

# ANNUAL REPORT 2016-17

**ISMT** LIMITED  

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**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 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.

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 Limited'.

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).

## COMPANY INFORMATION

### Board of Directors

S C Gupta	-	Chairman
B R Taneja	-	Managing Director
Rajiv Goel	-	Whole-time Director & Chief Financial Officer
O P Kakkar	-	Director
Deepa Mathur	-	Director
Shyam Powar	-	Director
J P Sureka	-	Director
Ajit Ingle	-	Nominee Director of IDBI Bank Limited

### Company Secretary

Jaikishan Pahlani

### Auditors

M/s. P. G. Bhagwat, Chartered Accountants  
J. K. Shah & Co., Chartered Accountants

### Cost Auditors

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

### Bankers

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

Bank of India  
Bank of Maharashtra  
ICICI Bank Limited  
State Bank of India  
IKB Deutsche Industrie Bank AG

### Registered Office

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

### Works

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

### Registrar & Share Transfer Agent

Karvy Computershare Private Limited

**PHYSICAL SUMMARY**

(Tonnes Per Annum)

<b>A. TUBE DIVISION</b>										
<b>Particulars</b>	<b>2016-17</b>	<b>2015-16</b>	<b>2014-15</b>	<b>2013-14</b>	<b>2012-13</b>	<b>2011-12</b>	<b>2010-11</b>	<b>2009-10</b>	<b>2008-09</b>	<b>2007-08</b>
Production	<b>94652</b>	72854	113982	147180	138571	185976	167187	135782	145429	162276
Sales	<b>95427</b>	74624	115910	145052	141980	183194	165662	132156	144242	159062
Captive	<b>6575</b>	2807	4802	5007	13539	21553	19992	14652	16025	19150
External	<b>88852</b>	71817	111108	140045	128441	161641	145670	117504	128217	139912
of which:										
- Domestic	<b>80863</b>	60058	81074	107783	83695	104355	101499	92363	86422	101208
- Exports	<b>7988</b>	11759	30034	32262	44745	57286	44171	25141	41795	38704

(Tonnes Per Annum)

<b>B. STEEL DIVISION</b>										
<b>Particulars</b>	<b>2016-17</b>	<b>2015-16</b>	<b>2014-15</b>	<b>2013-14</b>	<b>2012-13</b>	<b>2011-12</b>	<b>2010-11</b>	<b>2009-10</b>	<b>2008-09</b>	<b>2007-08</b>
Production	<b>126417</b>	123601	203932	244888	216319	268638	254070	231395	202392	237914
Sales	<b>126124</b>	122638	208054	246410	214796	267296	256347	227866	201601	244684
Captive	<b>42597</b>	41567	116910	165222	137255	157913	148990	133976	145394	157862
External	<b>83527</b>	81071	91144	81189	77541	109383	107357	93890	56207	86822
of which:										
- Domestic	<b>83527</b>	81052	90938	80995	77497	108975	107174	93390	55865	86320
- Exports	<b>0</b>	19	206	193.53	44	408.1	183	500	342	502

## KEY PARAMETERS

Rs. in Crore

Particulars	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08
<b>Operations :</b>										
Gross Sales	1,419	1,331	2,320	2,563	2,513	2,981	2,553	1,914	2,308	2,051
Net Sales	1,029	968	1,463	1,495	1,511	1,879	1,602	1,185	1,285	1,180
- Tube Sales	638	566	979	1,072	1,098	1,302	1,071	777	980	827
- Steel Sales	391	402	484	424	413	578	532	408	304	353
- Exports	77	110	282	291	412	501	328	176	354	247
- Imports	145	177	443	566	492	551	364	268	195	60
- Exports (% of Total Tube sales)	12.1%	19.4%	28.8%	27.1%	37.5%	38.5%	30.7%	22.6%	36.1%	29.8%
Raw Material (% of Net Sales)	52.1%	54.6%	55.2%	50.0%	49.9%	51.1%	46.3%	42.3%	50.1%	48.3%
Energy Cost (% of Net Sales)	19.0%	19.6%	20.7%	21.3%	19.6%	18.3%	18.1%	18.1%	13.3%	14.7%
<b>Profitability :</b>										
EBIDTA	50	34	46	103	179	265	275	218	251	226
- EBIDTA margin	4.7%	3.4%	3.0%	6.5%	11.1%	13.5%	16.5%	18.1%	19.1%	18.6%
Net Profit / (Loss)	(288)	(382)	(221)	(170)	(100)	29	75	75	56	100
- Net Profit / (Loss) Margin	-27.2%	-38.1%	-14.6%	-10.8%	-6.2%	1.5%	4.5%	6.2%	4.3%	8.3%
Net worth	(352)	(64)	279	304	490	582	618	578	529	533
<b>Finance :</b>										
Total Debt	2,613	1,999	1,578	1,446	1,200	1,087	925	871	895	726
Term Debt	1,324	1,111	1,119	981	878	972	853	762	795	630
Total Finance Costs	269	280	226	184	153	121	91	79	82	67
- Total Finance Costs (% of Net Sales)	26.1%	28.9%	15.5%	12.3%	10.1%	6.43%	5.7%	6.6%	6.4%	5.6%
- Foreign Currency Debt (% Term Debt)	21.5%	26.4%	38.2%	63.8%	85.2%	78.1%	61.6%	79.7%	78.2%	88.7%
Net Block	1,465	1,524	1,577	1,340	1,388	1,427	1,361	1,223	1,148	1,021
<b>General :</b>										
Average Market Capitalization	156	118	230	151	317	500	766	636	467	1,289
Book Value (Rs. Per Share)	(24.03)	(4.35)	19.02	20.78	33.43	39.72	42.16	39.42	36.11	36.41

## Directors' Report

To the Members of ISMT Limited

The Directors have pleasure in presenting the 19th Annual Report and Audited Financial Statements of the Company for the year ended March 31, 2017.

### FINANCIAL HIGHLIGHTS

Rs. in Crore

Particulars	Financial Year	
	2016-17	2015-16
Gross Sales	<b>1418.72</b>	1331.28
Profit/ (Loss) before Finance Charges, Depreciation, Amortization & Tax (EBIDTA)	<b>50.25</b>	33.65
Cash Profit/ (Loss)	<b>(217.81)</b>	(300.99)
Gross Profit/ (Loss)	<b>(218.64)</b>	(246.47)
Profit/ (Loss) Before Tax	<b>(288.44)</b>	(372.82)
Taxation	-	(9.39)
Net Profit/ (Loss)	<b>(288.44)</b>	(382.21)
Add : Balance brought forward from Previous Year	<b>(854.40)</b>	(472.19)
<b>Balance carried to Balance Sheet</b>	<b>(1142.84)</b>	(854.40)

### DIVIDEND

Your Directors are unable to recommend a dividend for year ended on March 31, 2017 in view of loss.

### RESERVES

No amount was proposed to be transferred to Reserves.

### OPERATIONS

Both the tube and steel segments continued to operate at low capacity utilization levels. However, on account of cost reduction and other measures undertaken by the Company, the EBIDTA for the year went up by 50%.

The Company had declared lock-out at its Steel Plant with effect from February 16, 2017 which was lifted with effect from March 03, 2017.

### MARKET

Though the steel sales were flat, the tube sales recorded a healthy growth of 25%. The imposition of long term anti-dumping duty on imports from China, firming up of international oil prices and gradual pick up in economic activity are expected to drive the growth of both domestic and export markets.

### FINANCE

The Company is exploring various strategic options for raising long term funds including equity to meet capex and working capital requirements of the Company and to also facilitate restructuring of its debt as per the prevailing RBI guidelines. The Company is working with advisers and lenders in taking this process further.

### CAPTIVE POWER

The order passed by the APTEL dismissing Company's appeal against MERC order is challenged by the Company before the Hon'ble Supreme Court of India which has already been admitted by the Supreme Court. The Company is yet to receive Rs. 39.53 Crore from Maharashtra State Electricity Distribution Company Limited (MSEDCL) towards excess energy charges paid on account of non-availability of banking facility.

### SALE OF NON CORE ASSETS

The Company continued to work aggressively to find a buyer for sale of its non-core assets viz., Port and Power Project in Tamil Nadu and Captive Power Project in Chandrapur District, Maharashtra. The Company has taken various steps from time to time including engaging advisers, publishing advertisements and directly contacting potential buyers. However, the efforts of the Company have not yielded results primarily due to lack of investment appetite in the current economic scenario.

### ANTI DUMPING DUTY

Based on the final findings and recommendation of Directorate General of Anti-Dumping & Allied Duties (DGAD), Ministry of Finance (MoF) have imposed Anti-Dumping Duty for a period of five years vide notification dated February 17, 2017 on the imports of the seamless tubes and pipes originating in or exported from China. MoF had earlier had imposed Provisional Anti-Dumping Duty vide notification dated May 17, 2016.

The final duty is same as the provisional duty which is imposed by way of reference price separately for respective category of tubes.

### DIRECTORS AND 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.

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

The Independent Directors of the Company had given a declaration pursuant to Section 149(7) of the Act.

