**ISMT LIMITED**

**Solutions You Can Trust**

ISMT/SEC/19-20

November 04, 2019

Listing Department
**BSE Ltd**
PJ Towers,
Dalal Street, Fort,
Mumbai - 400 001
Scrip Code: 532479

Listing Department
**National Stock Exchange of India Ltd**
Exchange Plaza, Plot No. C/1, G Block,
BKC, Bandra (E),
Mumbai - 400 051
Symbol: ISMTLTD

Dear Sirs,

**Sub: Outcome of Board Meeting**

In pursuance of the SEBI (LODR) Regulations, 2015 (Listing Regulations) please be informed that the Board of Directors at its meeting held today i.e., Monday, November 04, 2019, inter alia, considered the following business:

1. Approved the Un-Audited Financial Results (Standalone and Consolidated) for the quarter and half year ended September 30, 2019.

The Board Meeting commenced at 12.00 P.M. and concluded at 5.45 P.M. on November 04, 2019.

Please find enclosed the aforesaid results along with Auditor's Limited Review Report.

Please take the above on your record and oblige.

Thanking you,

Yours faithfully,
*For* **ISMT Limited**

Chetan Nathani
**Company Secretary**
Encl.: As above

ISMT LIMITED ★ PUNE ★

SMT Limited
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Veb : www.ismt.com, CIN : L27109PN1999PLC016417

TATEMENT OF STANDALONE UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND HALF YEAR ENDED SEPTEMBER 30 ,2019

Rs. in Crore

| | | Standalone | | | | | |
|---|---|---|---|---|---|---|---|
| | | Quarter ended | | | Half Year ended | | |
| r. lo | Particulars | Sept. 30, 2019 | June 30 , 2019 | Sept. 30, 2018 | Sept. 30, 2019 | Sept. 30, 2018 | Year ended March 31, 2019 |
| | | **Unaudited** | **Unaudited** | **Unaudited** | **Unaudited** | **Unaudited** | **Audited** |
| 1 | **Income** | | | | | | |
| | **Revenue from Operations** | | | | | | |
| | **Sales of Products** | **408.64** | **514.38** | **616.22** | **923.02** | **1,215.40** | **2,423.39** |
| | Less : Inter Segment Transfers | 71.48 | 85.20 | 161.57 | 156.68 | 316.03 | 541.28 |
| | Inter Division Transfers | 21.73 | 28.01 | 20.56 | 49.74 | 43.35 | 86.67 |
| | (a) Gross Sales | 315.43 | 401.17 | 434.09 | 716.60 | 856.02 | 1,795.44 |
| | (b) Other Operating Revenue | 6.56 | 7.09 | 7.34 | 13.65 | 14.91 | 29.66 |
| | **(c) Revenue From Operations - ( a+b )** | **321.99** | **408.26** | **441.43** | **730.25** | **870.93** | **1,825.10** |
| | (d) Other Income | 3.84 | 1.59 | 1.31 | 5.43 | 3.28 | 6.94 |
| | **Total Income - ( c+d )** | **325.83** | **409.85** | **442.74** | **735.68** | **874.21** | **1,832.04** |
| 2 | **Expenses** | | | | | | |
| | (a) Cost of Materials Consumed | 149.55 | 240.90 | 238.82 | 390.45 | 463.74 | 971.63 |
| | (b) Changes in inventories of finished goods, work -in -progress and stock-in-trade | 16.30 | (18.33) | (14.17) | (2.03) | (26.87) | 7.54 |
| | (c) Employee Benefits Expense | 34.09 | 34.24 | 32.57 | 68.33 | 62.70 | 132.84 |
| | (d) Finance Costs | 68.91 | 65.21 | 72.82 | 134.12 | 143.27 | 276.46 |
| | (e) Depreciation | 15.26 | 15.34 | 14.00 | 30.60 | 27.93 | 54.05 |
| | (f) Other Expenses | 101.08 | 119.96 | 156.22 | 221.04 | 318.55 | 600.16 |
| | **Total Expenses** | **385.19** | **457.32** | **500.26** | **842.51** | **989.32** | **2,042.68** |
| 3 | Profit / (Loss) before Exceptional Items and tax ( 1-2 ) | (59.36) | (47.47) | (57.52) | (106.83) | (115.11) | (210.64) |
| 4 | Exceptional items -a) Foreign Exchange (Gain) / Loss | (1.92) | (0.67) | (1.69) | (2.59) | (1.17) | (2.24) |
| | b) Depreciation on reclasification of asset held for sale | - | - | - | - | - | 20.38 |
| 5 | **Profit / (Loss) before tax (3- 4)** | **(57.44)** | **(46.80)** | **(55.83)** | **(104.24)** | **(113.94)** | **(228.78)** |
| 6 | Tax Expenses : | | | | | | |
| | (a) Current Tax | - | - | - | - | - | - |
| | (b) Income Tax of earlier years | (1.90) | - | - | (1.90) | - | - |
| | (c) Deferred Tax (Refer Note No. 6) | - | - | - | - | - | - |
| 7 | **Profit / ( Loss) after tax (5- 6 )** | **(55.54)** | **(46.80)** | **(55.83)** | **(102.34)** | **(113.94)** | **(228.78)** |
| 8 | Other Comprehensive Income (net of tax) | | | | | | |
| | (a) Items that will not be reclassified to Profit or Loss | | | | | | |
| | Gain/ ( Loss) on Remeasurement of Defined Benefit Plan ( net of tax) | (0.26) | (0.35) | (0.16) | (0.61) | (0.34) | (0.84) |
| | (b) Items that will be reclassified to Profit or Loss | | | | | | |
| 9 | Other Comprehensive Income (Net of tax) | (0.26) | (0.35) | (0.16) | (0.61) | (0.34) | (0.84) |
| 10 | **Total Comprehensive Income for the period ( 7+9)** | **(55.80)** | **(47.15)** | **(55.99)** | **(102.95)** | **(114.28)** | **(229.62)** |
| 11 | Paid-up Equity Share Capital (Face Value of Rs. 5/- per share) | 73.25 | 73.25 | 73.25 | 73.25 | 73.25 | 73.25 |
| 12 | Reserves Excluding Revaluation Reserve | - | - | - | - | - | (1,089.45) |
| 13 | Earnings per share | | | | | | |
| | Basic & Diluted Earnings per share of Rs.5/- each (Rs.) (not annualised) | (3.79) | (3.19) | (3.81) | (6.99) | (7.78) | (15.62) |

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

T Limited

SEGMENT WISE STANDALONE UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND HALF YEAR ENDED SEPTEMBER 30 ,2019.

