creditors		**3.95**		3.72
d) Interest accrued but not due on borrowings		**0.63**		0.61
e) Interest accrued and due on borrowings **		**1,179.06**		917.98
f) Unclaimed dividends		**-**		0.46
g) Provision for Expenses		**32.03**		38.81
h) Other Liabilities		**17.01**		23.67
i) Lease Liabilities (Refer Note No. 3.6)		**1.89**		-
Total		**2,182.25**		1,838.23

Parent Company

Rs. In Crore

Delay in No. of Days	As at March 31, 2020		As at March 31, 2019	
	Principal @	**Interest ****	Principal @	Interest **
0 - 30 Days	**16.67**	**22.84**	22.28	23.44
31 - 60 Days	**3.94**	**19.36**	6.69	18.70
61 - 90 Days	**7.67**	**20.70**	13.42	20.70
More than 90 Days	**808.50**	**1,114.68**	657.78	853.68
Total	**836.78**	**1,177.58**	700.17	916.52

Over due amount of interest and principal installments as on March 31, 2020 are disclosed based on the terms of sanction of loans. (Refer Note No. 3.15 of Notes to Accounts).

* Term Loans assigned by Banks to ARC's.

** Interest accrued and due on borrowings includes Rs. 888.69 Crore (Previous Year Rs.483.08 Crore) assigned by Banks to ARC's.

Notes to Consolidated Financial Statement for the year ended March 31, 2020 (Contd.)

NOTE NO. 1.24 OTHER CURRENT LIABILITIES

Rs. In Crore

Particulars	As at March 31, 2020	As at March 31, 2019
i) Advances From Customers	**12.65**	12.81
ii) Deferred Sales Tax	**0.16**	0.84
iii) Deferred Income	**-**	0.73
iv) Other Liabilities	**4.74**	3.72
Total	**17.55**	18.10

NOTE NO. 1.25 CURRENT LIABILITIES - PROVISIONS

Rs. In Crore

Particulars	As at March 31, 2020	As at March 31, 2019
Provision for Employee Benefits		
i) Gratuity	**0.50**	0.48
ii) Leave Encashment	**1.10**	0.89
iii) Superannuation	**0.73**	0.81
Total	**2.33**	2.18

NOTE NO. 1.26 REVENUE FROM OPERATIONS

SALE OF PRODUCTS

Rs. In Crore

Particulars	2019-20	2018-19
i) Tube	**1,160.19**	1,558.28
ii) Steel	**615.54**	1,019.51
Gross Sales	**1,775.73**	2,577.79

NOTE NO. 1.27 OTHER OPERATING REVENUE (GROSS)

Rs. In Crore

Particulars	2019-20		2018-19	
Other Operating Revenues				
i) Sale of Scrap (Gross)	**65.05**		80.16	
Less : Inter Segment Transfers	**46.17**		58.77	
		18.88		21.39
ii) Export Incentives		**6.08**		9.32
Total		**24.96**		30.71

NOTE NO. 1.28 OTHER INCOME

Rs. In Crore

Particulars	2019-20	2018-19
i) Interest Income (Refer Note. No. 3.18)	**6.57**	2.70
ii) Miscellaneous Income	**1.15**	1.60
iii) Interest Income on financial instruments measured at amortised cost	**1.81**	1.79
iv) Government Grant-Sales Tax Deferral	**0.92**	1.30
v) Profit on Sale of Assets	**1.17**	-
Total	**11.62**	7.39

Notes to Consolidated Financial Statement for the year ended March 31, 2020 (Contd.)

NOTE NO. 1.29 COST OF RAW MATERIAL CONSUMED

Rs. In Crore

Particulars	**2019-20**	2018-19
Opening Stock	**112.79**	87.45
Add : Purchases made during the year	**699.93**	1,002.99
	812.72	1,090.44
Less : Closing Stock	**97.25**	112.79
Total	**715.47**	977.65

RAW MATERIAL CONSUMED

Rs. In Crore

Particulars	**2019-20**	2018-19
Tube Segment		
Steel Bars	**666.20**	937.19
Less : Inter Segment Transfer	**313.08**	534.09
Net Consumption	**353.12**	403.10
Steel Segment		
i) Pig & Sponge Iron, DRI and Steel Scrap	**348.99**	540.89
ii) Ferro Alloys	**59.53**	92.42
	408.52	633.31
Less : Inter Segment Transfer	**46.17**	58.76
Net Consumption	**362.35**	574.55
Total Raw Material Consumed	**715.47**	977.65

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

Rs. In Crore

Particulars	**2019-20**	2018-19
Closing Stock		
i) Finished goods	**118.63**	78.53
ii) Work-in-Progress	**80.13**	77.34
	198.76	155.87
Opening Stock		
i) Finished goods	**78.53**	104.27
ii) Work-in-Progress	**77.34**	61.97
	155.87	166.24
(Increase)/ Decrease in Inventories		
i) Finished Goods	**(40.10)**	25.74
ii) Work-in-Progress	**(2.79)**	(15.37)
Total	**(42.89)**	10.37

PRODUCTWISE DETAILS OF CLOSING WORK-IN-PROGRESS

Rs. In Crore

Particulars	**2019-20**	2018-19
i) Tube	**56.79**	66.19
ii) Steel	**23.34**	11.15
Total	**80.13**	77.34

Notes to Consolidated Financial Statement for the year ended March 31, 2020 (Contd.)

NOTE NO. 1.31 EMPLOYEE BENEFITS EXPENSE

Rs. In Crore

Particulars	2019-20	2018-19
i) Salaries, Wages, Bonus and Allowances #	**123.18**	123.63
ii) Contributions to Provident Fund & Other Funds #	**15.68**	12.37
iii) Staff Welfare Expenses	**8.00**	8.58
Total	**146.86**	144.58

includes remuneration paid / payable to the Managing Director and Executive Director of the Parent Company amounting to Rs. 3.41 Crore (Previous Year of Rs. 3.16 Crore) is subject to approval of Lenders.

NOTE NO. 1.32 FINANCE COSTS

Rs. In Crore

Particulars	2019-20		2018-19	
i) Interest Expenses				
a) Term Loans	**119.88**		119.38	
b) Working Capital and others	**140.09**		143.75	
c) Others	**2.22**		1.87	
		262.19		265.00
ii) Other Finance Costs *		**1.93**		6.32
iii) Exchange Difference regarded as an adjustment to Interest Cost		**10.77**		6.54
Total		**274.89**		277.86

* Net of interest cost on Employee Defined Benefits Plan- Gain of Rs. 0.13 Crore (Previous Year Gain of Rs. 0.04 Crore).