The Company has devised a Policy for performance evaluation of Independent Directors, Board, Committees and other individual Directors which include criteria for performance evaluation of the non-executive directors and executive directors as under:

- Knowledge and Skills.
- Familiarity with the Company and its business
- Monitoring Company's Corporate Governance Practices
- Development of strategies and risk management
- Participation and attendance in meetings
- Professional conduct
- Sharing of information

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

## Directors' Report (Contd.)

operates, business model of the Company and related matters are put up on the website of the Company at [www.ismt.co.in](http://www.ismt.co.in)

### AUDITORS REMARKS

In respect of the Qualified Opinion and Emphasis of Matter by the Auditors on the Standalone and Consolidated Financial Statement, it has been explained in the Notes forming part of said Financial Statements which are self-explanatory and therefore do not call for any further comments.

### COST AUDITORS

Pursuant to Section 148 of Companies Act, 2013 read with The Companies (Audit & Auditors) Rules, 2014, your Directors had, on recommendation of the Audit Committee, approved the appointment and remuneration of following Cost Auditors for Financial Year 2016-17:

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

The payment of remuneration for FY 2016-17 to aforesaid Cost Auditors is subject to ratification by the Members in the ensuing Annual General Meeting.

The Cost Audit Report for FY 2015-16 was filed within the prescribed time limit as per Companies (Cost Record and Audit Rules) 2014.

### SUBSIDIARIES

As on date of this report, the Company has ten direct and indirect subsidiary companies. In accordance with Section 129(3) of the Companies Act, 2013, a statement containing salient features of the financial statements of the subsidiary companies in Form AOC-1 is provided separately in this Annual Report. A report on the performance and financial position of each of the subsidiary companies is provided in the Financial Statements forming part of this Annual Report.

The Company has framed a Policy for determining Material Subsidiaries which is available on its website at [www.ismt.com](http://www.ismt.com).

### FIXED DEPOSITS

The Company has not accepted any deposits from the public.

### RESEARCH & DEVELOPMENT

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. Details of the R & D activities undertaken are enumerated in Annexure attached to this Report.

### MANAGEMENT DISCUSSION & ANALYSIS AND CORPORATE GOVERNANCE REPORT

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

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

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

### EXTRACT OF ANNUAL RETURN

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

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

The information required under Section 134 (3) (m) of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014 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 Companies Act, 2013, your Directors make the following statement:

- i) That in the preparation of the 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 and applied them consistently and made judgments and estimates, that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year March 31, 2017 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 and that such internal financial controls are adequate and 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 AND REMUNERATION POLICY

The Nomination and Remuneration Policy of the Company on director's appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a director and other matters is available on the website of the Company at [www.ismt.com](http://www.ismt.com).

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

Details pertaining to Section 197(12) of the Companies Act, 2013 read with Rules framed thereunder are forming part of this Report as Annexure 'C'.

### SECRETARIAL AUDIT REPORT

Pursuant to Section 204 of the Act and Rules made thereunder the Board has appointed M/s. MRM Associates, Company Secretaries in Practice as Secretarial Auditors to undertake the Secretarial Audit of the Company for the financial year ended March 31, 2017.

**Directors' Report (Contd.)**

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

**PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS**

Particulars of Loans, Guarantees and Investments covered under Section 186 of the Act has 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 existing internal financial control systems are being further strengthened to meet the requirements of the Auditors in terms of the new Guidelines.

**CORPORATE SOCIAL RESPONSIBILITY (CSR)**

Pursuant to Section 135 of the Companies Act, 2013 a CSR Committee constituted by the Board of Directors consists of three directors including one independent director.

In view of losses during three immediately preceding financial years, the Company was not required to spend on CSR activities in the year 2016-17.

**AUDIT COMMITTEE AND VIGIL MECHANISM**

Pursuant to Section 177 of the Companies Act, 2013 an Audit Committee constituted by the Board of Directors consists of three directors with independent director forming a majority.

The Whistle Blower Policy/ Vigil Mechanism of the Company was established by the Board of Directors and is available on the website of the Company at [www.ismt.com](http://www.ismt.com).

**CONTRACTS AND ARRANGEMENTS WITH RELATED PARTIES**

During the year, the Company had 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 and 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 the particulars of all Related Party Transactions in terms of AS-18 are forming part of the financial statements.

The Policy on materiality of related party transactions and dealing with related party transactions as approved by the Board may be accessed on the Company's website at [www.ismt.com](http://www.ismt.com)

**GENERAL**

1. No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.
2. Your Directors further state that during the year under review, there were no cases filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

**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 and the shareholders. The Board would also like to acknowledge the continued support of its bankers, vendors, clients and investors. The Directors also wish to place on record their appreciation of all the employees for their dedication and team work.

For and on behalf of the Board of Directors

Pune  
May 30, 2017

**S C Gupta**  
Chairman

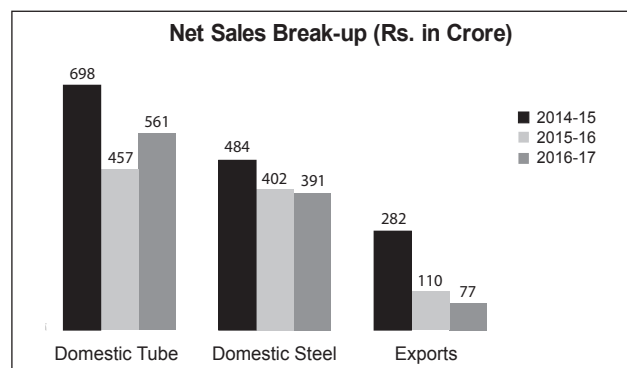


## Management Discussion and Analysis

There was a marginal increase in demand during the year for domestic segments however in export segment there was a drop. The economy did not revive as expected and oil prices stayed low for most part of the year which firmed up later part of the year.

### Company Performance:

Total Revenue	: Rs. 1059.25 Crore
EBDITA	: Rs. 50.25 Crore
Profit/ (Loss) after Tax	: Rs. (288.44) Crore



Steel sales volumes increased marginally by 3% over previous year. Domestic Tube Sales volumes saw a healthy increase of 35% in the current year over previous year. Export Tube Sales volumes however dropped sharply by 32% over previous year.

The Company had declared lock-out at its Steel Plant with effect from February 16, 2017 which was lifted with effect from March 03, 2017. This to some extent affected Steel sales adversely.

### Rs. in Crore

Particulars	2016-17	2015-16	% Change
<b>Net Sales</b>	<b>1029</b>	968	6%
Domestic			
- Tube	561	457	23%
- Steel	391	402	(3%)
Tube Exports	77	110	(30%)

## INDUSTRY STRUCTURE AND DEVELOPMENTS

### Seamless Tubes Industry

Seamless tubes have unique features of better surface finish and hence good machineability, excellent corrosion resistance properties, higher pressure ratings & 'Strength to weight' ratio, Uniform shape and longer life over other tube types. With newer technologies manufacturing of thinner tubes is resulting into increasing usage of Seamless Tubes for newer applications and industries. However, the higher capital investment, use of high

end technology & requirement of experienced manpower has restricted the use of Seamless Tubes in some of the sectors. Seamless Tubes find applications in Oil and Gas exploration industry, Power Sector, Automotive, Construction Equipment, Bearing, Material handling equipments, 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.

The Oil Exploration sector globally is the largest market for Seamless Tubes. Though the international oil prices firmed up in the later part of the year and were stable above USD 50 per barrel, the demand for seamless tubes and pipes did not increase as expected. In the domestic market, demand for seamless tubes in Auto Industry continued to increase. However lack of spending in Power and Infrastructure Sector failed to increase the demand of seamless tubes in the sector.

### Anti Dumping

There was a slight increase in domestic demand for seamless tubes and pipes. With imposition of Provisional Anti-Dumping Duty by Ministry of Finance on imports of seamless tubes and pipes originating in or exported from China, the market share of domestic players has gone up in the second half of the year.

The duty imposed is by way of reference price separately for respective category of tubes which range from USD 961 per MT to USD 1611 per MT depending on tube category. The duty will be in place for a period of five years i.e. up to May 2021.

### Steel Industry

ISMT is an established market leader in the production of specialty alloy and bearing Steel. With over 20 years of experience in the manufacture of special steels, the strength of the Company lies in its ability to produce very clean steels consistently and cost effectively; to produce hard to manufacture free machining steels; to develop and custom produce steels that meet specific mechanical or metallurgical requirements; and to deliver small lots of steels. The end user segments are largely Bearing, Automotive, Engineering and Forging Customers apart from some customers requiring steel for specialized application. The raw material prices have shown an increasing trend in the later part of the year.

ISMT operate one of the most modern alloy steel plants in the country where steel is produced through the electric arc furnace (EAF) route, is ladle refined, vacuum degassed, continuous cast and rolled.

## Management Discussion and Analysis (Contd.)

### Captive Power Plant

It was not economical for the Company to run the Captive Power Plant and accordingly operations of the Captive Power Plant remained suspended during the year.

### 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 and earth moving equipments
- d. Automotive & General Engineering : Applications in two wheeler to four wheeler as front forks, axel, Steeling columns, Air bag system etc.
- e. Bearings : Inner and outer races of Bearings
- f. Others : In greenfield projects for fluid transportation, Construction of Stadiums and airports, gas cylinders, crane booms etc.

international oil prices and levy of duties by U. S. on imports of certain category of seamless tubes from India which are used for oil sector, affected sales to oil and gas sector and the same dropped by 4% over previous year. There was not much movement in Power and Construction Equipment Industry and the sales dropped by 1% and increased by 1% to the respective sectors. There was an unexpected increase of 13% in sales to Others category which includes sales to traders and in commodity markets.