Rs. in Crore

| | | Standalone | | | | | |
|---|---|---|---|---|---|---|---|
| | | 1 | 2 | 3 | 4 | 5 | 6 |
| Sr No | Particulars | Quarter ended September 30, 2019 | Quarter ended June 30, 2019 | Quarter ended September 30, 2018 | Half Year ended September 30, 2019 | Half Year ended September 30, 2018 | Year ended March 31, 2019 |
| | | **Unaudited** | **Unaudited** | **Unaudited** | **Unaudited** | **Unaudited** | **Audited** |
| 1 | **Segment Revenue** | | | | | | |
| | a) Gross Sales – **Tube** | 263.63 | 348.17 | 337.40 | 611.80 | 659.98 | 1,403.88 |
| | Less : Inter Division | 21.73 | 28.01 | 20.56 | 49.74 | 43.35 | 86.67 |
| | **Sub total** | **241.90** | **320.16** | **316.84** | **562.06** | **616.63** | **1,317.21** |
| | b) Gross Sales – **Steel** | 145.01 | 166.21 | 278.82 | 311.22 | 555.42 | 1,019.51 |
| | Less : Inter Segment | 71.48 | 85.20 | 161.57 | 156.68 | 316.03 | 541.28 |
| | **Sub total** | **73.53** | **81.01** | **117.25** | **154.54** | **239.39** | **478.23** |
| | **Total Segment Revenue** | **315.43** | **401.17** | **434.09** | **716.60** | **856.02** | **1,795.44** |
| 2 | **Segment Results**<br>Profit / ( Loss) after Depreciation and Before Finance Costs & Exceptional items,Unallocable income (net) and Tax. | | | | | | |
| | a) Tube | 8.33 | 18.95 | 8.28 | 27.28 | 12.06 | 48.53 |
| | b) Steel * | (0.34) | (0.42) | 6.53 | (0.76) | 14.44 | 13.57 |
| | Total | 7.99 | 18.53 | 14.81 | 26.52 | 26.50 | 62.10 |
| | Less : Finance Costs | 68.91 | 65.21 | 72.82 | 134.12 | 143.27 | 276.46 |
| | :a) Exceptional items - Foreign Exchange ( Gain) / Loss | (1.92) | (0.67) | (1.69) | (2.59) | (1.17) | (2.24) |
| | : b) Depreciation on recalsification of assets held for sale | - | - | - | - | - | 20.38 |
| | Add : Unallocable Income ( Net of Unallocable Expenses) | 1.56 | (0.79) | 0.49 | 0.77 | 1.66 | 3.72 |
| | **Total Profit / ( Loss) Before Tax** | **(57.44)** | **(46.80)** | **(55.83)** | **(104.24)** | **(113.94)** | **(228.78)** |
| | Less : Tax Expenses | - | - | - | - | - | - |
| | Current Tax | - | - | - | - | - | - |
| | Income Tax of earlier years | (1.90) | - | - | (1.90) | - | - |
| | Deferred Tax (Refer Note No. 6) | - | - | - | - | - | - |
| | **Total Profit / ( Loss) After Tax** | **(55.54)** | **(46.80)** | **(55.83)** | **(102.34)** | **(113.94)** | **(228.78)** |
| 3 | **Capital Employed** | | | | | | |
| | **Segment Assets** | | | | | | |
| | a) Tube | 1,406.01 | 1,473.59 | 1,426.73 | 1,406.01 | 1,426.73 | 1,463.96 |
| | b) Steel | 407.78 | 392.74 | 438.60 | 407.78 | 438.60 | 393.00 |
| | c) Unallocable | 626.02 | 629.03 | 641.55 | 626.02 | 641.55 | 613.31 |
| | **Total Assets** | **2,439.81** | **2,495.36** | **2,506.88** | **2,439.81** | **2,506.88** | **2,470.27** |
| | **Segment Liabilities** | | | | | | |
| | a) Tube | 117.39 | 138.79 | 118.76 | 117.39 | 118.76 | 120.69 |
| | b) Steel | 44.38 | 68.40 | 76.69 | 44.38 | 76.69 | 59.72 |
| | c) Unallocable | 3,200.07 | 3,154.40 | 3,015.17 | 3,200.07 | 3,015.17 | 3,108.94 |
| | **Total Liabilites** | **3,361.84** | **3,361.59** | **3,210.62** | **3,361.84** | **3,210.62** | **3,289.35** |

* Includes profit on steel captively consumed by Tube Segment

M/s. D N V & Co. ★ Pune ★ Chartered Accountants

ISMT LIMITED

STATEMENT OF ASSETS AND LIABILITIES

Rs. In Crore

| | | Standalone | |
|---|---|---|---|
| | Particulars | As at September 30, 2019 | As at March 31, 2019 |
| | | Unaudited | Audited |
| A | ASSETS | | |
| 1 | Non - Current Assets | | |
| | a) Property, Plant and Equipment | 1,340.70 | 1,359.58 |
| | b) Capital Work-in-Progress | 6.80 | 2.74 |
| | c) Financial Assets | | |
| | i) Investments | 200.03 | 199.62 |
| | ii) Loans | 26.96 | 24.27 |
| | iii) Other Financial Assets | - | - |
| | d) Deferred Tax Asset ( Net) | 82.05 | 82.05 |
| | e) Other Non Current Assets | 49.74 | 49.18 |
| | Sub Total | 1,706.28 | 1,717.44 |
| 2 | Current Assets | | |
| | a) Inventories | 328.71 | 340.98 |
| | b) Financial Assets | | |
| | i) Trade Receivables | 243.79 | 295.04 |
| | ii) Cash and Cash Equivalents | 42.38 | 30.02 |
| | iii) Bank Balance Other than (ii) above | 16.88 | 13.48 |
| | iv) Loans | 1.15 | 1.14 |
| | v) Other Financial Assets | 0.82 | 0.91 |
| | c) Current Tax Assets ( Net) | 2.35 | 4.16 |
| | d) Other Current Assets | 97.45 | 67.10 |
| | Sub Total | 733.53 | 752.83 |
| | Total Assets | 2,439.81 | 2,470.27 |
| B | EQUITY AND LIABILITIES | | |
| | EQUITY | | |
| | a) Equity Share Capital | 73.25 | 73.25 |
| | b) Other Equity | (995.28) | (892.33) |
| | Total Equity | (922.03) | (819.08) |
| | LIABILITIES | | |
| 1 | NON-CURRENT LIABILITIES | | |
| | a) Financial Liabilities | | |
| | i) Borrowings | 218.26 | 275.09 |
| | ii) Other Financial Liabilities | - | - |
| | b) Provisions | 7.86 | 6.66 |
| | c) Other Non Current Liabilities | 0.09 | 0.51 |
| | Sub Total | 226.21 | 282.26 |
| 2 | CURRENT LIABILITIES | | |
| | a) Financial Liabilities | | |
| | i) Borrowings | 1,012.95 | 1,047.69 |
| | ii) Trade Payables | | |
| | - Dues of Micro & Small Enterprises | 7.92 | 12.05 |
| | - Dues of Creditors other than Micro & Small Enterprises | 72.42 | 87.55 |
| | iii) Other financial Liabilities | 2,029.02 | 1,842.71 |
| | b) Other Current Liabilities | 10.97 | 14.93 |
| | c) Provisions | 2.35 | 2.16 |
| | Sub Total | 3,135.63 | 3,007.09 |
| | TOTAL EQUITY AND LIABILITIES | 2,439.81 | 2,470.27 |