NOTE NO. 1.33 DEPRECIATION

Rs. In Crore

Particulars	2019-20	2018-19
Depreciation for the year	**65.56**	56.89
Total	**65.56**	56.89

NOTE NO. 1.34 OTHER EXPENSES

Rs. In Crore

Particulars	2019-20		2018-19	
i) Materials				
a) Stores and Spares	**45.15**		68.45	
b) Consumables	**59.19**	**104.34**	124.19	192.64
ii) Energy				
a) Power Charges	**164.50**		199.83	
b) Fuel	**54.11**		73.50	
c) Gases	**16.14**		17.02	
		234.75		290.35
iii) Direct Manufacturing				
a) Processing Charges	**7.78**		9.27	
b) Other Direct Expenses	**23.14**		31.60	
c) Repairs Maintenance to Plant and Machinery	**4.90**		6.26	
d) Repairs to Factory Building	**0.45**		0.97	
e) Machine Rentals	**0.08**		1.79	
		36.35		49.89

Notes to Consolidated Financial Statement for the year ended March 31, 2020 (Contd.)

Rs. In Crore

Particulars	2019-20		2018-19	
iv) Selling & Distribution				
a) Freight Charges	**16.81**		23.26	
b) Commission on Sales	**1.45**		3.63	
c) Selling and Other Expenses	**1.45**		2.45	
		19.71		29.34
v) Administrative Expenses				
a) Rent	**0.16**		1.46	
b) Rates and Taxes	**0.61**		1.18	
c) Traveling	**2.99**		2.91	
d) Communication	**0.95**		1.15	
e) Repair and Maintenance (Others)	**0.48**		0.67	
f) Insurance	**1.81**		1.49	
g) Equipment Lease Rentals	**0.72**		0.71	
h) Miscellaneous Expenses (Refer Note No 3.13)	**25.41**		33.59	
		33.13		43.16
Total		**428.28**		605.38

Notes to Consolidated Financial Statement for the year ended March 31, 2020 (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, 2020 were approved for the issue by the Board of Directors at their Board Meeting dated July 31, 2020.

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, 2020.

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 103, the Group accounts for 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. The Parent Company determines the basis of control in line with the requirements of Ind AS 110, Consolidated Financial Statements. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

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.

· 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

Notes to Consolidated Financial Statement for the year ended March 31, 2020 (Contd.)

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 Hydraulics 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, 2020.

* Audited by other Auditors.

- Ownership interest in all the Subsidiary Companies is 100% except in case of ISMT Enterprises SA Luxembourg, it is 99.62%.
- Reporting dates of all Subsidiary Companies is March 31, 2020 except for PT ISMT Resources; it is December 31, 2019.

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, 2016; as amended and the other relevant provisions of the Act and Rules there under.

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.

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

Notes to Consolidated Financial Statement for the year ended March 31, 2020 (Contd.)

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 Deprecation 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

2.8 Leases:

The Group's leased assets consist of leases for Buildings and Plant and Machinery. At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the group assesses whether: (i) the contract involves the use of an identified asset (ii) the group has the right to obtain substantially all of the economic benefits from use of

Notes to Consolidated Financial Statement for the year ended March 31, 2020 (Contd.)

the asset throughout the period of use; and (iii) the Group has the right to direct the use of the asset.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of Property, Plant and Equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The lease liability is subsequently measured at amortised cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets:

The Group has elected not to recognise right-to-use assets and lease liabilities for short-term lease that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an operating expense as per the terms of the lease.

2.9 Inventories:

Parent Company

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 – Structo Hydraulics AB :

Inventory is valued at the lower of the acquisition value on a first in first out principle and net realisable value respectively. Thereby risk of obsolescence have been considered. The acquisition value are estimated according to weighted average prices.

2.10 Employee Benefits:

I. Parent Company / Indian Subsidiary 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

Notes to Consolidated Financial Statement for the year ended March 31, 2020 (Contd.)

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.

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). Non-monetary items that are measured based on historical cost in a foreign currency are not translated.

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).

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 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 level of the fair value hierarchy, then the fair value measurement is categorised in its entirely 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 Group recognizes financial assets and financial liabilities when it becomes party to the contractual provision of the instrument.

Notes to Consolidated Financial Statement for the year ended March 31, 2020 (Contd.)

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 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.

Notes to Consolidated Financial Statement for the year ended March 31, 2020 (Contd.)

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) 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.

2.18 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.

2.19 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.

2.20 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 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

2.21 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

Notes to Consolidated Financial Statement for the year ended March 31, 2020 (Contd.)

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 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.

2.23 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.

2.24 Standard issued but not yet effective

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable to the Group from April 1, 2020.

2.25 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 (Refer Note no 2.3);
- Financial instruments (Refer Note no 2.17);
- Estimates of useful lives and residual value of PPE and intangible assets (Refer Note no 2.6 & 2.7);
- Impairment of financial and non-financial assets (Refer Note no 2.17 and 2.21);
- Valuation of inventories (Refer Note no 2.9);
- Measurement of recoverable amounts of cash-generating units (Refer Note no 2.21);
- Measurement of Defined Benefit Obligations and actuarial assumptions (Refer Note no 2.10);
- Allowances for uncollected trade receivable and advances (Refer Note no 2.17)
- Evaluation of recoverability of deferred tax assets (Refer Note no 2.20) and
- Contingencies and Provisions (Refer Note no 2.22).

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, 2020 (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, 2020	As at March 31, 2019
A)	**Contingent Liabilities**		
	Parent Company		
	Claims against the Company not acknowledged as debt		
i)	Sales Tax	**17.65**	18.37
ii)	Income Tax disputed by the Company	**4.35**	4.35
iii)	Excise and Customs Duty	**30.35**	33.36
iv)	Claims filed by Banks / Lenders with Debt Recovery Tribunal*	**119.37**	6.44
v)	Others	**80.30**	106.75
	Subsidiary Companies		
	Claims against the Company not acknowledged as debt		
vi)	Others	**11.39**	11.39
vii)	Corporate Guarantee *	**3.80**	6.50
B)	**Commitments**		
	Capital Commitments		
	Parent Company		
	Estimated amount of contract remaining to be executed on capital account and not provided for (net of advances)	**6.64**	7.50

* Given to lender of ISMT Europe AB, Sweden of Rs. 3.80 Crore by Struct Hydraulics AB, Sweden (March 31, 2019 Rs. 6.50 Crore) in respect of bills discounting facility.

The Group doesnot expect the outcome of the matters stated above to have a material adverse impact on the Group's s financial condition, reslut of operations or cash flows. Future cash outflows in respect of liability under clause A (i) to (iii) and (vi & vii) is dependent on decisions by relevant authorities of respective disputes and in respect of liability under clause A (iv & v) is dependent on terms agreed upon with the parties.

* Out of the above most of the debt have been assigned to ARC's and the Parent Company is in process of restructuring of the debt.

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:

a) Insurance claims except specific claims stated separately

b) Interest on receivables and

c) Electricity Refund (Additional Supply Charges).