### OPPORTUNITIES & THREATS

#### Opportunities

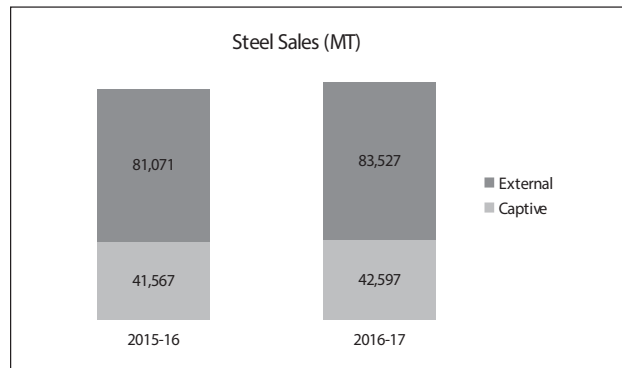
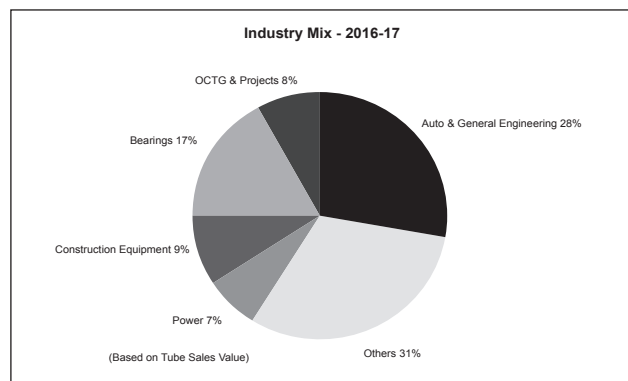
The imposition of Final Anti-Dumping Duty for a period of five years by way of referral prices will be a tremendous opportunity to increase the market share. The firming up of international oil prices coupled with 'Make in India' program of the Government of India provides a good ground to boost domestic and export sales.

#### Threats

There is always a threat of imposition of duties by various countries, mainly U.S., Latin America and Canada. on seamless tube imports from India. Denial of energy banking has already impacted the viability of the Captive Power Plant.

### SEGMENT-WISE / PRODUCT-WISE PERFORMANCE

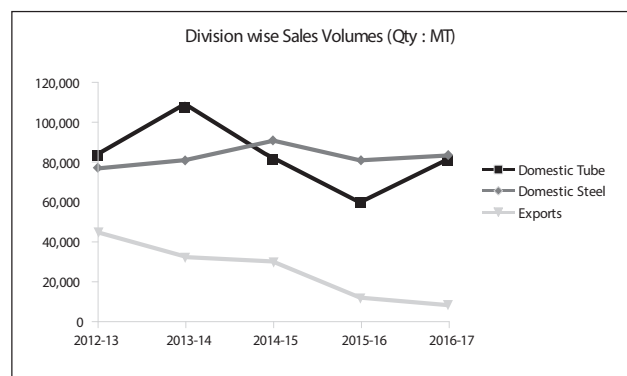
Your Company is engaged in manufacturing Seamless Tubes and Engineering Steels. Seamless Tube accounted for 62% of ISMT's total external sales value while Steel accounted for the balance 38%. Captive consumption of steel is same as that of last year at 34%.



Your Company this year saw some unexpected lows especially in the supplies to Bearing Industry. The Company's tube sales to the said industry in the last few years has been on an increasing trend. However this year the sales to Bearing Industry dropped by 11%. On the other hand sales to Auto and General Engineering maintained its increasing trend and was 28% as against 26% and 18% for FY 2015-16 and FY 2014-15 respectively. Drop in

As a result of imposition of Anti-Dumping Duty and marginal positive economic development due to government's 'Make in India' program, the domestic seamless tube sales increased by 35% over previous year. Domestic steel sales were stagnant and increased only by 3% over previous year. Duties on Indian imports by U. S. on certain seamless tube categories and overall weak demand for seamless tubes in international market led to drop in export sales volumes.

## Management Discussion and Analysis (Contd.)



### OUTLOOK

Levy of Final Anti-Dumping Duty on import of seamless tube into India from China coupled with 'Make in India' program of the Government of India is likely to lead Progressive increase in volume of the Company's product in domestic market. Firming of international oil prices late in the year is a good sign for higher global demand for seamless tubes which in turn will increase exports of the Company.

### RISKS & CONCERNS

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

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

### INTERNAL CONTROL SYSTEMS

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

### FINANCIAL PERFORMANCE

Some of the key financial parameters are as under:

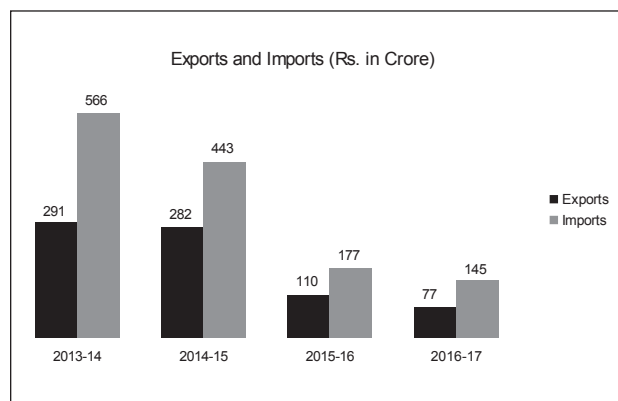
### Finance Cost

The Finance cost for the year reduced by Rs. 11 crore and stood at 26% of Net Revenue. The reduction in cost was mainly due to appreciation of Indian Rupee against USD & Euro.

During the year imported raw material consumption came down from Rs. 177 Crore in previous year to Rs. 145 Crore.

Exports are targeted to grow with further market penetration and revival of global economy. Going forward this shall lead to growing net Foreign Exchange inflows. The Company's forex exposure is managed both through a natural hedge and by contracting appropriate treasury products, with a view to balancing risks while optimizing borrowing costs. Appropriate hedging tools are used under the board approved risk management policy framework. The forex risk is reviewed periodically and managed in line with the objectives laid in the policy.

Foreign Currency Term Loans accounted for over 26% of the Company's outstanding term debt as on March 31, 2017 which is same as on March 31, 2016.



During the year the Company was eligible for Rs. 12.32 Crore as incentive under the Mega Project Incentive Scheme of Government of Maharashtra against Rs. 8.50 Crore Previous Year. Under this Scheme the Company is eligible for a total incentive of up to Rs. 195 Crore by 2017.

### Working Capital

The Inventory levels has increased marginally whereas debtors levels as on the Balance Sheet date has decreased significantly over corresponding period last year.

Particulars	Rs. in Crore	
	2016-17	2015-16
Inventory	323	331
Stock Turnover (times)	3.19	2.93
Debtors	200	154
Debtors Turnover (times)	5.14	6.29

**Management Discussion and Analysis (Contd.)**

In the current scenario whereby the Company's financials are stressed, the Company is making all possible efforts to keep the inventory and debtor's level at the minimum possible.

**Energy Cost**

Energy Cost accounted for 19% of the Company's net revenues at Rs. 196 Crore. In the current financial year, operations of the Captive Power Plant remained suspended.

Particulars	2016-17	2015-16	% change
<b>Power consumption</b> (KWH/ Ton of Production)			
- Steel Division	<b>884</b>	846	(5%)
- Tube Division	<b>735</b>	814	10%
<b>Avg. Electricity Rate per Unit</b> from MSEDCL(Rs. / KWH)	<b>7.48</b>	8.25	9%

One of the cost reduction measure taken by your Company to reduce energy cost was to buy power from open access which is cheaper than power supplied by State Electricity Board.

The reduction in power consumption in Tube Division is on account of increase in production by 30% for the year as compared to previous year.

In Steel Division, there are various factors apart from increase/decrease in production, which impact power consumption. Though production of Steel Division increased marginally by 2%, others factors such as scrap mix, stoppages etc. led to increase in power consumption by 5%.

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

Particulars	2016-17	2015-16	% Change
<b>Furnace oil Consumption</b> (K Ltrs/ Ton of Production)			
- Steel Division	<b>49</b>	52	6%
- Tube Division	<b>87</b>	95	8%
<b>Avg. Furnace Oil rate Rs. per Litre</b>	<b>24.78</b>	23.24	(7%)

Due to increase in capacity utilisation, the fuel consumption per Metric Ton of production of both seamless tubes & steel division decreased over previous year.

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

**HUMAN RESOURCES DEVELOPMENT AND INDUSTRIAL RELATIONS**

The Industrial relations continued to remain peaceful throughout the year. Owing to the reduction in number of employees, the personnel expenses increased by 4% during the year. The Company continues to believe that the culture of sharing knowledge within the employees and involving them to be part of the solution, enables the Company curtail costs and excel. In the current economic scenario, the focus was on aligning HR to support cost control and conserve cash, while ensuring organizational confidence and employee motivation, to enable the Company sail through the current challenges and prepare itself for the future opportunities.