M/s. D N V & Co. ★ Pune ★ Chartered Accountants

ISMT Limited

## STATEMENT OF STANDALONE UN-AUDITED CASH FLOW FOR THE HALF YEAR ENDED SEPTEMBER 30, 2019

Rs. in Crore

| | Particulars | As at September 30,2019 | | As at September 30,2018 | |
|---|---|---|---|---|---|
| i) | **CASH FLOW FROM OPERATING ACTIVITIES :** | | | | |
| | **Net Profit / ( Loss ) Before Tax** | | **(104.24)** | | **(113.94)** |
| | Adjustments for : | | | | |
| | Depreciation | 30.60 | | 27.93 | |
| | Finance Costs | 134.12 | | 143.27 | |
| | Interest Income | (4.75) | | (2.35) | |
| | Unrealised Exchange (Gain) / Loss | 1.32 | | 4.28 | |
| | Provision for Doubtful Debts | - | | 3.83 | |
| | Provision for expected credit loss | - | | 0.06 | |
| | Remeasurement of Defined Benefit Plan | (0.61) | 160.68 | (0.34) | 176.68 |
| | **Operating Cash Profit before Working Capital Changes** | | **56.44** | | **62.74** |
| | Adjustments for : | | | | |
| | Trade and Other Receivables | 13.69 | | (51.21) | |
| | Inventories (Increase) / Decrease | 12.27 | | (21.98) | |
| | Trade Payables and Other Liabilities | (22.15) | 3.81 | 22.43 | (50.76) |
| | Taxes (Paid ) / Refund | | 3.71 | | (0.15) |
| | **Net Cash flow from Operating Activities** | | **63.96** | | **11.83** |
| ii) | **CASH FLOW FROM INVESTING ACTIVITIES :** | | | | |
| | Purchase of Property, Plant and Equipment | (12.13) | | (16.70) | |
| | Interest Received | 4.49 | | 1.63 | |
| | **Net Cash used in Investing Activities** | | **(7.64)** | | **(15.07)** |
| iii) | **CASH FLOW FROM FINANCING ACTIVITIES :** | | | | |
| | Proceeds from /(Repayment of) Borrowings | (40.48) | | 15.53 | |
| | Interest Paid | (3.48) | | (9.99) | |
| | **Net Cash from Financing Activities** | | **(43.96)** | | 5.54 |
| | **Net Increase / (Decrease) in Cash and Cash Equivalents** | | **12.36** | | **2.30** |
| | Cash and Cash Equivalents at the beginning of the year* | | **30.02** | | 21.96 |
| | Cash and Cash Equivalents at the end of the year * | | **42.38** | | 24.26 |
| | **Net Increase / (Decrease) in Cash and Cash Equivalents** | | **12.36** | | **2.30** |

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

M/s. D N V & Co. ★ Pune ★ Chartered Accountants

**NOTES ON STANDALONE UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND HALF YEAR ENDED SEPTEMBER 30, 2019.**

1. The Company had exercised the option as per Para 46A inserted in the AS-11 for treatment of exchange difference on long term monetary liabilities and opted to avail exemption as per para D13AA of Ind AS 101 "First –time Adoption of Indian Accounting Standards". Accordingly, Exchange Loss of Rs. 4.27 Crore for the quarter ended September 30, 2019 and Rs. 3.95 Crore for the half year ended September 30, 2019 has been adjusted to the respective Property, Plant & Equipment.

2. The Company through its Subsidiary Company, ISMT Enterprises S.A., Luxembourg has invested Rs. 48.43 Crore in Structo Hydraulics AB, Sweden (SHAB). The Company has received the approval from regulatory authorities for conversion into equity of an amount of Rs. 33.33 Crore (USD 5 Million) due from SHAB on account of payment towards invocation of guarantee by lender of SHAB, which is considered as investment on adoption of Ind AS and the Company is taking steps for implementation of the same. The net receivables on account of sales made to SHAB as on September 30, 2019 are Rs.13.01 Crore and the same is considered as collectible. No provision, however, has been made as required by Ind AS 36 "Impairment of Assets" in respect of diminution in the value of investment, which is in the nature of forward integration and considered Strategic, Long Term and also in view of improvement in the operating performance of SHAB. The financial effect, if any, of the same on net loss for the quarter and half year ended September 30, 2019 is not ascertainable.

3. 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 up to March 31, 2014, of which amount outstanding as on September 30, 2019 is Rs. 39.53 Crore, representing excess energy charges paid to Maharashtra State Electricity Distribution Company Limited (MSEDCL) on account of non-availability of banking of energy facility. There has been no further accrual since April 1, 2014 on account of suspension of operation of power plant.

   Being a sub-judice matter, it is not possible to reasonably or reliably determine the recoverable amount; hence the receivable from MSEDCL is measured on the reporting date at the carrying amount of Rs.39.53 Crore. The financial effect, if any, of the same on net loss for the quarter and half year ended September 30, 2019, is not ascertainable.

   ii) Considering prevailing uncertainties of running the 40 MW Captive Power Project (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 September 30 ,2019 at the carrying amount of Rs 233.93 Crore. The financial effect, if any, of the same on net loss for the quarter and half year ended September 30, 2019 is not ascertainable.

4. Employee Benefits Expense includes remuneration payable to the Managing Director and Executive Director for the quarter ended September 30, 2019 of Rs. 0.84 Crore (Rs.7.70 Crore cumulative up to September 30, 2019) is subject to approval of lenders.

5. As per Ind AS- 12 "Income Tax", Minimum Alternate Tax (MAT) credit (unused tax credit) is regarded as Deferred Tax Assets and the same shall be recognised to the extent that it has become probable that future taxable profit will be available against which the unused tax credit can be utilised. In view of Business uncertainties and pending debt Resolution, it is difficult for the Company to fairly ascertain the probable future taxable profit against which MAT Credit can be utilized. Accordingly, the unabsorbed MAT credit of Rs. 82.05 Crore as at September 30, 2019, if any, shall be charged in the Statement of Profit and Loss to the extent it lapses in the respective years. The Company is in the process of evaluating the options permitted under section 115BAA of the income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) ordinance, 2019, including the impact of the proposed restructuring of the debt. The financial effect, if any, of the same on net loss for quarter and half year ended September 30, 2019 is not ascertainable.

6. Deferred Tax Asset in respect of carried forward losses is recognized to the extent of Deferred Tax Liability.

7. Consequent to RBI Circular dated February 12, 2018 the lenders have decided to explore assignment of debt as a Resolution Plan. Accordingly, Banks holding about 71 % of the principal

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

debt have assigned their debt to Asset Reconstructing Companies (ARCs) while Banks holding most of the remaining debt are also pursuing the process for assignment of debt to ARCs. ARCs in turn are expected to restructure the debt on a sustainable basis which inter alia could necessitate downsizing of debt including interest. Majority of lenders have signed Inter Creditor Agreement (ICA) in line with RBI guidelines agreeing to restructure the debt. There has been a substantial progress on the Resolution Plan agreed to by the Banks and restructuring process is also initiated by the Company for the debt. 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 net loss for the quarter and half year ended September 30, 2019 is not ascertainable.

8. As a result of various measures taken by the Company, Revenue and EBIDT of the Company has been continuously improving on year to year basis since financial year 2015-16 onwards. The EBIDT for the half year ended September 30, 2019 is Rs. 57.89 Crore as against Rs. 56.09 Crore for the corresponding half year ended September 30, 2018. The levy of anti-dumping duty by the Government of India on import of tubes from China and pick-up in demand are some of other factors resulting in increase in Revenue and EBIDT. There has also been a substantial progress on the Resolution Plan agreed to by the Banks. Accordingly the Company has continued to prepare its financial results on 'Going Concern Basis'.