3.3 Operations at all the plants of the Parent Company were suspended from last week of March, 2020 on account of COVID-19 outbreak and subsequent lockdown. However, operations resumed at various locations, in a phased manner from April 28, 2020 onwards after obtaining necessary permissions from the local authorities. The operations at Structo Hydraulics AB ,Sweden (SHAB) have also shut down/ scaled down over various periods and is being operated as per the local guidelines. As per our current assessment, no significant impact on carrying amounts of inventories, trade receivables, investments and other financial assets is expected and we continue to monitor changes in future economic conditions. The eventual outcome of the impact of the global health pandemic may be different from those estimated as on the date of approval of these financial statements.

Though the Covid crisis will necessarily have a wide ranging impact on domestic, European and global economies, the Covid crisis is still unfolding and full assessment of the impact of the same on the Parent Company and SHAB's operations, CPP of the Parent Company and on Port and Power Project (TPPCL) will be only possible once the pandemic starts settling down.

3.4 Segment Reporting :

I Identification of Segments :

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

Notes to Consolidated Financial Statement for the year ended March 31, 2020 (Contd.)

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".

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 Group level.

II Information about Geographical Segment - Secondary Segment

Rs. In Crore

Particulars	**2019-20**	2018-19
Revenue from External Customers		
Domestic	**1,152.97**	1,600.50
Exports	**147.43**	222.42
Total revenue	**1,300.40**	1,822.92

III Revenue from Major Customers

Revenue under the segment 'Steel' include Rs 37.46 Crore (Previous Year: Rs 92.66 Crore of two customer) from one customer 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 .

IV Segment Information

Rs. In Crore

	Particulars	**As on March 31, 2020**				As on March 31, 2019			
		Tube Segment	**Steel Segment**	**Unallocable**	**Total**	Tube Segment	Steel Segment	Unallocable	Total
i)	**Segment Revenue**								
	Total External Sales (Gross)	**1,002.26**	**298.14**		**1,300.40**	1,344.69	478.23		1,822.92
	Add : Inter Segment Transfers (Gross)	**-**	**317.40**		**317.40**	-	541.28		541.28
	: Inter Division Transfers (Gross)	**78.07**	**-**		**78.07**	86.67	-		86.67
	: Sale to Subsidiary Companies	**79.86**	**-**		**79.86**	126.92	-		126.92
		1,160.19	**615.54**		**1,775.73**	1,558.28	1,019.51		2,577.79
	Less : Inter Segment Transfers (Net)	**-**	**317.40**		**317.40**	-	541.28		541.28
	Inter Division Transfers (Net)	**78.07**	**-**		**78.07**	86.67	-		86.67
	Sale to Subsidiary Companies	**79.86**	**-**		**79.86**	126.92	-		126.92
	Net Sales	**1,002.26**	**298.14**		**1,300.40**	1,344.69	478.23		1,822.92
ii)	**Segment Results**								
	Profit Before Finance Costs , Foreign Exchange Loss and Taxes	**30.13**	**(6.90)**	**0.47**	**23.70**	49.25	13.57	3.33	66.15
	Less : Finance Costs				**274.89**				277.86
	: Foreign Exchange (Gain)/Loss				**(8.87)**				4.92
	: Depreciation on reclassification of assets held for sale				**-**				20.38
	Profit / (Loss) Before Tax				**(242.32)**				(237.01)
	Less : Tax Expenses				**(1.95)**				-
	Profit / (Loss) After Tax				**(240.37)**				(237.01)
	Add : Other Comprehensive Income				**(4.29)**				13.46
	Profit / (Loss) After Comprehensive Income				**(244.66)**				(223.55)

Notes to Consolidated Financial Statement for the year ended March 31, 2020 (Contd.)

Rs. In Crore

Particulars		As on March 31, 2020				As on March 31, 2019			
		Tube Segment	Steel Segment	Unallocable	Total	Tube Segment	Steel Segment	Unallocable	Total
iii)	**Other Information**								
	Total Segment Assets	**1,395.56**	**428.77**		**1,824.33**	1,493.90	393.00		1,886.90
	Total Segment Liabilities	**124.49**	**64.83**		**189.32**	131.38	59.72		191.10
	Total cost incurred for acquiring Segment Assets	**35.05**	**4.29**	**7.83**	**47.17**	11.19	1.76	2.46	15.41
	Segment Depreciation	**46.46**	**12.47**	**6.63**	**65.56**	43.76	13.13		56.89
	Non - Cash Expenses	**-**	**-**		**-**	5.06	0.56		5.62
	Total Unallocable Assets				**423.36**				556.00
	Total Unallocable Liabilities				**3,172.75**				3,121.52

Note : Steel Segment Results include profit on steel captively consumed by 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

3.6 Leases

The Group has adopted Ind AS 116, effective annual reporting period beginning April 1, 2019 and applied the Standard to its leases, retrospectively, with the cumulative effect of initially applying the Standard, recognized on the date of initial application, that is, April 1, 2019. Accordingly, the Group has not restated comparative information.

The Group measure lease liability at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the date of initial application, and measure that right-of-use asset an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the balance sheet immediately before the date of initial application. This has resulted in recognizing a right-of-use (ROU) assets of Rs 11.25 Crore and lease liability of Rs 7.36 Crore as at April 1, 2019.

The effect of this adoption is not significant on the consolidated profit and loss for the year and earning per share.

A) Following are the changes in the carrying amount of Right-of-Use Assets for the year ended March 31, 2020.

Rs. In Crore

Particulars	As at March 31, 2020	
	Office Buildings	Plant and Machinery
Balance as on April 1, 2019	-	-
On Transition on Ind AS 116	**3.37**	**7.88**
Addition during the year	**0.30**	-
Deletion on cancellation of lease	-	-
Depreciation on ROU of Assets	**1.17**	**1.55**
Depreciation on Deletion	-	-
Balance as on March 31, 2020	**2.50**	**6.33**

B) The following is the movement in Lease Liabilities for the year ended March 31, 2020

Rs. In Crore

Particulars	As at March 31, 2020	
	Office Buildings	Plant and Machinery
Balance as on April 1, 2019	-	-
On Transition to Ind AS 116	**3.27**	**4.09**
Additions during the year	**0.30**	-
Finance Cost incurred during the year	**0.40**	**0.47**
Deletion on cancellation of lease	-	-
Payment of lease liabilities	**(1.33)**	**(1.29)**
Balance as on March 31, 2020	**2.64**	**3.27**

Notes to Consolidated Financial Statement for the year ended March 31, 2020 (Contd.)