**EMPLOYEE RELATED INFORMATION**

As on March 31, 2017

Particulars	Factory Locations	Others	Total
Managers	190	59	249
Officers & Staff	585	63	648
Workmen	1206	0	1206
<b>Total</b>	<b>1981</b>	<b>122</b>	<b>2103</b>

**CAUTIONARY STATEMENT**

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

## CORPORATE GOVERNANCE REPORT

### COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Corporate Governance is a set of principles, systems and processes to be followed by the Directors, Management and employees of the Company for enhancement of shareholder value keeping in view interest of stakeholders at large viz. Shareholders, Customers, Employees, Society, Suppliers, Lenders etc. The Company continues to adopt and practice the principles of good Corporate Governance while ensuring high level of integrity, accountability and transparency at all levels in the organisation. 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 the Directors of the Company has an optimum combination of executive and non-executive directors and comprises of 8 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 2016-17 and at the last Annual General Meeting, as also the number of other Directorships in other public companies and memberships in various committees across all public companies as on March 31, 2017 are as follows:

Name of the Director	Category	Financial Year 2016-17 Attendance at		No. of Directorships in other public companies*	Committee positions in other public companies**	
		Board Meetings	Last AGM		Member	Chairman
Mr. S.C. Gupta	Independent-NED	5	No	6	6	2
Mr. B.R. Taneja	Promoter-ED	3	Yes	-	-	-
Mr. Rajiv Goel	ED	5	Yes	-	-	-
Mr. O.P. Kakkar	NED	5	Yes	-	-	-
Mr. J.P. Sureka	Promoter NED	3	No	2	3	1
Mr. Ajit Ingle	NED (IDBI Bank Nominee)	4	No	-	-	-
Ms. Deepa Mathur	Independent-NED	4	Yes	-	-	-
Mr. Shyam Powar	Independent-NED	4	No	-	-	-

NED: Non-Executive Director      ED: Executive Director

\* This does not include directorships in Private Limited Companies, Foreign Companies and Companies under Section 8 of the Companies Act, 2013.

\*\* This includes only Audit Committee and Stakeholders Relationship Committee.

During the financial year 2016-17, five Board Meetings were held as under:

Sr. No.	Date of Meeting
1	May 27, 2016
2	August 10, 2016
3	November 9, 2016
4	January 4, 2017
5	February 9, 2017

As on March 31, 2017, 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 the relevant provisions of the Companies Act, 2013, Mr. B R Taneja, Managing Director of the Company, retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

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

#### AUDIT COMMITTEE

The terms of reference of the Audit Committee are in conformity with the stipulations in Regulation 18 of SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015 and the provisions of Section 177 of the Companies Act, 2013.

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

Name of Director	Chairman / Member	Number of Meetings Attended
Ms. Deepa Mathur	Chairperson (Independent)	6
Mr. J.P. Sureka	Member	3
Mr. S.C. Gupta	Member (Independent)	6
Mr. Shyam Powar	Member (Independent)	5

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

Sr. No.	Date of Meeting
1	May 27, 2016
2	August 10, 2016
3	November 9, 2016
4	December 20, 2016
5	February 9, 2017
6	March 21, 2017

Ms. Deepa Mathur, the Chairperson of the Audit Committee was present at the last Annual General Meeting held on September 27, 2016.

#### MANAGERIAL REMUNERATION

##### a. NOMINATION AND REMUNERATION COMMITTEE:

The Company has a Nomination and Remuneration Committee of Directors.

The terms of reference of the Nomination and Remuneration Committee are in conformity with the stipulations in Regulation 19 of the Listing Regulations and the provisions of Section 178 of the Companies Act, 2013.

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

Name of Director	Chairman / Member	Number of Meetings Attended
Mr. Shyam Powar	Chairman	1
Mr. J.P. Sureka	Member	1
Mr. S.C. Gupta	Member	1
Ms. Deepa Mathur	Member	1

During the year under review, one meeting of Nomination and Remuneration Committee were held as under:

Sr. No.	Date of Meeting
1	August 10, 2016

The Company does not have any Employee Stock Option Scheme.

##### b. Remuneration Policy:

- Based on the recommendations of the Nomination and Remuneration Committee, 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 the recommendations of the Nomination and Remuneration Committee, the Board of Directors decides the payment of remuneration to the Non-Executive Directors.
- The Company paid sitting fee of Rs. 40,000/- each for attending Board and Audit Committee Meetings and Rs. 20,000/- each for all other committee meetings upto August 10, 2016 to the Non-Executive Directors subject to terms of remuneration, if any, paid. However, the sitting fee for attending Board Meeting and Audit Committee Meeting was subsequently increased to Rs. 60,000/- each and for all other committee meetings to Rs. 40,000/- each.
- Performance evaluation of the Independent Directors shall be done by the Board of Directors on such criteria as deemed appropriate by the Board of Directors.
- The Company has framed a Remuneration Policy for Directors. KMPs & Senior Management upon the recommendation of Nomination & Remuneration Committee as approved by the Board.

#### c. Remuneration to Directors:

A Statement on the remuneration paid/ payable to the Whole-time Directors viz. Mr. B.R. Taneja and Mr. Rajiv Goel and sitting fees paid to Non-Executive Directors, during the financial year 2016-17 is given below:

Name of the Director	Salary & Perquisites (Rs.)	Commission (Rs.)	Sitting** Fees (Rs.)
Mr. S.C. Gupta	NA	NA	9,20,000
Mr. B.R. Taneja	1,60,00,000*	-	NA
Mr. Rajiv Goel	11,598,000**	-	NA
Mr. O.P. Kakkar	NA	-	3,00,000
Mr. J.P. Sureka	NA	NA	4,00,000
Mr. Ajit Ingle	NA	NA	1,60,000
Mr. Shyam Powar	NA	NA	7,60,000
Ms. Deepa Mathur	NA	NA	8,60,000
<b>TOTAL</b>	<b>27,598,000</b>	<b>NIL</b>	<b>34,00,000</b>

\* including provision of Rs. 7,600,000

\*\* including provision of Rs. 10,774,280

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

Details of shares of the Company held by its Non-Executive Directors as on March 31, 2017 are given below:

Name of the Director	Number of Equity Shares
Mr. S.C. Gupta	NIL
Mr. O.P. Kakkar	1,11,480
Mr. J.P. Sureka	1,20,380*
Mr. Ajit Ingle	NIL
Ms. Deepa Mathur	1,204
Mr. Shyam Powar	47,865

\* Includes 79,932 Equity Shares held as Karta of J.P. Sureka (HUF)

#### STAKEHOLDERS' RELATIONSHIP COMMITTEE

The Company has a Stakeholders' Relationship Committee of Directors 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 Stakeholders' Relationship Committee and attendance of each member is as under:

Name of the Director	Chairman/ Member	Number of Meetings Attended
Mr. J.P. Sureka	Chairman	3
Mr. S.C. Gupta	Member	4
Ms. Deepa Mathur	Member	4
Mr. Shyam Powar	Member	3

During the year under review, four meetings of Stakeholders' Relationship Committee were held as under:

Sr. No.	Date of Meeting
1.	May 27, 2016
2.	August 10, 2016
3.	November 9, 2016
4.	February 9, 2017

#### CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Company has a Corporate Social Responsibility Committee of Directors as per Section 135 of Companies Act, 2013.

#### Composition and Meetings during the year:

The composition of the CSR Committee is as under:

Name of the Director	Chairman/ Member
Mr. O.P. Kakkar	Chairman
Mr. S.C. Gupta	Member
Mr. J.P. Sureka	Member

During the year under review, one meeting of Corporate Social Responsibility Committee was held on August 10, 2016.

**INDEPENDENT DIRECTORS MEETING**

The Independent Directors met on August 10, 2016 to discuss:

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

All the Independent Directors were present at the Meeting.

**COMPLIANCE OFFICER**

Mr. Jaikishan Pahlani, Company Secretary is the Compliance Officer of the Company for ensuring compliance with the requirements of the Listing Agreement with the Stock Exchanges/ SEBI Listing Regulations and under SEBI (Prohibition of Insider Trading) Regulations, 2015 as amended from time to time.

During the year under review all the complaints/ grievances that were received from the shareholders/investors, have been attended to and satisfactorily resolved. No valid transfer/ transmission of shares were pending as on March 31, 2017.

Details of investor complaints received and redressed during the Financial Year 2016-17 are as follows:

Number of complaints pending at the beginning of the year	Nil
Number of complaints received during the year	19
Number of complaints disposed off during the year	16
Number of complaints remaining unresolved at the end of the year	3

**CODE OF CONDUCT**

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

**CEO/ CFO CERTIFICATION**

In accordance with Regulation 17 (8) of the Listing Regulations, the MD and CFO have given their certificate to the Board.

**GENERAL BODY MEETINGS**

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

Year	Type	Date	Venue	Time	Number of Special Resolutions passed
2015-16	AGM	27.09.2016	Hotel Hindustan International, Neco Garden Road, Viman Nagar, Pune - 411014	11.30 A.M.	6
2014-15	AGM	26.09.2015	Hyatt Regency, Weikfield IT Park, Pune - 411014	11.00 A.M.	2
2013-14	AGM	26.09.2014	Hyatt Regency, Weikfield IT Park, Pune - 411014	10.00 A.M.	4

All special resolutions moved at the Annual General Meeting for year 2013-14, 2014-15 and 2015-16 were passed with requisite majority by way of e-voting and poll.

**OTHER DISCLOSURES**

- Details of related party transaction are furnished under Notes to Financial Statement.
- 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.
- Familiarisation Programmes for Independent Directors and various policies are placed on the Company's website [www.ismt.com](http://www.ismt.com)

**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](http://www.ismt.com).

**DESIGNATED EXCLUSIVE E-MAIL ID OF THE COMPANY**

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



**GENERAL SHAREHOLDER INFORMATION**

AGM Date and Time	September 28, 2017 at 10.30 AM
Venue	Hotel Hyatt Pune Adjacent to Aga Khan Palace, 88 Nagar Road, Kalyani Nagar, Pune - 411006
Financial Year	April 01, 2016 to March 31, 2017
Dividend Payment date	Not Applicable
Listed on Stock Exchange	1. BSE Limited, Phiroze Jeejeebhay Towers, Dalal Street, Fort, Mumbai - 400 001  2. National Stock Exchange of India Ltd. Exchange Plaza, Plot No. C/1, G Block, Bandra-Kurla Complex, 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 2017-18 to both the Stock Exchanges where the shares of the Company are listed.