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

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

   Considering premature status of the project, prevailing power sector scenario, ongoing litigations, the various alternative usage of land of the project and inability to successfully pursue the sale of the project or its freehold land, it is not possible to reasonably or reliably determine the recoverable amount and consequently to ascertain whether there is any impairment of the amount invested in TPPCL as required by Ind AS 36 "Impairment of Assets" and hence the aforesaid asset is measured as at September 30 ,2019 at the carrying amount of Rs 116.49 Crore (including advances given to TPPCL of Rs. 113.91 Crores). The financial effect, if any, of the same on net loss for the quarter and half year ended September 30, 2019 is not ascertainable.

10. The Company has adopted modified retrospective approach as per Para C 8 (c) (ii) of "Ind AS 116 – Leases" to its leases, effective April 1, 2019. This has resulted in recognizing right- of- use (ROU) assets of Rs. 7.36 Crore and a corresponding Lease liability of Rs. 7.36 Crore as at April 1, 2019. In the statement of profit and loss for the current period, operating Lease expenses has changed to depreciation cost for the ROU assets and finance cost for interest accrued on lease liability. The effect of adoption of Ind AS 116 on the results for the quarter and half year ended September 30, 2019 is not material. To this extent, performance for the current quarter ended and half year ended September 30, 2019 is not comparable with the previous results.

11. The comparative figures have been regrouped and reclassified to meet the current quarter's / years classification.

12. The above results have been reviewed by the Audit Committee and approved by the Board of Directors at their meetings held on November 4, 2019.The Statutory Auditors of the Company have carried out a "Limited Review " of the results for the quarter and half year ended September 30 ,2019.

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

**For ISMT Limited**

Rajiv Goel
Chief Financial Officer

Place: Pune
Date: November 4, 2019

**Independent Auditor's Review Report on Standalone Unaudited Financial Results for the quarter and half year ended September 30, 2019 of ISMT Limited Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

To,
The Board of Directors,
ISMT Limited.

1. We have reviewed the accompanying Statement of Standalone Unaudited Financial Results of ISMT Limited ("the Company"), for the quarter and half year ended September 30, 2019("the Statement"), attached herewith, being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ('Listing Regulations'), which has been initialed by us for the purpose of identification. Attention is to drawn to the fact that Cash Flow Statement for the corresponding half year ended September 30, 2018, as reported in these unaudited standalone financial results have been approved by the Board of Directors, but have not been subjected to review.

2. The Statement, whichis the responsibility of the Company's management and approved by the Board of Directors in their respective meeting held on November 4, 2019 has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard (Ind AS) 34 "Interim Financial Reporting" prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.

3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the statement is free of material mis-statement. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

4. **Basis for qualified Conclusion:**

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 September 30, 2019. Taking into consideration the loss during the period ended September 30, 2019 and carried forward losses under the Income Tax, in our opinion, it is not probable that the MAT entitlement can be adjusted within the specified period against the future taxable profits under the provisions of Income Tax Act 1961. In view

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

of the same, in our opinion, the MAT entitlement cannot be continued to be recognised as an asset in terms of Ind AS-12 and "Guidance note on accounting for credit available in respect of MAT under the Income Tax Act, 1961". Non-writing off of the same has resulted in understatement of loss for the quarter and half year ended September 30, 2019 and overstatement of other equity by Rs.82.05 Crores.

b) The Company, through its subsidiary, has invested Rs. 48.43 Crores in Structo Hydraulics AB Sweden (SHAB). Net receivables (net of write offs/claims) to the company from SHAB against the supplies made is Rs. 13.01 Crores and payment made towards invocation of guarantee given by the company in respect of loans availed by SHAB is Rs. 33.33 Crores (USD 5 Million). The Company has received the approval from regulatory authorities for treating the said payment against invocation as equity investment in SHAB (considered as investment on adoption of IndAS) and the Company is taking steps for implementation of the same. SHAB has been incurring losses and its net worth is also eroded due to continuing losses. No provision for diminution in value of investment and net receivable against supplies is made by the company as explained in Note No.2 of the Statement. We are unable to comment on the same and ascertain its impact, if any, on net loss for the quarter and half year ended September 30, 2019 and other equity as on that date in respect of the above matters.

c) The Company had recognized claim in earlier years, of which outstanding balance as on September 30, 2019 is Rs. 39.53 Crores, against Maharashtra State Electricity Distribution Company Ltd. (MSEDCL) for non-implementation of Energy Banking Agreement. The Company had appealed to Appellate Tribunal (APTEL) against the order passed by Maharashtra Electricity Regulatory Commission (MERC) and the same has been dismissed by the APTEL. The Company has preferred appeal before the hon'ble Supreme Court against the order of APTEL. The realization of this claim is contingent and dependent upon the outcome of the decision of the Supreme Court. In our opinion the recognition of above claim, being contingent asset in nature, is not in conformity with "Ind AS-37, Provisions, Contingent liabilities and Contingent assets". Recognition of the above claim has resulted in overstatement of other equity by Rs. 39.53 Crores as at September 30, 2109. Refer Note No. 3 (i) of the Statement.

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(ii) of the Statement; hence, the CPP is measured on September 30, 2019 at the carrying amount of Rs. 233.93 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 the net loss for the quarter and half year ended September 30, 2019 and other equity as on that date.

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.116.49 Crores on Balance Sheet date for the reasons stated in Note No.9 of the Statement. Hence impairment loss, if any, is not recognised as required by Ind AS 36 "Impairment of the Assets". In view of the aforesaid, we are unable to determine the impact of the same, if any, on the net loss for the quarter and half year ended September 30, 2019 and other equity as on that date.

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 reasons stated in Note No. 7 of the Statement. The quantum and its impact, if any, on the net loss for the quarter and half year ended September 30, 2019 and other equity on that date is unascertainable.

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

5. Based on our review conducted and procedure performed as stated in paragraph 3 above,with the exception of the matter described in the Basis for Qualified Conclusion in Paragraph 4 above, nothing has come to our attention that causes us to believe that the accompanying statement prepared in accordance with recognition and management principles laid down in aforesaid Indian Accounting Standard ("Ind AS")and other recognized accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 of the Listing Regulations, as amended from time to time, including the manner in which it is to be disclosed, or that it contains any material misstatement.

6. **Emphasis of Matters:**

We draw attention to the following matters in Notes to the Statement;

a) Note No 4 of the Statement, regarding remuneration payable to Managing Director and Executive Director amounting to Rs. 0.84 Crores for the quarter ended September 30, 2019 and cumulative up to September 30, 2019 amounting to Rs.7.70 Crores is subject to approval of Lenders.

b) The Company has accumulated losses and its net worth has been fully eroded, the company has incurred net cash loss during the period ended September 30, 2019 and previous years and the company's current liabilities exceeded its current assets as at September 30, 2019. These conditions indicate the existence of a material uncertainty about the Company's ability to continue as a going concern. However, the financial results of the company have been prepared on a going concern basis for the reasons stated in the Note No. 8 of the Statement.