The table below provides details regarding the contractual maturities of lease liabilities as at March 31, 2020 on an undiscounted basis:

Rs. In Crore

Particulars	**As at March 31, 2020**
Due within one year	**2.54**
Due within one year to five years	**4.14**
Due for more than five years	**1.15**
Total Undiscounted Lease Liabilities	**7.83**
Lease Liabilities included in the Statement of standalone financial position	
Non- Current Financial Liabilities	**4.02**
Current Financial Liabilities	**1.89**
Total	**5.91**

The Group Company does not face a liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

C) The following amounts are recognized in the Consolidated Statement of Profit and Loss for the year ended March 31, 2020:

Rs. In Crore

Particulars	**As at March 31, 2020**
Interest Expenses on Financial Liabilities	**0.87**
Depreciation on ROU Assets	**2.72**
Expenses relating to Short Term Lease	**0.16**
Expenses relating to Leases of Low Value Assets	**-**
Total	**3.75**

D) The following amounts are recognized in the Consolidated Statements of Cash Flows for the year ended March 31, 2020:

Rs. In Crore

Particulars	**As at March 31, 2020**
Total Cash outflows for Leases	**2.62**

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 19.77 Crore and Rs 10.43 Crore (including Assets held for sale) for the year ended March 31, 2020 and March 31, 2019 respectively.

Notes to Consolidated Financial Statement for the year ended March 31, 2020 (Contd.)

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. O P Kakkar	Non-Executive Director
4	Ms. Deepa Mathur	Non-Executive Director
5	Mr. Shyam Powar	Independent Director
6	Mr. R Poornalingam	Independent Director
7	Mr. Kanakraj M	Independent Director
8	Mr. Sinna Durai Rajanbabu	Whole Time Director (TPPCPL Group) w.e.f February 10, 2020
9	Mr. Jerry Johansson	Director (Structo Hydraulics AB) upto May 17, 2019
10	Ms. Anne Karlsson	Director (Structo Hydraulics AB) w.e.f. May 17, 2019

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	2019-20	2018-19
1	Managerial Remuneration *	**4.23**	4.00
2	Sitting Fees	**0.35**	0.39

* 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 Susidiary and Associate Companies:

Rs. In Crore

Sr No	Nature of Transactions / Relationship	Associate Companies	
		2019-20	2018-19
1	Sale of Finished Goods	**11.82**	18.90
2	Interest Paid	**-**	0.14
3	Repayment of Advance received	**-**	1.00
	Outstanding as at Balance Sheet date		
1	- Receivables (net of provisions)	**1.82**	8.05
2	- Unsecured Loan Payable	**7.75**	7.75

a) Sales of finished goods to Associate Companies include sales to Indian Seamless Enterprises Limited Rs. 9.09 Crore (Previous Year Rs. 11.73 Crore), Taneja Aerospace and Aviation Limited Rs. Nil (Previous Year Rs. 0.35 Crore) and First Ways Inc, USA Rs.2.73 Crore (Previous Year Rs. 6.82 Crore).

b) Interest paid to Associate Company - Taneja Aerospace and Aviation Limited is Rs. Nil (Previous Year Rs.0.14 Crore).

c) Repayment of Advance received from Associate Company - Taneja Aerospace and Aviation Limited is Rs. Nil (Previous Year Rs.1.00 Crore).

Notes to Consolidated Financial Statement for the year ended March 31, 2020 (Contd.)

3.9 Income tax expenses

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

Rs. In Crore

Particulars		**2019 -20**	**2018 -19**
I	**Income Tax recognised in the statement of profit and loss**		
	Current tax	-	-
	Deferred tax	-	-
	Earlier Year Tax	**(1.95)**	-
	Total Income Tax recognised in the statement of profit and loss	(1.95)	-
II	**Income Tax recognised in Other Comprehensive Income**		
	Deferred tax	-	-
	Total Income Tax recognised in Other Comprehensive Income	-	-

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

Rs. In Crore

Particulars	**2019 -20**	2018 -19
Accounting profit before income tax expenses	**(242.32)**	(237.01)
Enacted tax rates in India (%)	**34.94%**	34.94%
Expected income tax expenses	**(84.68)**	(82.82)
Tax Effect of :		
Expenses not deductible	**89.26**	89.28
Non taxable subsidiaries and effect of differential tax rate	**1.08**	(0.30)
Capital Gain taxable @ 20.60%	-	-
Accelerated capital allowances	**5.37**	8.82
Expenses on which no deduction is admissible	**(1.75)**	1.41
(Profit) / Loss in respect of which deferred tax assets not recognized for the year*	**(9.28)**	(16.39)
Tax expenses recognised in statement of profit and loss	-	-
Adjustments recognised in current year in relation to the current tax of earlier years	**(1.95)**	-
Income tax expense reported	(1.95)	-
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 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, 2020

Rs. In Crore

Particulars	**As at April 1, 2019**	**Charged / (credited) to Statement of income**	**Charged / (credited) to OCI**	**As at March 31, 2020**
Tax effect of item constituting Deferred Tax Liabilities				
i) Depreciation	252.33	6.71	-	**259.04**
	252.33	**6.71**	-	**259.04**
Tax effect of item constituting Deferred Tax Assets				
i) Accumulated Tax lossess	182.25	(6.68)	-	**175.57**
ii) Unabsorbed Tax Depreciation	178.45	0.01	-	**178.46**
iii) Deduction eligible in future period in respect of expenses already debited to the Statement of Profit and Loss	331.10	91.69	-	**422.79**

Notes to Consolidated Financial Statement for the year ended March 31, 2020 (Contd.)

Rs. In Crore

Particulars	As at April 1, 2019	Charged / (credited) to Statement of income	Charged / (credited) to OCI	As at March 31, 2020
iv) Others	0.13	(0.13)	-	-
	691.93	**84.89**	**-**	**776.82**
Restricted to Deferred Tax Liabilities	252.33	6.71	-	**259.04**
v) MAT Credit Entitlement	82.05	-	-	**82.05**
	334.38	**6.71**	**-**	**341.09**
Net Deferred Tax Asset/ (Liability)	**82.05**	**-**	**-**	**82.05**

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	252.44	(0.11)	-	**252.33**
	252.44	**(0.11)**	**-**	**252.33**
Tax effect of item constituting Deferred Tax Assets				
i) Accumulated Tax lossess	181.10	1.15	-	**182.25**
ii) Unabsorbed Tax Depreciation	178.34	0.11	-	**178.45**
iii) Deduction eligible in future period in respect of expenses already debited to the Statement of Profit and Loss	238.52	92.58	-	**331.10**
iv) Others	0.27	(0.14)		**0.13**
	598.23	**93.70**	**0.00**	**691.93**
Restricted to Deferred Tax Liabilities	**252.44**	**(0.11)**	**-**	**252.33**
v) MAT Credit Entitlement	82.05	-	-	82.05
	334.49	**(0.11)**	**-**	**334.38**
Net Deferred Tax Asset /(Liability)	**82.05**	**-**	**-**	**82.05**

Deferred tax assets 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, 2020	As at March 31, 2019
Within five years	**440.95**	351.66
Geater than five years	**0.91**	111.72
No expiry	**608.41**	608.40
Total	**1,050.27**	1,071.78

Notes to Consolidated Financial Statement for the year ended March 31, 2020 (Contd.)