**STOCK MARKET DATA AND SHARE PRICE PERFORMANCE****BSE LIMITED (BSE):**

Month	Market price		BSE 500 INDEX	
	High	Low	High	Low
April 2016	10.18	7.20	10578.96	9980.36
May 2016	12.75	7.45	10816.18	10206.43
June 2016	12.15	9.90	11045.33	10479.26
July 2016	12.25	10.40	11633.37	11052.72
August 2016	11.47	9.71	11880.02	11404.92
September 2016	11.65	9.05	12083.11	11552.51
October 2016	11.49	9.52	12032.26	11668.62
November 2016	10.85	7.15	11926.95	10675.77
December 2016	9.32	7.55	11249.60	10617.28
January 2017	14.00	8.30	11825.55	11005.66
February 2017	14.89	11.00	12270.70	11643.62
March 2017	14.64	11.95	12650.57	12101.74

**NATIONAL STOCK EXCHANGE OF INDIA LIMITED (NSE):**  
(Rs.)

Month	High	Low
April 2016	10.20	7.20
May 2016	12.85	7.40
June 2016	12.10	9.05
July 2016	12.30	10.30
August 2016	11.50	9.80
September 2016	11.70	8.90
October 2016	11.80	9.45
November 2016	11.00	7.90
December 2016	9.40	8.15
January 2017	13.95	8.50
February 2017	14.85	11.05
March 2017	14.75	11.85

Source: BSE & NSE websites.

**REGISTRAR AND SHARE TRANSFER AGENT**

The Shareholders may contact the RTA at the following address:

**Karvy Computershare Private Limited**

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

Tel: +91 40 67161632 Fax: +91 40 23001153

Email: einward.ris@karvy.com

Web: www.karvycomputershare.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, 2017**

Shareholding of Nominal Value of Rs	No. of Shareholders	% to total no. of shareholders	No. of Shares held	% to Total
Upto 5,000	124459	99.24	27460050	18.74
5,001 to 10,000	487	0.39	3557111	2.43
10,001 to 20,000	241	0.19	3434001	2.34
20,001 to 30,000	62	0.05	1520918	1.04
30,001 to 40,000	43	0.03	1518641	1.04
40,001 to 50,000	31	0.02	1434818	0.98
50,001 to 1,00,000	47	0.04	3443888	2.35
1,00,001 and above	48	0.04	104131956	71.08
<b>Total</b>	<b>125418</b>	<b>100.00</b>	<b>146501383</b>	<b>100.00</b>

**DEMATERIALISATION OF SHARES AND LIQUIDITY**

87.03% of total Equity Capital is held in demat form with NSDL and CDSL as on March 31, 2017.

**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](http://www.bseindia.com) and website of NSE at [www.nseindia.com](http://www.nseindia.com).

**DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH THE COMPANY'S CODE OF CONDUCT, PURSUANT TO REGULATION 17 OF THE LISTING REGULATIONS**

As required by Regulation 17(5)(a) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, 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 the Company's website.

As per Regulation 26, this is to confirm that the Company has received from Senior Management Team of the Company and all

**UNCLAIMED / OUTSTANDING DIVIDEND ON EQUITY SHARES:**

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

Investors are requested to browse the said website to find out the outstanding amount, if any, and claim the same from the Company, before transfer to the Investor Education and Protection Fund as per the provisions of the Companies Act, 2013.

**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.

For and on behalf of the Board of Directors

**S C Gupta**  
Chairman

Pune, May 30, 2017

Members of the Board, declarations of compliance with Code of Conduct for the financial year 2016-17.

For the purpose of this declaration, Senior Management Team comprises of employees in the Vice President and above Cadre as on March 31, 2017.

For ISMT Limited

Pune  
May 30, 2017

**B. R. Taneja**  
Managing Director

## CEO/ CFO CERTIFICATION TO THE BOARD (Under Regulation 17(8) of SEBI (Listing Obligations & Disclosure Requirements) 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, 2017 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 & fair view of the Company's affairs & are in compliance with existing accounting standards, applicable laws & regulations.
- (2) There are, to the 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, 2017;
  - (ii) All significant changes in accounting policies during the financial year ended March 31, 2017 and that the same have been disclosed in the notes to the financial statements; and
  - (iii) There are no instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

**B.R. Taneja**  
Managing Director

**Rajiv Goel**  
Chief Financial Officer

Pune, May 30, 2017

## CERTIFICATE FROM AUDITORS REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

To  
The Members of  
ISMT Limited

We have examined the compliance of conditions of Corporate Governance by ISMT Limited for the year ended March 31, 2017, as stipulated in Regulations 17 to 27 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations').

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

We certify that the Company has complied, in all material respect, with the conditions of Corporate Governance as stipulated in the above mentioned Listing Regulations.

We further state that such compliance 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.

**For M/s P. G. Bhagwat**  
Firm Registration No. 101118W  
Chartered Accountants

**For J. K. Shah & Co.**  
Firm Registration No. 109606W  
Chartered Accountants

**Sandeep Rao**  
Partner  
Membership No. 47235  
Pune, May 30, 2017

**J.K. Shah**  
Partner  
Membership No. 3662  
Mumbai, May 30, 2017

**Annexure 'A' to the Directors' Report**
**Extract of Annual Return as on the financial year ended on March 31, 2017**

[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 Maharashtra (INDIA) Tel : 020-41434100
(vi)	Whether listed company	Yes
(vii)	Name, Address and Contact details of Registrar and Transfer Agent	Karvy Computershare Pvt. Ltd. Karvy Selenium, Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad - 500 032 Tel: +91 40 67161632 FAX: +91 40 23001153 Email: einward.ris@karvy.com Web: www.karvycomputershare.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 Tubes and Hollows	24311	62%
2	Steel	24109	38%

**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 and Power Company Private Limited	MMPDA Towers, 2nd Floor, 184, Royapettah High Road, Chennai 600014	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	100
5	ISMT Europe AB	Box 1, 68821 Storfors, Sweden	NA	Subsidiary	100
6	Structo (UK) Limited (Voluntarily dissolved on October 18, 2016)	2nd Floor, Blenheim House, 86, London Road, Leicester LE2 0QR United Kingdom	NA	Subsidiary	100
7	Nagapattinam Energy Private Limited	MMPDA Towers, 2nd Floor, 184, Royapettah High Road, Chennai 600014	U40100TN2008PTC069515	Subsidiary	100
8	PT ISMT Resources	Wisma Metropolitan II, 6th Floor, J1 Jenderal Sudirman Kav, Jakarta 12920	NA	Subsidiary	100

**Extract of Annual Return as on the financial year ended on March 31, 2017 (Cont.)**

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

S. No.	Name of the Company	Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of Shares Held *
9	Best Exim Private Limited	Lunkad Towers, Viman Nagar, Off Pune Nagar Road, Pune - 411014	U51399PN2004PTC019783	Subsidiary	100
10	Success Power and Infraprojects Private Limited	Lunkad Towers, Viman Nagar, Pune-411014	U40108PN1996PTC099133	Subsidiary	100
11	Marshal Microware Infrastructure Development Company Private Limited	Lunkad Towers, Viman Nagar, Pune Nagar Road, Pune-411014	U45203PN2007PTC129795	Subsidiary	100

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

**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	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual/ HUF	4951033	0	4951033	3.38	4935033	0	4935033	3.37	-0.01
b) Central Govt	0	0	0	0.00	0	0	0	0	0
c) State Govt(s)	0	0	0	0.00	0	0	0	0	0
d) Bodies Corp.	70077299	566550	70643849	48.22	70077599	566550	70644149	48.22	0
e) Banks / FI	0	0	0	0.00	0	0	0	0	0
f) Any other	0	0	0	0.00	0	0	0	0	0
<b>Sub-total (A)(1) :-</b>	<b>75028332</b>	<b>566550</b>	<b>75594882</b>	<b>51.60</b>	<b>75012632</b>	<b>566550</b>	<b>75579182</b>	<b>51.59</b>	<b>-0.01</b>
<b>(2) Foreign</b>									
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
<b>Sub-total (A)(2) :-</b>									
<b>Total shareholding of Promoters (A)=(A)(1)+(A)(2)</b>	<b>75028332</b>	<b>566550</b>	<b>75594882</b>	<b>51.60</b>	<b>75012632</b>	<b>566550</b>	<b>75579182</b>	<b>51.59</b>	<b>-0.01</b>
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	8889	66806	75695	0.05	8589	63606	72195	0.05	0.00
b) Banks / FI	1984472	9376	1993848	1.36	1984529	12139	1996668	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	3225971	15500	3241471	2.21	1722971	15500	1738471	1.19	-1.02
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
<b>Sub-total (B)(1):-</b>	<b>5219332</b>	<b>91682</b>	<b>5311014</b>	<b>3.62</b>	<b>3716089</b>	<b>91245</b>	<b>3807334</b>	<b>2.60</b>	<b>-1.02</b>