Our conclusion on the Statement is not modified in respect of the above matters.

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

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

Bharat

**CA Bharat Jain**
Partner
Membership No.: 100583
UDIN:19100583AAAAFU3990

Place: Pune
Date: November 4, 2019

ISMT Limited
Regd. Office : Lunkad Towers , Viman Nagar, Pune 411 014, Maharashtra.
Phone : 020-41434100, Fax : 020-26630779, E-Mail : secretarial@ismt.co.in,
Web : www.ismt.com, CIN : L27109PN1999PLC016417

STATEMENT OF CONSOLIDATED UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND HALF YEAR ENDED SEPTEMBER 30, 2019

Rs. in Crores

| Sr. No | Particulars | Consolidated | | | | | |
|---|---|---|---|---|---|---|---|
| | | Quarter ended Sept. 30, 2019 | Quarter ended June 30, 2019 | Quarter ended Sept. 30, 2018 | Half Year ended Sept. 30 ,2019 | Half Year ended Sept. 30 ,2018 | Year ended March 31, 2019 |
| | | **Unaudited** | **Unaudited** | **Unaudited** | **Unaudited** | **Unaudited** | **Audited** |
| 1 | **Income** | | | | | | |
| | **Revenue from Operations** | | | | | | |
| | **Sales of Products** | **427.03** | **559.31** | **660.89** | **986.34** | **1,303.08** | **2,577.79** |
| | Less : Inter Segment Transfers | 71.48 | 85.20 | 161.57 | 156.68 | 316.03 | 541.28 |
| | Inter Division Transfers | 21.73 | 28.01 | 20.56 | 49.74 | 43.35 | 86.67 |
| | Sale to Subsidiary Company | 19.01 | 30.27 | 33.67 | 49.28 | 68.91 | 126.92 |
| | (a) Gross Sales | 314.81 | 415.83 | 445.09 | 730.64 | 874.79 | 1,822.92 |
| | (b) Other Operating Revenue | 6.61 | 7.12 | 7.45 | 13.73 | 15.28 | 30.71 |
| | **(c) Revenue from Operations - Net (a+b)** | **321.42** | **422.95** | **452.54** | **744.37** | **890.07** | **1,853.63** |
| | (d) Other Income | 4.07 | 1.70 | 1.56 | 5.77 | 3.60 | 7.39 |
| | **Total Revenue - (c+d)** | **325.49** | **424.65** | **454.10** | **750.14** | **893.67** | **1,861.02** |
| 2 | **Expenses** | | | | | | |
| | (a) Cost of Materials Consumed | 146.09 | 251.35 | 243.05 | 397.44 | 471.32 | 977.65 |
| | (b) Changes in inventories of finished goods, work -in - progress and stock-in-trade | 15.86 | (18.72) | (13.92) | (2.86) | (25.79) | 10.37 |
| | (c) Employee Benefits Expense | 36.37 | 37.49 | 35.18 | 73.86 | 68.38 | 144.58 |
| | (d) Finance Costs | 69.05 | 65.40 | 73.15 | 134.45 | 143.78 | 277.86 |
| | (e) Depreciation | 15.95 | 16.06 | 14.76 | 32.01 | 29.45 | 56.89 |
| | (f) Other Expenses | 101.05 | 120.42 | 156.69 | 221.47 | 320.10 | 605.38 |
| | **Total Expenses** | **384.37** | **472.00** | **508.91** | **856.37** | **1,007.24** | **2,072.73** |
| 3 | Profit / (Loss) before exceptional item and Tax ( 1-2 ) | (58.88) | (47.35) | (54.81) | (106.23) | (113.57) | (211.71) |
| 4 | Exceptional items – a) Foreign Exchange (Gain) / Loss | (1.02) | 4.48 | (6.26) | 3.46 | (7.24) | 4.92 |
| | b) Depreciation on reclassification of assets held for sale | - | - | - | - | - | 20.38 |
| 5 | **Profit / (Loss) before tax (3- 4)** | **(57.86)** | **(51.83)** | **(48.55)** | **(109.69)** | **(106.33)** | **(237.01)** |
| 6 | Tax Expenses : | | | | | | |
| | (a) Current Tax | - | - | - | - | - | - |
| | (b) Earlier Years Tax | (1.90) | - | - | (1.90) | - | - |
| | (c) Deferred Tax ( Refer Note No.5) | - | - | - | - | - | - |
| 7 | **Profit / (Loss) after tax (5-6)** | **(55.96)** | **(51.83)** | **(48.55)** | **(107.79)** | **(106.33)** | **(237.01)** |
| 8 | Other Comprehensive Income (net of tax) | | | | | | |
| | (a) Items that will not be reclassified to Profit or Loss | | | | | | |
| | Gain on Remeasurement of Defined Benefit Plan | (0.26) | (0.35) | (0.16) | (0.61) | (0.34) | (0.84) |
| | (b) Items that will be reclassified to Profit or Loss | | | | | | |
| | Foreign Currency Translation Reserve | (1.69) | 5.61 | (4.22) | 3.92 | 8.23 | 14.30 |
| 9 | Other Comprehensive Income (Net of tax) | (1.95) | 5.26 | (4.38) | 3.31 | 7.89 | 13.46 |
| 10 | **Total Comprehensive Income for the period ( 7+9)** | **(57.91)** | **(46.57)** | **(52.93)** | **(104.48)** | **(98.44)** | **(223.55)** |
| | **Profit / (Loss) attributable to :** | | | | | | |
| | Equity Shareholders of Parent | (56.04) | (51.82) | (48.56) | (107.86) | (106.33) | (237.00) |
| | Non Controlling Interest | 0.08 | (0.01) | 0.011 | 0.07 | (0.001) | (0.01) |
| | **Other Comprehensive Income attributable to :** | | | | | | |
| | Equity Shareholders of Parent | (1.94) | 5.25 | (4.36) | 3.31 | 7.85 | 13.41 |
| | Non Controlling Interest | (0.01) | 0.01 | **(0.02)** | 0.001 | 0.04 | 0.05 |
| | **Total Comprehensive Income attributable to :** | | | | | | |
| | Equity Shareholders of Parent | (57.98) | (46.57) | (52.92) | (104.55) | (98.48) | (223.59) |
| | Non Controlling Interest | 0.07 | - | (0.01) | 0.07 | 0.04 | 0.04 |
| 11 | Paid-up Equity Share Capital (Face Value of Rs. 5/- per share) | 73.25 | 73.25 | 73.25 | 73.25 | 73.25 | 73.25 |
| 12 | Reserves Excluding Revaluation Reserve | - | - | - | - | - | (1,144.38) |
| 13 | Earnings per share | | | | | | |
| | Basic & Diluted Earnings per share of Rs.5/- each (Rs) ( not annualised) | (3.82) | (3.54) | (3.31) | (7.36) | (7.26) | (16.18) |

M.D.N.V & Co. Pune Chartered Accountants

ISMT Limited

SEGMENT WISE CONSOLIDATED UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND HALF YEAR ENDED SEPTEMBER 30, 2019.