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	2019-20	2018-19
a) Employer's Contribution to Provident Fund and Employee Pension Scheme	**9.28**	6.13
b) Employer's Contribution to Superannuation Fund	**2.83**	2.98
Total	**12.11**	9.11

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.

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	2019-20	2018-19
Social Security Contribution	**3.38**	3.37
Total	**3.38**	3.37

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, 2020 and March 31, 2019, being the respective measurement dates:

Rs. In Crore

	Particulars	Gratuity (Funded)	
		2019-20	2018-19
a)	**Changes in present value of defined benefit obligations**		
	Present value of defined benefit obligation at the beginning of the Year	**34.90**	32.20
	Current Service Cost	**1.74**	1.68
	Interest Cost	**2.59**	2.46
	Actuarial changes arising from change in financial assumptions	**1.78**	(3.46)
	Actuarial changes arising from change in experience adjustments	**0.80**	4.21
	Benefits paid	**(2.40)**	(2.19)
	Present value of defined benefit obligation at the end of the Year	**39.41**	34.90
b)	**Changes in fair value of Plan Assets:**		
	Fair value of Plan Assets as at beginning of the Year	**34.44**	31.52
	Interest Income	**2.73**	2.41
	Employer Contribution	**1.94**	0.68
	Return on plan assets excluding interest income	**(0.11)**	(0.09)
	Benefits paid	**(0.07)**	(0.08)
	Fair value of plan Assets as at end of the Year	**38.93**	34.44

Notes to Consolidated Financial Statement for the year ended March 31, 2020 (Contd.)

Rs. In Crore

Sr. No.	Particulars	Gratuity (Funded)		Leave Encashment (Non Funded)	
		2019-20	2018-19	**2019-20**	2018-19
c)	**Net asset / (liability) recognised in the balance sheet**				
	Present value of defined benefit obligation at the end of the Year	**39.41**	34.90	**8.49**	7.55
	Fair value of plan Assets as at end of the Year	**38.93**	34.44	**-**	-
	Amount recognised in the Balance Sheet	**0.48**	0.46	**8.49**	7.55
	Net (liability) / assets - Current	**0.48**	0.46	**1.09**	0.89
	Net (liability) / assets - Non - current		-	**7.40**	6.66
d)	**Expenses recognised in the Statement of Profit and Loss for the year**				
	Current Service Cost	**1.74**	1.68	**0.68**	0.58
	Interest Cost on benefit obligation (net)	**(0.13)**	(0.04)	**0.51**	0.37
	Actuarial (gain)/ Loss	**-**	-	**1.61**	2.76
	Total expenses included in employee benefits expenses	**1.61**	1.64	**2.80**	3.71

Rs. In Crore

Sr. No.	Particulars	Gratuity (Funded)	
		2019-20	2018-19
e)	**Recognised in other comprehensive income for the year**		
	Actuarial changes arising from change in financial assumptions	**1.78**	(3.46)
	Actuarial changes arising from change in experience adjustments	**0.80**	4.21
	Return on plan assets excluding interest income	**0.11**	0.09
	Recognised in other comprehensive income	**2.69**	0.84
f)	**Estimate of expected defined benefit obligation (in absolute terms i.e. undiscounted)**		
	within the next 12 months	**7.43**	6.44
	Between 2 to 5 Years	**15.30**	12.93
	6 years and onwards	**31.94**	29.27
g)	**Quantitative sensivity analysis for significant assumption**		
	1% increase in discount rate	**37.17**	32.79
	1% decrease in discount rate	**41.91**	37.25
	1% increase in salary growth rate	**41.60**	37.00
	1% decrease in salary growth rate	**37.40**	32.98
	1% increase in employee withdrawal rate	**39.76**	35.31
	1% decrease in employee withdrawal rate	**39.16**	34.45

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.

Sr. No.	Particulars	Gratuity (Funded)	
		2019-20	2018-19
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%**	3.10%
	Corporate Bonds	**0.10%**	0.10%
	Special Deposit Scheme	**0.30%**	0.30%
	Insurer Managed Funds	**93.80%**	93.80%
	Others	**2.70%**	2.70%
	Total	**100.00%**	100.00%

Notes to Consolidated Financial Statement for the year ended March 31, 2020 (Contd.)

Sr. No.	Particulars	Gratuity (Funded)		Leave Encashment (Non Funded)	
		2019-20	2018-19	**2019-20**	2018-19
i)	**Principal Actuarial Assumptions used as at the Balance Sheet date :**				
	Discount Rate	**6.80%**	7.70%	**6.80%**	7.70%
	Expected Rate of Return on Plan Assets	**7.70%**	7.20%	**7.70%**	0.00%
	Salary Escalation Rate	**4.00%**	3% - 6%	**4.00%**	3% - 6%

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. 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.

The following tables summarises the changes in the projected benefit obligation and amounts recognised in the Ind AS Balance Sheet as at March 31, 2020 and March 31, 2019, being the respective measurement dates:

Rs. In Crore

Sr. No.	Particulars	Gratuity (Non-Funded)	
		2019-20	2018-19
a)	**Changes in present value of defined benefit obligations**		
	Present value of defined benefit obligation at the beginning of the Year	**0.02**	0.02
	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**	0.00
	Present value of defined benefit obligation at the end of the Year	**0.02**	0.02

Rs. In Crore

Sr. No.	Particulars	Gratuity (Non-Funded)		Leave Encashment (Non Funded)	
		2019-20	2018-19	**2019-20**	2018-19
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

Sr. No.	Particulars	Gratuity (Funded)	
		2019-20	2018-19
d)	**Recognised in other comprehensive income for the year**		
	Actuarial changes arising from change in demographic assumptions		
	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

Notes to Consolidated Financial Statement for the year ended March 31, 2020 (Contd.)

Rs. In Crore

Sr. No.	Particulars	Gratuity (Funded)	
		2019-20	2018-19
e)	**Estimate of expected defined benefit obligation (in absolute terms i.e. undiscounted)**		
	within the next 12 months	**0.020**	0.018
	Between 2 to 5 Years	**0.004**	0.004
	6 years and onwards	**0.000**	0.000
f)	**Quantitative sensivity analysis for significant assumption**		
	1 % increase in discount rate	**0.022**	0.020
	1% decrease in discount rate	**0.023**	0.020
	1% increase in salary growth rate	**0.023**	0.020
	1% decrease in salary growth rate	**0.022**	0.020
	1% increase in employee withdrawal rate	**0.023**	0.020
	1% decrease in employee withdrawal rate	**0.023**	0.020

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 senility 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.