**Extract of Annual Return as on the financial year ended on March 31, 2017 (Cont.)**

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

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>2. Non-Institutions</b>									
a) Bodies Corp.	12018632	182985	12201617	8.33	11492349	178391	11670740	7.95	-0.38
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 2 lakh	20959295	10399792	31359087	21.40	20559850	10368721	30918571	21.11	-0.29
ii) Individual shareholders holding nominal share capital in excess of Rs. 2 lakh	12987004	49900	13036904	8.90	5098404	49900	5148304	3.51	-5.39
c) Others (specify)									
i) Trusts	65833	5213178	5279011	3.60	0	5212951	5212951	3.56	-0.04
ii) Non-Residents	1179681	2539187	3718868	2.54	10295384	2533487	12828871	8.75	6.21
iii) HUF					1325430	-	1325430	0.90	
<b>Sub-total (B)(2):-</b>	<b>47210445</b>	<b>18385042</b>	<b>65595487</b>	<b>44.78</b>	<b>48771417</b>	<b>18343450</b>	<b>67114867</b>	<b>45.79</b>	<b>1.01</b>
Total Public Shareholding (B)=(B)(1)+ (B)(2)	52429777	18476724	70906501	48.40	52487506	18434695	70922201	48.39	-0.01
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	0	0	0	0.00	0	0	0	0.00	0.00
<b>Grand Total (A+B+C)</b>	<b>127458109</b>	<b>19043274</b>	<b>146501383</b>	<b>100.00</b>	<b>127500138</b>	<b>19001245</b>	<b>146501383</b>	<b>100.00</b>	<b>0.00</b>

**(ii) Shareholding of Promoters**

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the 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 Limited	55533788	37.91	99.04	68917858	47.04	79.81	9.13
2	Vishkul Leather Garments Private Limited	13383770	9.14	0.00	0	0.00	0.00	-9.14
3	Misrilal Mines Private Limited	601197	0.41	0.00	601197	0.41	0.00	0.00
4	Tulika Estate & Holding Private Limited	543023	0.37	0.00	543023	0.37	0.00	0.00
5	Satya Leasing Company Limited	304027	0.21	0.00	304027	0.21	0.00	0.00
6	Prismo (India) Limited	210872	0.14	0.00	210872	0.14	0.00	0.00
7	Shentracon Finalease Private Limited	24802	0.02	0.00	24802	0.02	0.00	0.00
8	Misrilal Properties Private Limited	23527	0.02	0.00	23527	0.02	0.00	0.00
9	Shentracon Holdings Private Limited	18543	0.01	0.00	18543	0.01	0.00	0.00
10	Lightho Technologies Private Limited	300	0.00	0.00	300	0.00	0.00	0.00
11	Ashok Kumar Jain (HUF)	2536181	1.73	0.00	2536181	1.73	0.00	0.00
12	Baldevraj T Taneja	9033	0.01	0.00	9033	0.01	0.00	0.00
13	Salil Baldev Taneja	233040	0.16	0.00	233040	0.16	0.00	0.00
14	B R Taneja(HUF)	81760	0.06	0.00	81760	0.06	0.00	0.00
15	Jagdish Prasad Sureka	40448	0.03	0.00	40448	0.03	0.00	0.00
16	Tara Jain	1414848	0.97	0.00	1414848	0.97	0.00	0.00
17	Ramesh Sureka	132155	0.09	0.00	132155	0.09	0.00	0.00

**Extract of Annual Return as on the financial year ended on March 31, 2017 (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.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the 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	
18	Savitri Devi Sureka	99386	0.07	0.00	99386	0.07	0.00	0.00
19	Raj K Sureka	85754	0.06	0.00	85754	0.06	0.00	0.00
20	Sanjay Sureka	72423	0.05	0.00	56423	0.04	0.00	-0.01
21	Alka P Mehta	73473	0.05	0.00	73473	0.05	0.00	0.00
22	Aayushi Jain	41424	0.03	0.00	41424	0.03	0.00	0.00
23	Mini Sureka	650	0.00	0.00	650	0.00	0.00	0.00
24	Priti Sureka	20213	0.01	0.00	20213	0.01	0.00	0.00
25	Akshay Jain	10313	0.01	0.00	10313	0.01	0.00	0.00
26	Rohin Raj Sureka	10000	0.01	0.00	10000	0.01	0.00	0.00
27	Avishi Sureka	10000	0.01	0.00	10000	0.01	0.00	0.00
28	Jagdish Prasad Sureka(HUF)	79932	0.05	0.00	79932	0.05	0.00	0.00
	<b>Total</b>	<b>75594882</b>	<b>51.63</b>	<b>99.04</b>	<b>75579182</b>	<b>51.59</b>	<b>-0.02</b>	

**(iii) Change in Promoters' Shareholding**

Sl. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	At the beginning of the year	75594882	51.63		
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	75579182	51.59		

# Following are the details of datewise shareholding change

Sl. No.	Name	Shareholding		Date	Increase(+)/ Decrease(-) in Shareholding	Reason	Cumulative Shareholding during the year (01-04-2015 to 31.03.2016)	
		No. of shares at the beginning (01.04.2016/ end of year (31.03.2017)	% of total shares of the Company				No. of shares	% of total shares of the Company
1	Indian Seamless Enterprises Ltd	55533788	37.91	01.04.2016				
				04.10.2016	100	Purchase	55533888	37.91
				05.12.2016	100	Purchase	55533988	37.91
				25.01.2017	13383870	Purchase	68917858	47.04
				31.03.2017				
		68917858	47.04					
2	Vishkul Leather Garments P Ltd	13383770	9.14	01.04.2016				
				05.12.2016	100	Purchase	13383870	9.14
				25.01.2017	-13383870	Transfer	0	0.00
				31.03.2017				
		0	0.00					

**Extract of Annual Return as on the financial year ended on March 31, 2017 (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	Shareholding		Date	Increase(+)/ Decrease(-) in Shareholding	Reason	Cumulative Shareholding during the year (01-04-2015 to 31.03.2016)	
		No. of shares at the beginning (01.04.2016/ end of year (31.03.2017)	% of total shares of the Company				No. of shares	% of total shares of the Company
3	Sanjay Sureka	72423	0.05	01.04.2016				
				21.10.2016	-1000	Transfer	71423	0.05
				28.10.2016	-15000	Transfer	56423	0.04
		56423	0.04	31.03.2017				

(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 (01-04-2016 to 31.03.2017)		
		No. of shares at the beginning (01.04.2016)/ end of year (31.03.2017)	% total shares of the Company				No. of shares	% of total shares of the Company	
1	JITEN KIRTANLAL SHAH	7418640	5.06	01.04.2016	0	N.A.	N.A.	N.A.	
		7418640	5.06	31.03.2017					
2	ISSAL EMPLOYEE WELFARE FUND	5000000	3.41	01.04.2016	0	N.A.	N.A.	N.A.	
		5000000	3.41	31.03.2017					
3	EAST COAST SECURITIES LIMITED	3222676	2.20	01.04.2016					
				30.09.2016	-500000	Transfer	2722676	1.86	
				28.10.2016	-500000	Transfer	2222676	1.52	
				24.02.2017	-500000	Transfer	1722676	1.52	
				31.03.2017					
1722676	1.18	31.03.2017							
4	VIVEK BHIMSARIA	0	0.00	01.04.2016					
				27.05.2016	1300000	Transfer	1300000	0.89	
				03.06.2016	500183	Transfer	1800183	1.23	
				01.07.2016	57500	Transfer	1857683	1.27	
				08.07.2016	54497	Transfer	1912180	1.31	
				15.07.2016	8501	Transfer	1920681	1.31	
				22.07.2016	79793	Transfer	2000474	1.37	
				31.03.2017					
2000474	1.37	31.03.2017							
5	LIFE INSURANCE CORPORATION OF INDIA	1983208	1.35	01.04.2016	0	N.A.	N.A.	N.A.	
		1983208	1.35	31.03.2017					



**Extract of Annual Return as on the financial year ended on March 31, 2017 (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 (01-04-2016 to 31.03.2017)	
		No. of shares at the beginning (01.04.2016)/ end of year (31.03.2017)	% total shares of the Company				No. of shares	% of total shares of the Company
6	MAHARASHTRA SEAMLESS LTD	1445000	0.99	01.04.2016	0	N.A.	N.A.	N.A.
		1445000	0.99	31.03.2017				
7	GVN FUELS LTD	1414146	0.97	01.04.2016	0	N.A.	N.A.	N.A.
		1414146	0.97	31.03.2017				
8	DANIEL VYAPPAR PRIVATE LIMITED	1342889	0.92	01.04.2016	0	N.A.	N.A.	N.A.
		1342889	0.92	31.03.2017				
9	CONCORD TREXIM PVT LTD	1260764	0.86	01.04.2016	0	N.A.	N.A.	N.A.
		1260764	0.86	31.03.2017				
10	PUSHPANJALI INVESTRADE PVT LTD	1063715	0.73	01.04.2016	0	N.A.	N.A.	N.A.
		1063715	0.73	31.03.2017				