Rs. in Crore

| Sr No | Particulars | Consolidated | | | | | |
|---|---|---|---|---|---|---|---|
| | | Quarter ended Sept. 30, 2019 | Quarter ended June 30, 2019 | Quarter ended Sept. 30, 2018 | Half Year ended Sept. 30 ,2019 | Half Year ended Sept. 30 ,2018 | Year ended March 31, 2019 |
| | | Unaudited | Unaudited | Unaudited | Unaudited | Unaudited | Audited |
| 1 | **Segment Revenue** | | | | | | |
| | a) Gross Sales – Tube | 282.02 | 393.10 | 382.07 | 675.12 | 747.66 | 1,558.28 |
| | Less : Inter Division | 21.73 | 28.01 | 20.56 | 49.74 | 43.35 | 86.67 |
| | : Sale to Subsidiary Companies | 19.01 | 30.27 | 33.67 | 49.28 | 68.91 | 126.92 |
| | **Sub total** | **241.28** | **334.82** | **327.84** | **576.10** | **635.40** | **1,344.69** |
| | b) Gross Sales – Steel | 145.01 | 166.21 | 278.82 | 311.22 | 555.42 | 1,019.51 |
| | Less : Inter Segment | 71.48 | 85.20 | 161.57 | 156.68 | 316.03 | 541.28 |
| | **Sub total** | **73.53** | **81.01** | **117.25** | **154.54** | **239.39** | **478.23** |
| 2 | **Total Segment Revenue** | **314.81** | **415.83** | **445.09** | **730.64** | **874.79** | **1,822.92** |
| | **Segment Results** | | | | | | |
| | Profit / ( Loss) after Depreciation and Before Finance Costs & Exceptional items,Unallocable income (net) and Tax. | | | | | | |
| | a) Tube | 8.68 | 19.32 | 10.48 | 28.00 | 14.59 | 49.25 |
| | b) Steel * | (0.34) | (0.42) | 6.53 | (0.76) | 14.44 | 13.57 |
| | Total | 8.34 | 18.90 | 17.01 | 27.24 | 29.03 | 62.82 |
| | Less : Finance Costs | 69.05 | 65.40 | 73.15 | 134.45 | 143.78 | 277.86 |
| | : Exceptional items - Foreign Exchange ( Gain) / Loss | (1.02) | 4.48 | (6.26) | 3.46 | (7.24) | 4.92 |
| | : Depreciation on reclassification of assets held for sale | - | - | - | - | - | 20.38 |
| | Add : Unallocable Income ( Net of Unallocable Expenses) | 1.83 | (0.85) | 1.33 | 0.98 | 1.18 | 3.33 |
| | **Total Profit / ( Loss) Before Tax** | **(57.86)** | **(51.83)** | **(48.55)** | **(109.69)** | **(106.33)** | **(237.01)** |
| | Less : Tax Expenses | | | | | | |
| | Current Tax | - | - | - | - | - | - |
| | Earlier years Tax | (1.90) | - | - | (1.90) | - | - |
| | Deferred Tax (Refer Note No.5) | - | - | - | - | - | - |
| 3 | **Total Profit / ( Loss) After Tax** | **(55.96)** | **(51.83)** | **(48.55)** | **(107.79)** | **(106.33)** | **(237.01)** |
| | **Capital Employed** | | | | | | |
| | **Segment Assets** | | | | | | |
| | a) Tube | 1,433.78 | 1,502.92 | 1,468.60 | 1,433.78 | 1,468.60 | 1,493.90 |
| | b) Steel | 407.78 | 392.74 | 438.60 | 407.78 | 438.60 | 393.00 |
| | c) Unallocable | 568.56 | 571.66 | 589.73 | 568.56 | 589.73 | 556.00 |
| | **Total Assets** | **2,410.12** | **2,467.32** | **2,496.93** | **2,410.12** | **2,496.93** | **2,442.90** |
| | **Segment Liabilities** | | | | | | |
| | a) Tube | 181.33 | 150.49 | 128.44 | 181.33 | 128.44 | 131.38 |
| | b) Steel | 44.38 | 68.40 | 76.69 | 44.38 | 76.69 | 59.72 |
| | c) Unallocable | 3,158.58 | 3,164.72 | 3,036.43 | 3,158.58 | 3,036.43 | 3,121.52 |
| | **Total Liabilities** | **3,384.29** | **3,383.61** | **3,241.56** | **3,384.29** | **3,241.56** | **3,312.62** |

* Includes profit on steel captively consumed by Tube Segment

M/S. D N V & Co. ★ Pune ★ Chartered Accountants

ISMT LIMITED

STATEMENT OF ASSETS AND LIABILITIES

Rs. In Crore

| Particulars | Consolidated | |
|---|---|---|
| | As at September 30, 2019 | As at March 31, 2019 |
| | Unaudited | Audited |
| **A ASSETS** | | |
| **1 Non - Current Assets** | | |
| a) Property, Plant and Equipment | 1,383.45 | 1,404.83 |
| b) Capital Work-in-Progress | 95.06 | 91.01 |
| c) Goodwill on Consolidation | 37.67 | 37.67 |
| d) Financial Assets | | |
| i) Loans | 26.96 | 24.27 |
| ii) Other Financial Assets | - | - |
| e) Deferred Tax Asset ( Net) | 82.05 | 82.05 |
| f) Other Non Current Assets | 50.05 | 49.51 |
| **Sub Total** | **1,675.24** | **1,689.34** |
| **2 Current Assets** | | |
| a) Inventories | 337.46 | 349.98 |
| b) Financial Assets | | |
| i) Trade Receivables | 209.34 | 249.53 |
| ii) Cash and Cash Equivalents | 68.66 | 65.81 |
| iii) Bank Balance Other than (ii) above | 16.88 | 13.48 |
| iv) Loans | 1.15 | 1.14 |
| v) Other Financial Assets | 0.87 | 0.97 |
| c) Current Tax Assets ( Net) | 2.70 | 4.73 |
| d) Other Current Assets | 97.83 | 67.91 |
| **Sub Total** | **734.89** | **753.55** |
| **Total Assets** | **2,410.13** | **2,442.89** |
| **B EQUITY AND LIABILITIES** | | |
| **EQUITY** | | |
| a) Equity Share Capital | 73.25 | 73.25 |
| b) Other Equity | (1,047.38) | (942.86) |
| c) Non Controlling Interest | (0.04) | (0.11) |
| **Total Equity** | **(974.17)** | **(869.72)** |
| **LIABILITIES** | | |
| **1 NON-CURRENT LIABILITIES** | | |
| a) Financial Liabilities | | |
| i) Borrowings | 220.35 | 277.48 |
| ii) Other Financial Liabilities | - | - |
| b) Provisions | 8.57 | 7.76 |
| c) Other Non Current Liabilities | 0.09 | 0.51 |
| **Sub Total** | **229.01** | **285.75** |
| **2 CURRENT LIABILITIES** | | |
| a) Financial Liabilities | | |
| i) Borrowings | 1,018.17 | 1,056.31 |
| ii) Trade Payables | | |
| - Dues of Micro & Small Enterprises | 7.92 | 12.05 |
| - Dues of Creditors other than micro & Samll Enterprises | 78.12 | 89.45 |
| iii) Other financial Liabilities | 2,035.07 | 1,849.79 |
| b) Other Current Liabilities | 13.63 | 17.08 |
| c) Provisions | 2.38 | 2.18 |
| **Sub Total** | **3,155.29** | **3,026.86** |
| **TOTAL EQUITY AND LIABILITIES** | **2,410.13** | **2,442.89** |