Sr. No.	Particulars	Gratuity (Non-Funded)		Leave Encashment (Non Funded)	
		2019-20	2018-19	**2019-20**	2018-19
g)	**Principal Actuarial Assumptions used as at the Balance Sheet date :**				
	Discount Rate	**7.60%**	7.60%	**7.60%**	7.60%
	Salary Escalation Rate	**6.00%**	6.00%	**6.00%**	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. 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 Parent Company to fairly ascertain the probable future taxable profit against which MAT Credit can be utilized. Accordingly, the unabsorbed MAT credit, if any, out of the total MAT Credit of Rs. 82.05 Crore as at March 31, 2020, shall be charged in the Statement of Profit and Loss to the extent it lapses in the respective years and subject to review of the same once the Parent Company opts for options permitted under section 115BAA of the Income Tax Act, 1961.

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	2019-20	2018-19
Net Profit / (Loss) for the year attributable to Equity Shareholders (Rs. In Crore)	**(240.43)**	(237.00)
Weighted Average Number of Equity Shares outstanding for basic and diluted	**14,65,01,383**	14,65,01,383
Face Value of Equity Share (in Rs.)	**5.00**	5.00
Earnings Per Share (in Rs.) (Basic and Diluted)	**(16.41)**	(16.18)

3.13 Miscellaneous Expenses includes:

Rs. In Crore

Particulars		2019-20	2018-19
i)	Repair and Maintenance - Other Building	**0.01**	0.01
ii)	Director Sitting Fees	**0.35**	0.39
iii)	Auditors Remuneration		
	a) Statutory Audit Fees	**0.46**	0.48
	b) Taxation Matters	**-**	0.03
	c) Out of Pocket Expenses	**0.01**	-

Notes to Consolidated Financial Statement for the year ended March 31, 2020 (Contd.)

Rs. In Crore

Particulars		2019-20	2018-19
iv)	Provision for Doubtful Debts	**-**	5.42
v)	Sales Tax, Excise and Custom duty paid under Amnesty Scheme	**5.65**	-
vi)	Investment written off	**-**	0.02

3.14 The Group's EBIDTA and EBIDTA margin has been consistently increasing year on year from 2015-16 and the EBIDTA margin for first 9 months of the current financial year was higher than that of corresponding period of previous year. However, performance of the fourth quarter of financial year 2019-20 was affected due to the Covid lockdown and the overall performance for the year has to be viewed against the back drop of slow down of the economy. The Group Company also expects to benefit from Atmanirbhar policies of the Government including continuation of Anti Dumping Duty on import of seamless tubes from China. Majority of the lenders of the Parent Company have also signed Inter Creditor Agreement for restructuring the debt of the Parent Company. The proposed restructuring on sustainable basis is expected to address the negative net worth of the Group thereby enlarging the business opportunities including participation in Government tenders. Accordingly the Group has continued to prepare its financial statements on 'Going Concern Basis'.

3.15 Parent Company

Consequent to RBI Circular dated 12th February, 2018, the lenders of Parent Company had decided to explore assignment of debt as a Resolution Plan. Accordingly, Banks holding about 74 % 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. Majority of the lenders of the Parent Company consisting of both ARCs and the banks have signed Inter Creditor Agreement as per the RBI guidelines for restructuring the debt of the Parent Company. However, the Restructuring and assignment of further debt could not be concluded due to the implementation of countrywide lockdown on account of COVID-19 outbreak. Restructuring of debt to be done on a sustainable basis could inter-alia necessitate down-sizing of debt including interest and will also need to factor in the COVID impact on global and domestic economy and consequently on the business of the Parent Company.

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 consolidated net loss for the year ended March 31, 2020, carrying value of the borrowings (financial liabilities) and other equity as at March 31, 2020 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.

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 project 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 104.56 Crore. The financial effect, if any, of the same on consolidated net loss for the year ended March 31, 2020, carrying value of the asset including capital work in progress and other equity as at March 31, 2020 is not ascertainable.

3.17 Parent Company

i) Maharashtra Electricity Regulatory Commission (MERC) had disallowed Parent 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 Parent 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 Parent Company's appeal, challenging the APTEL order is pending before the Hon'ble Supreme Court. The Parent Company had accrued EBA benefit aggregating to Rs. 49.97 Crore up to March 31, 2014, of which amount outstanding as on March 31, 2020 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 reporting 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, 2020 and carrying value of the non -current financial assets and other equity as at March 31,2020 is not ascertainable.

Notes to Consolidated Financial Statement for the year ended March 31, 2020 (Contd.)

ii) Considering prevailing uncertainties of running the 40 MW Captive Power Project (CPP) of the Parent Company at Chandrapur, Maharashtra or disposing it as going concern or otherwise and pending outcome of supreme court decision as referred above, it is not possible to reasonably or reliably determine the recoverable amount and consequently to ascertain whether there is any impairment of the CPP as required by Ind AS 36 Impairment of Assets. Hence the aforesaid asset is measured as at March 31, 2020 at the carrying amount of Rs 237.29 Crore. The financial effect, if any, of the same on consolidated net loss for the year ended March 31, 2020, carrying value of the CPP and other equity as at March 31, 2020 is not ascertainable.

3.18 Interest income includes interest received from Banks of Rs. 3.41 Crore (Previous Year Rs. 1.67 Crore).

3.19 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 risks 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:

Rs. In Crore

Particulars	**As at March 31, 2020**	As at March 31, 2019
Gross Carrying Amount	**203.00**	253.82
Less: Expected credit loss at simplified approach	**4.26**	4.29
Carrying amount of trade receivables (net of impairment)	**198.74**	249.53

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, 2020 (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, 2020				
Borrowings	1,022.69	159.48	7.75	1,189.92
Trade and other payables	108.42	-	-	108.42
Other fiancial liabilities	2,182.25	-	-	2,182.25
Other Non Current fiancial liabilities	-	4.02	-	4.02
Total	**3,313.36**	**163.50**	**7.75**	**3,484.61**
March 31, 2019				
Borrowings	1,066.85	270.65	6.83	1,344.33
Trade and other payables	101.50	-	-	101.50
Other fiancial liabilities	1,838.23	-	-	1,838.23
Total	**3,006.58**	**270.65**	**6.83**	**3,284.06**

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, 2020		As at March 31, 2019	
	Foreign Currency in Million	Rs in Crore	Foreign Currency in Million	Rs in Crore
Parent Company				
Secured Loans				
US Dollars	**38.58**	**290.83**	39.32	271.99
EURO	**4.32**	**35.89**	4.32	33.57
Receivables				
US Dollars	**6.14**	**41.86**	8.21	53.97
EURO	**5.48**	**45.32**	4.03	31.47
Australian Dollar	**0.001**	**0.01**	0.006	0.03
GBP	**0.05**	**0.48**	0.03	0.23
Payables				
US Dollars	**1.02**	**7.69**	1.01	7.01
EURO	**0.08**	**0.70**	0.08	0.62

Notes to Consolidated Financial Statement for the year ended March 31, 2020 (Contd.)