**(v) Shareholding of Directors and Key Managerial Personnel:**

Sl. No.	For Each of the Directors and KMP	Shareholding		Date	Increase(+)/ Decrease(-) in Shareholding	Reason	Cumulative Shareholding during the year (01-04-2016 to 31.03.2017)	
		No. of shares at the beginning (01.04.2016)/ end of year (31.03.2017)	% total shares of the Company				No. of shares	% of total shares of the Company
1	S. C. Gupta - Independent Director	0	0.00	01.04.2016	0	N.A.	N.A.	N.A.
		0	0.00	31.03.2017				
2	B. R. Taneja - Managing Director	90793	0.06	01.04.2016	0	N.A.	N.A.	N.A.
		90793	0.06	31.03.2017				
3	Rajiv Goel - Whole-time Director & CFO	2000	0.00	01.04.2016	0	N.A.	N.A.	N.A.
		2000	0.00	31.03.2017				
4	O. P. Kakkar - Non-Executive Director	111480	0.08	01.04.2016				
		111480	0.08	31.03.2017				
5	J. P. Sureka - Non-Executive Director	120380	0.08	01.04.2016	0	N.A.	N.A.	N.A.
		120380	0.08	31.03.2017				
6	Ajit Ingle - Nominee Director	0	0.00	01.04.2016	0	N.A.	N.A.	N.A.
		0	0.00	31.03.2017				
7	Deepa Mathur- Independent Director	1204	0.00	01.04.2016	0	N.A.	N.A.	N.A.
		1204	0.00	31.03.2017				
8	Shyam Powar- Independent Director	47865	0.03	01.04.2016	0	N.A.	N.A.	N.A.
		47865	0.03	31.03.2017				
9	Jaikishan Pahlani - Company Secretary	0	0.00	01.04.2016	0	N.A.	N.A.	N.A.
		0	0.00	31.03.2017				

**Extract of Annual Return as on the financial year ended on March 31, 2017 (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
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	2,163.67	63.19	-	2,226.86
ii) Interest due but not paid	153.27	-	-	153.27
iii) Interest accrued but not due	0.60	-	-	0.60
<b>Total (i+ii+iii)</b>	<b>2,317.54</b>	<b>63.19</b>	<b>-</b>	<b>2,380.73</b>
<b>Change in Indebtedness during the financial year</b>				
Addition (+) / Reduction (-)	264.62	(4.75)	-	259.87
<b>Net Change</b>	<b>264.62</b>	<b>(4.75)</b>	<b>-</b>	<b>259.87</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	2,181.53	58.44	-	2,239.97
ii) Interest due but not paid	400.22	-	-	400.22
iii) Interest accrued but not due	0.41	-	-	0.41
<b>Total (i+ii+iii)</b>	<b>2,582.16</b>	<b>58.44</b>	<b>-</b>	<b>2,640.60</b>

**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	1,42,00,000	1,08,00,000	2,50,00,000
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	18,00,000	-	18,00,000
	(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	-	-	-
	<b>Total (A)</b>	<b>1,60,00,000</b>	<b>1,08,00,000</b>	<b>2,68,00,000</b>
	Ceiling as per the Act*	In view of inadequacy of profit, remuneration is paid/payable as per the Central Government approval		

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

**Extract of Annual Return as on the financial year ended on March 31, 2017 (Cont.)**

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

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

Sl. No.	Particulars of Remuneration	Name of Directors					Total Amount	
		Deepa Mathur	S.C. Gupta	J.P. Sureka	Ajit Ingle	Shyam Powar		O.P. Kakkar
1	Independent Directors							
	Fee for attending board /committee meetings	8,60,000	9,20,000	-	-	7,60,000	-	25,40,000
	Commission	-	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-	-
	<b>Total (1)</b>	<b>8,60,000</b>	<b>9,20,000</b>	<b>-</b>	<b>-</b>	<b>7,60,000</b>		<b>25,40,000</b>
2	Other Non-Executive Directors							
	Fee for attending board /committee meetings	-	-	4,00,000	1,60,000	-	3,00,000	8,60,000
	Commission	-	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-	-
	<b>Total (2)</b>	<b>-</b>	<b>-</b>	<b>4,00,000</b>	<b>1,60,000</b>	<b>-</b>	<b>3,00,000</b>	<b>8,60,000</b>
	<b>Total (B)=(1+2)</b>	<b>8,60,000</b>	<b>9,20,000</b>	<b>4,00,000</b>	<b>1,60,000</b>	<b>7,60,000</b>	<b>3,00,000</b>	<b>34,00,000</b>
	Total Managerial Remuneration (A+B)	-	-	-	-	-	-	3,02,00,000
	Overall Ceiling as per the Act	NA	NA	NA	NA	NA	NA	NA

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

Sl. No.	Particulars of Remuneration	Key Managerial Personnel	Total
		Jaikishan Pahlani Company Secretary	
1	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	11,65,304	11,65,304
	(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 Provident Fund and Superannuation Fund	1,37,512	1,37,512
	<b>Total</b>	<b>13,02,816</b>	<b>13,02,816</b>

**Extract of Annual Return as on the financial year ended on March 31, 2017 (Cont.)**

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

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:**

Type	Section of the Companies Act	"Brief Description"	Details of Penalty / Punishment/ Compounding fees imposed	"Authority [RD / NCLT/ COURT]"	"Appeal made, if any (give Details)"
<b>A. COMPANY</b> Penalty Punishment Compounding					
<b>B. DIRECTORS</b> Penalty Punishment Compounding			NIL		
<b>C. OTHER OFFICERS IN DEFAULT</b> Penalty Punishment Compounding					

## 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, 2017 :

### (A) Conservation of Energy

- (i) The steps taken or impact on conservation of energy :
1. Improvement in condition and rectification of heat leakages in Roller Hearth Furnace at Ahmednagar Tube Plant
  2. Modification of heat treatment cycles of Roller Hearth Furnace - 5 at Ahmednagar Tube Plant
  3. Modification of maximum demand controller software to reduce the average Maximum Demand (MD) for Electric Arc Furnace at Jejuri Steel Plant
  4. Replacement of sodium vapour lamps with LED lights at workers' colony in Jejuri
- (ii) the steps taken by the company for utilising alternate sources of energy : NIL
- (iii) the capital investment on energy conservation equipments : NIL

### (B) Technology absorption

- (i) the efforts made towards technology absorption :
1. Development of Hexagonal Bore cold work tubes at Ahmednagar Tube Plant
  2. Developed Rolling and Cold Pilgering of T9 / T91 grade at Ahmednagar Tube Plant
  3. Modification of Cold Pilger process for yield improvement for production of 13CR and EN1A grades at Ahmednagar Tube Plant
  4. Water cooled plug for PQF Mill at Baramati Tube Plant
  5. Process development for Iron recovery from FES dust at Jejuri Steel 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	2016-17	2015-16
i)	Capital	0.00	0.05
ii)	Recurring	0.96	0.69
	Total	0.96	0.74
	Total R & D as a % of Turnover	0.09%	0.08%

### (C) Foreign exchange earnings and Outgo

The Company continues to strive to improve its export earnings across regions and across sectors. Your company has established strong foothold in the value added seamless tubes segment in the overseas market and continue to pursue product certifications. Further details in respect of exports 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 2016-17. Ratio of the remuneration of each Director to median remuneration of employees of the Company for the financial year 2016-17.

Sr. No.	Name of the Directors/ Key Managerial Personnel ( KMP) and Designation	Remuneration of Directors/KMP for financial year 2016-17 (Rs)	% increase in remuneration in the Financial Year 2016-17	Ratio of the remuneration of each Director to median remuneration of employees
1	B. R. Taneja, Managing Director	1,60,00,000	19%	40:1
2	Rajiv Goel Whole-time Director & Chief Financial Officer	1,15,98,000	23%	29:1
3	Jaikishan Pahlani, Company Secretary	13,02,816	N.A.	N.A.

- 2) The median remuneration of employees of the Company during the financial year was Rs. 3.96 Lakh p. a.
- 3) In the financial year under review, there was a increase of 3.53 % in the median remuneration of employees.
- 4) There were 2,103 permanent employees on the rolls of the Company as on March 31, 2017
- 5) Average percentile increase made in the salaries of employees other than the managerial personnel in the financial year 2016-17 was 6 %. The percentile increase in the managerial remuneration for the same financial year was 19 %.
- 6) Statement showing the names of the top ten employees in terms of remuneration drawn and receipt of remuneration aggregating to Rs. 8.50 Lakh per month.and above.

Sr. No.	Name of the Employee	Designation	Remuneration	Qualifications	Experience	Date of commencement of employment	Age (Yrs)	Last employment held
1	Baldev Raj Taneja	Managing Director	1,60,00,000	B.E. (Mechanical)	56	December 01, 2005	81	The Indian Seamless Metal Tubes Limited
2	Rajiv Goel	Whole time Director and Chief Financial Officer	1,15,98,000	B. Com (Hons), FCA , FCS	38	December 01, 2005	63	The Indian Seamless Metal Tubes Limited
3	Pankaj Kumar Wahi	Executive Vice President (Finance & Accounts)	64,66,507	B. Com ( Hons), ACMA , ACS	27	February 11, 2010	50	Reliance Global Management Services Limited
4	Kishore Bharambe	President Tube Operations	59,80,252	B.E. (Mechanical), PGDBA	28	March 27, 2002	52	The Indian Seamless Metal Tubes Limited
5	Karthikeyan S *	Director ( Marketing)	32,00,539	B. E. (Electrical & Electronics), PGDBA	25	August 17, 2016	49	Tube Products of India
6	Kishore Bhapkar *	Executive Vice President (Works)	13,20,502	B. E. (Mechanical)	34	December 15, 2016	54	Baramati Agro Limited
7	Rakesh Duda	Director (Corporate)	40,02,286	B. E. (Electrical )	36	April 1, 2011	63	Jai Prakash Associates
8	Pratap Dhaybar	Director (Steel Operations)	37,92,594	B. E. (Mechanical)	37	June 04, 2001	61	Mahindra Ugine Steel Company Limited
9	Ramesh Kumar Rathi	Executive Vice President (Internal Audit)	37,35,036	B Sc, LLB , ACA	28	February 22, 2005	56	J K Industries Limited
10	Balram Agarwal	Executive Vice President (Works)	35,64,913	B.E. (Mechanical) PGDBA	23	August 01, 2013	50	Remi Metals Gujrat Limited

\* Remuneration was paid for the part of the year.