M/s. D N V & Co. ★ Pune ★ Chartered Accountants

SMT Limited

STATEMENT OF CONSOLIDATED UN-AUDITED CASH FLOW FOR THE HALF YEAR ENDED SEPTEMBER 30, 2019

Rs. in Crore

| | Particulars | As at September 30,2019 | | As at September 30,2018 | |
|---|---|---|---|---|---|
| i) | **CASH FLOW FROM OPERATING ACTIVITIES :** | | | | |
| | **Net Profit / ( Loss ) Before Tax** | | **(109.69)** | | **(106.33)** |
| | Adjustments for : | | | | |
| | Depreciation | 32.01 | | 29.45 | |
| | Finance Costs | 134.45 | | 143.78 | |
| | Interest Income | (4.75) | | (2.35) | |
| | Unrealised Exchange (Gain) / Loss | 1.32 | | 4.28 | |
| | Provision for Doubtful Debts | - | | 3.83 | |
| | Foreign Currency Translation Reserve | 5.04 | | (13.55) | |
| | Provision for expected credit loss | - | | (0.46) | |
| | Remeasurement of Defined Benefit Plan | (0.61) | 167.46 | (0.34) | 164.64 |
| | **Operating Cash Profit before Working Capital Changes** | | **57.77** | | **58.31** |
| | Adjustments for : | | | | |
| | Trade and Other Receivables | 3.51 | | (10.23) | |
| | Inventories (Increase) / Decrease | 12.52 | | (20.25) | |
| | Trade Payables and Other Liabilities | (18.47) | (2.44) | 14.69 | (15.79) |
| | Taxes (Paid ) / Refund | | 3.93 | | (0.09) |
| | **Net Cash flow from Operating Activities** | | **59.26** | | **42.43** |
| ii) | **CASH FLOW FROM INVESTING ACTIVITIES :** | | | | |
| | Purchase of Property, Plant and Equipment | (12.13) | | (16.71) | |
| | Interest Received | 4.49 | | 1.86 | |
| | **Net Cash used in Investing Activities** | | **(7.64)** | | **(14.85)** |
| iii) | **CASH FLOW FROM FINANCING ACTIVITIES :** | | | | |
| | Proceeds from /(Repayment of) Borrowings | (44.96) | | 8.21 | |
| | Interest Paid | (3.81) | | (10.50) | |
| | **Net Cash from Financing Activities** | | (48.77) | | (2.29) |
| | **Net Increase / (Decrease) in Cash and Cash Equivalents** | | **2.85** | | **25.29** |
| | Cash and Cash Equivalents at the beginning of the year* | | 65.81 | | 35.84 |
| | Cash and Cash Equivalents at the end of the year * | | 68.66 | | 61.13 |
| | **Net Increase / (Decrease) in Cash and Cash Equivalents** | | **2.85** | | **25.29** |

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

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

**NOTES ON CONSOLIDATED UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND HALF YEAR ENDED SEPTEMBER 30, 2019.**

1. The Parent Company had exercised the option as per Para 46A inserted in the AS-11 for treatment of exchange difference on long term monetary liabilities and opted to avail exemption as per para D13AA of Ind AS 101 "First –time Adoption of Indian Accounting Standards". Accordingly, Exchange Loss of Rs. 4.27 Crore for the quarter ended September 30, 2019 and Rs. 3.95 Crore for the half year ended September 30, 2019 has been adjusted to the respective Property, Plant & Equipment.

2. 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 September 30, 2019 is Rs. 39.53 Crore, representing excess energy charges paid to Maharashtra State Electricity Distribution Company Limited (MSEDCL) on account of non-availability of banking of energy facility. There has been no further accrual since April 1, 2014 on account of suspension of operation of power plant.

   Being a sub-judice matter, it is not possible to reasonably or reliably determine the recoverable amount; hence the receivable from MSEDCL is measured on the 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 quarter and half year ended September 30, 2019, is not ascertainable.

   ii) Considering prevailing uncertainties of running the 40 MW Captive Power Project (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 September 30 ,2019 at the carrying amount of Rs 233.93 Crore. The financial effect, if any, of the same on consolidated net loss for the quarter and half year ended September 30, 2019 is not ascertainable.

3. Employee Benefits Expense includes remuneration payable to the Managing Director and Executive Director of the Parent Company for the quarter ended September 30, 2019 of Rs. 0.84 Crore ( Rs. 7.70 Crore cumulative up to September 30, 2019) is subject to approval of lenders.

4. 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 of Rs. 82.05 Crore as at September 30, 2019, if any, shall be charged in the Statement of Profit and Loss to the extent it lapses in the respective years. The Parent Company is in the process of evaluating the options permitted under section 115BAA of the income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) ordinance, 2019, including the impact of the proposed restructuring of the debt. The financial effect, if any, of the same on consolidated net loss for quarter and half year ended September 30, 2019 is not ascertainable.

5. Deferred Tax Asset in respect of carried forward losses is recognized to the extent of Deferred Tax Liability.

6. Consequent to RBI Circular dated February 12, 2018 the lenders of the Parent Company have decided to explore assignment of debt as a Resolution Plan. Accordingly, Banks holding about 71 % of the principal debt have assigned their debt to Asset Reconstructing Companies (ARCs) while Banks holding most of the remaining debt are also pursuing the process for assignment of debt to ARCs. ARCs in turn are expected to restructure the debt on a sustainable basis which inter alia could necessitate downsizing of debt including interest. Majority of lenders have signed Inter Creditor Agreement (ICA) in line with RBI guidelines agreeing to restructure the debt. There has been a substantial progress on the Resolution Plan agreed to by the Banks and restructuring process is also initiated by the Parent Company for the debt. 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,

M/s. D N V ★ Pune Chartered Accountants

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 quarter and half year ended September 30, 2019 is not ascertainable.

7. As a result of various measures taken by the Group, Revenue and EBIDT of the Group has been continuously improving on year to year basis since financial year 2015-16 onwards. The EBIDT for the half year ended September 30, 2019 Rs. 60.23 Crore as against Rs. 59.66 Crore for the corresponding half year ended September 30, 2018. The levy of anti-dumping duty by the Government of India on import of tubes from China and pick-up in demand are some of other factors resulting in increase in Revenue and EBIDT. There has also been a substantial progress on the Resolution Plan agreed to by the Banks of the Parent Company. Accordingly the Group has continued to prepare its consolidated financial results on 'Going Concern Basis'.

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

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

   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 the project as required by Ind AS 36 "Impairment of Assets" and hence the aforesaid asset is measured as at September 30 ,2019 at the carrying amount of Rs 104.56 Crore. The financial effect, if any, of the same on consolidated net loss for the quarter and half year ended September 30, 2019 is not ascertainable.