Currency	As at March 31, 2020		As at March 31, 2019	
	Foreign Currency in Million	**Rs in Crore**	Foreign Currency in Million	Rs in Crore
Interest Payable				
US Dollars	**7.48**	**55.76**	5.67	40.37
EURO	**0.98**	**8.15**	0.77	6.17
Subsidiary Companies				
Receivables				
US Dollars	**0.33**	**2.47**	0.69	4.80
EURO	**1.59**	**13.18**	2.00	15.56
Payables				
US Dollars	**0.01**	**0.04**	0.01	0.02
EURO	**0.26**	**2.16**	0.02	1.61

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 14.86 crore for March 31, 2020 and increase in Loss before tax by approximately Rs 12.53 crore for March 31, 2019.

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.

3.20 Capital Managment

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.

3.21 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, 2020	As at March 31, 2019	**As at March 31, 2020**	As at March 31, 2019
Financial Assets at amortised cost (non-current)				
Loans	**15.72**	16.05	**15.72**	16.05
Other financial Assets	**7.56**	8.27	**7.56**	8.27
Total	**23.28**	24.32	**23.28**	24.32
Financial Assets at amortised cost (current)				
Trade Receivables	**198.74**	249.53	**198.74**	249.53
Cash and Cash Equivalents	**52.97**	65.81	**52.97**	65.81
Bank Balance other than Cash and Cash Equivalents	**27.08**	13.48	**27.08**	13.48

Notes to Consolidated Financial Statement for the year ended March 31, 2020 (Contd.)

Rs. In Crore

Particulars	Carrying value of the financial assets/liabilities		Fair value of the financial assets/ liabilities	
	As at March 31, 2020	As at March 31, 2019	**As at March 31, 2020**	As at March 31, 2019
Loans	**1.15**	1.14	**1.15**	1.14
Other financial Assets	**1.08**	0.92	**1.08**	0.92
Total	**281.02**	330.88	**281.02**	330.88
Financial Liabilities at amortised cost (non-current)				
Sales Tax Deferral Loan	**0.42**	3.40	**0.42**	3.40
Lease Liability	**4.02**	-	**4.02**	-
Long Term Loans from Banks and Others	**166.81**	274.08	**166.81**	274.08
Total	**171.25**	277.48	**171.25**	277.48
Financial Liabilities at amortised cost (current)				
Sales Tax Deferral Loan	**2.47**	5.06	**2.47**	5.06
Current Maturities of Long Term Debt	**945.21**	847.92	**945.21**	847.92
Loans Repayable on Demand	**1,022.69**	1,066.85	**1,022.69**	1,066.85
Trade and other Payables	**108.42**	101.50	**108.42**	101.50
Other financial Liabilities	**1,234.57**	985.25	**1,234.57**	985.25
Total	**3,313.36**	3,006.58	**3,313.36**	3,006.58

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

Rs. In Crore

Particulars	**As at March 31, 2020**	As at March 31, 2019	Level	Valuation techniques and key inputs
Financial Assets at amortised cost (non-current)				
Deposit for premises / Security Deposits	15.72	16.05	3	Discounted cash flow method using interest rate for similar financial instrument
Financial Liabilities at amortised cost (non-current)				
Sales tax Deferral Loan	0.42	3.40	3	Discounted cash flow method using interest rate for similar financial instrument
Unsecured Loan from Associate Company	7.75	6.83	3	Discounted cash flow method using interest rate for similar financial instrument
Financial Liabilities at amortised cost (current)				
Sales tax Deferral Loan	2.47	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, 2020.

During the reporting period ended March 31, 2020 and March 31, 2019, there were no transfers between level 1, level 2 and level 3 fair value measurements.

Notes to Consolidated Financial Statement for the year ended March 31, 2020 (Contd.)

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, 2018)	**13.72**	**12.46**	**6.02**
Additions duirng the year	1.22	-	-
Interest Expenses	-	1.06	0.81
Interest Income	1.19	-	-
Repayment of Loan	(0.08)	(5.06)	-
Closing Balance (March 31, 2019)	**16.05**	**8.46**	**6.83**
Additions duirng the year	-	-	-
Interest Income	1.09	-	-
Interest Expenses	-	0.51	0.92
Repayment of Loan	(1.42)	(6.08)	-
Closing Balance (March 31, 2020)	**15.72**	**2.89**	**7.75**

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

3.22 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.

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

3.24 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	95.32	(1,062.20)	100.00	(240.43)	62.85	(2.69)	99.35	(243.12)
	Indian Subsidiaries								
1	Tridem Port and Power Company Private Limited	0.36	(4.04)	2.03	(4.88)	-	-	1.99	(4.88)
2	Nagapattinam Energy Private Limited	0.02	(0.25)	0.00	(0.01)	-	-	0.00	(0.01)
3	Best Exim Private Limited	0.17	(1.92)	-	-	-	-	-	-
4	Success Power & Infraprojects Private Limited	0.09	(1.01)	-	-	-	-	-	-
5	Marshal Microware Infrastructure Development Company Private Limited	0.27	(3.05)	-	-	-	-	-	-

Notes to Consolidated Financial Statement for the year ended March 31, 2020 (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	(5.74)	63.95	0.14	(0.33)	-	-	0.13	(0.33)
2	Structo Hydraulics AB, Sweden	(1.17)	13.09	2.57	(6.17)	-	-	2.52	(6.17)
3	ISMT Europe AB, Sweden	(0.62)	6.87	(0.67)	1.61	-	-	(0.66)	1.61
4	Indian Seamless Inc., USA	(0.11)	1.21	-	-	-	-	-	-
5	PT ISMT Resources, Indonesia	(0.00)	0.01	(0.05)	0.13	-	-	(0.05)	0.13
	Minority Interest in all Subsidiaries	(0.02)	0.24	0.02	(0.06)	-	0.01	0.02	(0.05)
	Sub-Total	**88.58**	**(987.10)**	**104.04**	**(250.14)**	**62.85**	**(2.68)**	**103.31**	**(252.82)**
	Total Elimination	**11.42**	**(127.26)**	**(4.04)**	**9.71**	**37.38**	**(1.60)**	**(3.31)**	**8.11**
	Grand Total	**100.00**	**(1,114.36)**	**100.00**	**(240.43)**	**100.23**	**(4.28)**	**100.00**	**(244.71)**

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

Mumbai, July 31, 2020

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, July 31, 2020

Notes to Consolidated Financial Statement for the year ended March 31, 2020 (Contd.)

Form AOC - I

SALIENT FEATURES OF FINANCIAL STATEMENTS OF SUBSIDIARY / ASSOCIATES AS PER SECTION 129 (3) OF COMPANIES ACT, 2013

PART 'A' SUBSIDARIES

Rs. in Crore

Sr. No.	Name of the Subsidiary Company	Reporting Currency	Share Capital	Other Equity	Total Assets	Total Liabilities #	Investments (excluding investmxent 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	2.91	65.42	1.47	-	-	(0.33)	-	(0.33)	-	99.62%
2	Structo Hydraulics AB, Sweden	SEK	16.32	(3.23)	63.60	50.51	-	34.81	(6.17)	-	(6.17)	-	100.00%
3	ISMT Europe AB, Sweden	SEK	0.07	0.80	52.83	45.96	-	70.02	1.61	-	1.61	-	100.00%
4	Indian Seamless Inc., USA	USD	2.10	(0.89)	1.24	0.03	-	0.14	-	-	-	-	100.00%
5	Tridem Port and Power Company Private Limited	INR	2.58	(6.62)	110.79	114.83	-	-	(4.88)	-	(4.88)	-	100.00%
6	Nagapattinam Energy Private Limited	INR	0.25	(0.50)	57.74	57.99	-	-	(0.01)	-	(0.01)	-	100.00%
7	PT ISMT Resources, Indonesia	Rupiah	4.50	(4.49)	0.01	-	-	0.16	0.13	-	0.13	-	100.00%
8	Best Exim Private Limited	INR	0.01	(1.93)	0.06	1.98	-	-	-	-	-	-	100.00%
9	Success Power and Infraprojects Private Limited	INR	0.19	(1.20)	4.95	5.96	-	-	-	-	-	-	100.00%
10	Marshal Microware Infrastructure Development Company Private Limited	INR	0.01	(3.06)	2.18	5.23	-	-	-	-	-	-	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	83.082	80.410
SEK to INR	7.602	7.525
Rupiah to INR	0.005	0.005
USD to INR	75.368	72.324

Reporting dates of all Subsidiaries is March 31, 2020 except for PT ISMT Resources, which is December 31, 2019.

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	**Rajiv Goel**	**Chetan Nathani**
Managing Director	Chief Financial Officer	Company Secretary
DIN NO:00328615	DIN NO:00328723	FCS NO:9836

Pune, July 31, 2020

Notes to Consolidated Financial Statement for the year ended March 31, 2020 (Contd.)

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, 2020
[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	1,336.98	1,336.98
2.	Total Expenditure	1,577.35	1,698.93
3.	Net Profit/(Loss)	(240.37)	(361.95)
4.	Earnings Per Share	(16.41)	(24.71)
5.	Total Assets	2,398.60	2,277.02
6.	Total Liabilities	3,512.98	3,512.98
7.	Net Worth	(1,114.38)	(1,235.96)
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 Crore as on March 31, 2020. Taking into consideration the loss during the year ended March 31, 2020 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. Non-writing off of the same has resulted in understatement of consolidated net loss for the year ended March 31, 2020 and overstatement of other equity by Rs.82.05 Crore 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 Parent Company to fairly ascertain the probable future taxable profit against which MAT Credit can be utilized. Accordingly, the unabsorbed MAT credit, if any out of the total MAT credit of Rs. 82.05 Crore as at March 31, 2020, shall be charged in the Statement of Profit and Loss to the extent it lapses in the respective years and subject to review of the same once the Parent Company opts for options permitted under section 115BAA of the Income Tax Act, 1961.

(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:

Notes to Consolidated Financial Statement for the year ended March 31, 2020 (Contd.)

(2) (a) Details of Audit Qualification:

The Parent Company had recognized claim in earlier years, of which outstanding balance as on March 31, 2020 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 Crore as at March 31, 2020.

(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 Parent 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 Parent Company's appeal, challenging the APTEL order is pending before the Hon'ble Supreme Court. The Parent Company had accrued EBA benefit aggregating to Rs. 49.97 Crore up to March 31, 2014, of which amount outstanding as on March 31, 2020 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 reporting 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, 2020, carrying value of non-current assets and other equity as at March 31, 2020, 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:

(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 is unable to determine the recoverable value of 40 MW Captive Power Project (CPP) at Chandrapur, Maharashtra, hence, the CPP is measured on March 31, 2020 at the carrying amount of Rs. 237.29 Crore and 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 consolidated net loss for the year ended March 31, 2020, carrying value of the CPP and other equity as at March 31, 2020.

(b) Type of Audit Qualification : Qualified Opinion

(c) Frequency of qualification: appearing since financial year 2018-19.

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

Not applicable.

(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:

Considering prevailing uncertainties of operating the 40 MW Captive Power Plant (CPP) of the Parent Company at Chandrapur, Maharashtra or disposing it as going concern or otherwise and pending outcome of supreme court decision as referred 2(d) above, it is not possible to reasonably or reliably determine the recoverable amount and consequently to ascertain whether there is any impairment of the CPP as required by Ind AS 36 "Impairment of Assets". Hence the aforesaid asset is measured as at March 31, 2020 at the carrying amount of Rs 237.29 Crore. The financial effect, if any, of the same on consolidated net loss for the year ended March 31, 2020, carrying value of CPP and other equity as at March 31, 2020 is not ascertainable

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

Notes to Consolidated Financial Statement for the year ended March 31, 2020 (Contd.)

(4) (a) Details of Audit Qualification:

The ISMT Group is unable to determine the recoverable value of thermal power project and captive port (TPP) at Tamilnadu. Hence, the TPP is measured on March 31, 2020 at the carrying amount of Rs. 104.56 Crore and 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 consolidated net loss for year ended March 31 2020, carrying value of the TPP and other equity as at March 31, 2020.

(b) Type of Audit Qualification : Qualified Opinion

(c) Frequency of qualification: appearing since financial year 2018-19.

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

Not applicable.

(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:

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.

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 project 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 104.56 Crore. The financial effect, if any, of the same on consolidated net loss for year ended March 31, 2020, carrying value of the asset including capital work in progress and other equity as at March 31, 2020 is 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 2020, carrying value of the Borrowings (i.e Financial Liabilities) and other equity as at March 31,2020 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:

Not applicable.

(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.

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

Consequent to RBI Circular dated 12th February, 2018, the lenders had decided to explore assignment of debt as a Resolution Plan. Accordingly, Banks holding about 74 % 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. Majority of the lenders of the Parent company consisting of both ARCs and the banks have signed Inter Creditor Agreement as per the RBI guidelines for restructuring the debt of the Parent Company.

However, the restructuring and assignment of further debt could not be concluded due to the implementation of countrywide lockdown on account of COVID -19 outbreak. Restructuring of the debt to be done on a sustainable basis could inter-alia necessitate down-sizing of debt including interest and will also need to factor in the COVID impact on global and domestic economy and consequently on the business of the Parent Company.

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, if any of non provision of overdue / penal and compounding of interest, on consolidated net loss for the year ended March 31, 2020, carrying value of the borrowings (i.e. financial liabilities) and other equity as at March 31,2020 is not ascertainable.

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

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

Mumbai, July 31, 2020

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

R Poornalingam
Audit Committee Chairman

Pune, July 31, 2020

ISMT LIMITED

Solutions You Can Trust

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