9. The Group has adopted modified retrospective approach as per Para C 8 (c) (ii) of "Ind AS 116 – Leases" to its leases, effective April 1, 2019. This has resulted in recognizing right- of- use (ROU) assets of Rs. 7.36 Crore and a corresponding Lease liability of Rs. 7.36 Crore as at April 1, 2019. In the statement of profit and loss for the current period, operating Lease expenses has changed to depreciation cost for the ROU assets and finance cost for interest accrued on lease liability. The effect of adoption of Ind AS 116 on the results for the quarter and half year ended September 30, 2019 is not material. To this extent, performance for the current and half year ended September 30, 2019 is not comparable with the previous results.

10. The comparative figures have been regrouped and reclassified to meet the current quarter's / years classification.

11. The above results have been reviewed by the Audit Committee and approved by the Board of Directors at their meetings held on November 4, 2019. The Statutory Auditors of the Company have carried out a "Limited Review "of the results for the quarter and half year ended September 30, 2019.

**For ISMT Limited**

Rajiv Goel
Chief Financial Officer

Place: Pune
Date: November 4, 2019

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

# D N V & Co. Chartered Accountants

**Independent Auditor's Review Report on Consolidated Unaudited Financial Results for the quarter and half year ended September 30, 2019 of ISMT Limited Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

To,

The Board of Directors,

ISMT Limited.

1. We have reviewed the accompanying Statement of Consolidated Unaudited Financial Results ("the Statement") of ISMT Limited ("the Parent") and its subsidiaries (the Parent and its subsidiaries together referred to as "the Group") for the quarter and half year ended September 30, 2019 ("the Statement") being submitted by the Parent pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ('Listing Regulations'), which has been initialed by us for the purpose of identification. Attention is drawn to the fact that the consolidated figures for the corresponding quarter and half year ended September 2018 and Cash Flow Statement for the corresponding half year ended September 30, 2018 as reported in these unaudited consolidated financial results have been approved by the Parent's Board of Directors, but have not been subjected to review.

2. The Statement, which is the responsibility of the Parent Company's management and approved by the Board of Directors in their respective meeting held on November 4, 2019 has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard (Ind AS) 34 "Interim Financial Reporting" prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.

3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the statement is free of material mis-statement. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

   We also performed procedures in accordance with the circular issued by the SEBI under Regulation 33 (8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, to the extent applicable.

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

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Branch : Pune

4. The Statement includes the results of the following entities:

- List of Subsidiaries:

  ISMT Enterprises S.A Luxembourg, Structo Hydraulics AB Sweden, ISMT Europe AB Sweden, Tridem Port and Power Company Private Limited., Nagapattinam Energy Private Limited., Best Exim Private Limited., Success Power and Infraprojects Private Limited, Marshal Microware Infrastructure Development Company Private Limited., PT ISMT Resources, Indonesia, Indian Seamless Inc. USA.

**5. Basis for qualified Conclusion:**

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 September 30, 2019. Taking into consideration the loss during the period ended September 30, 2019 and carried forward losses under the Income Tax, in our opinion, it is not probable that the MAT entitlement can be adjusted within the specified period against the future taxable profits under the provisions of Income Tax Act 1961. In view of the same, in our opinion, the MAT entitlement cannot be continued to be recognised as an asset in terms of Ind AS-12 and "Guidance note on accounting for credit available in respect of MAT under the Income Tax Act, 1961". Non-writing off of the same has resulted in understatement of consolidated net loss for the quarter and half year ended September 30, 2019 and overstatement of other equity by Rs. 82.05 Crores.

b) The Parent Company had recognized claim in earlier years, of which outstanding balance as on September 30, 2019 is Rs. 39.53 Crores, against Maharashtra State Electricity Distribution Company Ltd. (MSEDCL) for non-implementation of Energy Banking Agreement. The Parent Company had appealed to Appellate Tribunal (APTEL) against the order passed by Maharashtra Electricity Regulatory Commission (MERC) and the same has been dismissed by the APTEL. The Parent Company has preferred appeal before the Hon'ble Supreme Court against the order of APTEL. The realization of this claim is contingent and dependent upon the outcome of the decision of the Supreme Court. In our opinion the recognition of above claim, being contingent asset in nature, is not in conformity with Ind AS-37, "Provisions, Contingent liabilities and Contingent assets". Recognition of the above claim has resulted in overstatement of other equity by Rs.39.53 Crores as at September 30, 2019. Refer Note No. 2 (i) of the Statement.

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 2(ii) of the Statement; hence, the CPP is measured on September 30, 2019 at the carrying amount of Rs. 233.93 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 the consolidated net loss for the quarter and half year ended September 30, 2019 and other equity as on that date.**

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

d) **The 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. 8 of the Statement. Hence, the TPP is measured on September 30, 2019 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 the consolidated net loss for the quarter and half year ended September 30, 2019 and other equity as on that date.

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. 6 of the Statement. The quantum and its impact, if any, on the consolidated net loss for the quarter and half year ended September 30, 2019 and other equity as on that date is unascertainable.

6. Based on our review conducted and procedure performed as stated in paragraph 3 above,with the exception of the matter described in the Basis for Qualified Conclusion Paragraph 5 above, nothing has come to our attention that causes us to believe that the accompanying statement prepared in accordance with recognition and management principles laid down in aforesaid Indian Accounting Standard ("Ind AS") and other recognized accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 of the Listing Regulations, as amended, including the manner in which it is to be disclosed, or that it contains any material misstatement.

7. **Emphasis of Matters:**

We draw attention to the following matters in the Notes to the Statement:

a) Note No. 3 of the Statement, regarding remuneration to Managing Director and Executive Director of the Parent Company amounting to Rs. 0.84 Crores for the quarter ended September 30, 2019 (Rs. 7.70 Crores cumulative up to September 30, 2019) is subject to approval of Lenders.

b) The Group has accumulated losses and its net worth has been fully eroded, the Group has incurred net cash loss during the period ended September 30, 2019 and previous years and the Group's current liabilities exceeded its current assets as at the balance sheet date. These conditions indicate the existence of a material uncertainty about the Group's ability to continue as a going concern. However, the consolidated financial statements of the Group have been prepared on a going concern basis for the reasons stated in the Note No. 7 of the Statement.

Our conclusion on the Statement is not modified in respect of the above matters.

8. **Other Matters:**

The consolidated unaudited financial results includes the interim financial information/ financial results of ten subsidiaries which have not been reviewed/audited by their auditors, whose unaudited interim financial information/ financial results reflect total assets of Rs. 353.18 Crores as at September 30,2019, total revenue of Rs. 21.28 Crores and Rs 61.09 Crores, total net profit/(loss) after tax of Rs. 1.20 Crores and Rs. (0.91) Cores, total comprehensive income /( loss) of Rs. 1.20 Crores and Rs. (0.91) Crores for the quarter and half year ended September 30, 2019 respectively and net cash outflows of Rs. 9.52 Crores for the half year ended September 30,2019 .These unaudited financial information/ financial results have been approved and furnished to us by the management. Our conclusion, in so far as it relates to the affairs of these subsidiaries, is based solely on such unaudited financial information/ financial results. According to the information and explanations given to us by the Management, these interim financial information / financial results are not material to the Group.

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

Our conclusion on the Statement in respect of matter stated above is not modified with respect to our reliance on the financial results/ financial information certified by the management.

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

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

CA Bharat Jain
Partner
Membership No.: 100583
UDIN: 19100583AAAAFV2065

Place: Pune
Date: November 4, 2019