Notes :

1. Nature of employment is contractual for all the above employees.
2. Remuneration includes salary and allowances (contribution to Provident Fund & Superannuation Fund, House Rent Allowance, Leave Travel Allowance, Medical Reimbursement and other allowances payable as per Rules of the company)
3. None of the employees is covered under Rules 5 (3) (viii)of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 of Section 197 of the Companies Act, 2013.

- 7) It is hereby affirmed that the remuneration is as per the Remuneration Policy of the Company.

## Annexure 'D' to the Director's Report

Secretarial Audit Report for The Financial Year Ended March 31, 2017

[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, Viman Nagar,  
Pune – 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 Company's 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, 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, 2017, 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 Company for the financial year ended 31st March, 2017, according to the provisions of:

- i) The Companies Act, 2013 ('the Act') and the rules made thereunder;
- ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
- vi) As informed to us none of the other laws are applicable specifically to the Company.

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

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

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

### 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.

**For MRM ASSOCIATES  
COMPANY SECRETARIES**

**CS M B KASODEKAR**  
PARTNER

Membership No. F 2756 C. P. No: 1681  
Unique Code of Partnership Firm: P2001MH006700

Place: Pune  
Date : May 20, 2017

This report is to be read with our letter of even date which is annexed as 'Annexure -I' and forms an integral part of this report.

**Directors' Report (Contd.)**

‘Annexure -I’

To,  
The Members,  
**ISMT LIMITED**  
Lunkad Towers, Viman Nagar,  
Pune – 411014.

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

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

**For MRM ASSOCIATES  
COMPANY SECRETARIES**

**CS M B KASODEKAR**  
PARTNER

Membership No. F 2756 C. P. No: 1681  
Unique Code of Partnership Firm: P2001MH006700

Place: Pune  
Date : May 20, 2017



## INDEPENDENT AUDITORS' REPORT

### TO THE MEMBERS OF ISMT LIMITED

#### Report on the Standalone Financial Statements

We have audited the accompanying Standalone Financial Statements of ISMT LIMITED ("the company"), which comprise the Balance Sheet as at March 31, 2017 the Statement of Profit and Loss, the Cash Flow Statement for the year then ended and a summary of the significant accounting policies and other explanatory information.

#### 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 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, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### Auditors' Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the Accounting and Auditing Standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. 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. In making those risk assessments, the auditor considers internal financial control relevant to the company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting

policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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.

#### Basis for Qualified Opinion

- 1] The company has outstanding Minimum Alternate Tax (MAT) entitlement of Rs. 82.05 Crores as on March 31, 2017. Taking into consideration the loss during the current financial year and carried forward losses under the Income Tax Act, 1961, in our opinion, there is no convincing evidence 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 "Guidance note on accounting for credit available in respect of MAT under the Income Tax Act, 1961". Non-writing off of the same has resulted in understatement of loss for the year and overstatement of the reserves by Rs. 82.05 Crores and its consequential effect on the Earnings per Share of the company.
- 2] The Company, through its subsidiary, has invested Rs. 48.43 Crores in Structo Hydraulics AB Sweden (SHAB). Net receivable, after taking into consideration the provision made against the same, to the company from SHAB against the supplies made is Rs 14.27 Crores and Rs 33.33 Crores is receivable from SHAB due to invocation of Bank Guarantee. SHAB has been incurring cash losses and its net worth is also eroded. No provision for diminution in value of investment and net receivable is made by the company as explained in Note No. 3.17 forming part of the financial statements. We are unable to comment on the same and ascertain its impact, if any, on the financial statements in respect of the above matters.
- 3] The company had recognized claim in earlier years, of which outstanding balance as on March 31, 2017 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 filed an appeal, challenging the APTEL order, before the Hon'ble Supreme Court and the same has been admitted by the Supreme Court on August 1 2016. 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 AS-29, Provisions, Contingent Liabilities and Contingent Assets. Recognition

of the above claim has resulted in overstatement of Reserves by Rs. 39.53 Crores. Refer Note No. 3.21 (i) forming part of the financial statements.

- 4] Pending approval / sanction of the debt resolution by the lenders, the Company has not provided for the overdue / penal/compounding of interest. The quantum and its impact on the financial statements, if any, is unascertainable. Refer Note No. 3.19 forming part of the financial statements.

### Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matters described in the Basis for Qualified Opinion paragraph above, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the company as at March 31, 2017, and its loss and its cash flows for the year ended on that date.

### Emphasis of Matters

We draw attention to the following matters in the Notes to the financial statements:

- a) Note No. 1.24 regarding remuneration to Managing Director and Executive Director of the company amounting to Rs. 1.92 Crores for the financial year 2016-17 (Rs. 2.26 Crores cumulative up to March 31, 2017) is subject to approval of the Central Government.
- b) The Company has accumulated losses and its net worth has been fully eroded, the company has incurred net cash loss during the current and previous years and the company's current liabilities exceeded its current assets as at the balance sheet date. These conditions indicate the existence of a material uncertainty about the company's ability to continue as a going concern. However, the financial statements of the company have been prepared on a going concern basis for the reasons stated in the Note No. 3.18 forming part of the financial statements.
- c) Note No. 3.20 in the financial statements explaining reason for non-provision for diminution, if any, in the value of investment in wholly owned subsidiary Company "Tridem Port and Power Company Pvt Ltd" of Rs 2.58 Crores and Project advance of Rs. 105.29 Crores given for set up a thermal power project along with its captive port, which is discontinued and is held for sale
- d) Note No. 3.21(ii) in the financial statements explaining reason for non-provision for impairment, if any, with respect to carrying value of Rs 240.80 Crores as on 31st March 2017 of 40 MW Captive Power Project( CPP) at Chandrapur, Maharashtra, which is non-operational for last three years and is held for sale.

Our opinion is not qualified in respect of these matters.

### Report on Other Legal and Regulatory Requirements

1. 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 A, a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143 (3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) 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) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - (e) In our opinion, except for the effects of the matters described in the Basis for Qualified Opinion paragraph above, the aforesaid standalone financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - (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, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 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 over financial reporting of the company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; 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 Refer Note No. 3.1(i)(a) on Contingent Liabilities disclosing the impact of pending litigation on the financial position of the company.

- ii. The company does not have any long-term contracts including derivative contracts, having any material foreseeable losses, for which provision was required.
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the company.
- iv. The Company has provided disclosures in its financial statements as to holdings as well as dealings in specified bank notes during the period from November 8, 2016 to December 30,

2016 and the same are in accordance with the books of accounts maintained by the Company. (Refer Note No 3.14 of the financial statements).

**For M/s P G Bhagwat**  
Firm's Registration No. 101118W  
Chartered Accountants

**For J. K. Shah & Co.**  
Firm's Registration No. 109606W  
Chartered Accountants

**Sandeep Rao**  
Partner  
Membership No. 47235  
Pune: May 30,2017

**J.K. Shah**  
Partner  
Membership No. 3662  
Mumbai: May 30, 2017

**Annexure to the Independent Auditors' Report**

Referred to in paragraph 1 under the heading "Report on Other legal and Regulatory Requirements" of our report on even date:

- (i) a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- b) These fixed assets have been physically verified by the management at regular interval considering the size of the company and nature of asset. As informed to us, no material discrepancies have been noticed on such verification.
- c) According to the information and explanations given to us and on the basis of our examination of the records of the company, the title deeds of immovable properties are held 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 generally regular in depositing undisputed statutory dues including Provident Fund, Employee State Insurance, Income Tax, Central Sales Tax, Custom Duty, Excise Duty, Value Added Tax, Cess and any other statutory dues with the appropriate authorities barring marginal delays in depositing the same with the above 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, 2017 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 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 M/s P G Bhagwat**  
Firm's Registration No. 101118W  
Chartered Accountants

**Sandeep Rao**  
Partner  
Membership No. 47235  
Pune: May 30, 2017

**For J. K. Shah & Co.**  
Firm's Registration No. 109606W  
Chartered Accountants

**J.K. Shah**  
Partner  
Membership No. 3662  
Mumbai: May 30, 2017

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

Rs. in Crore			
Nature of Statute	Nature of Dues	Amount Disputed	Forum where dispute is pending
Central Sales Tax Act, 1956	Sales Tax	0.09	Tribunal
		6.42	Dy. Commissioner (Appeals)
		0.01	High Court, Bombay
		0.21	Joint Commissioner
		0.40	Dy. Commissioner
Maharashtra Sales Tax Act, 1959	Sales Tax	0.90	Tribunal
		0.47	High Court, Bombay
		5.76	Dy. Commissioner (Appeals)
		1.41	Joint Commissioner (Appeal)
Central Excise Act, 1944	Excise Duty	12.15	CESTAT
		5.41	High Court, Bombay
		1.00	Commissioner
		0.06	Joint Commissioner
		0.48	Asst. Commissioner
		1.46	Add. Commissioner
Customs Act, 1962	Custom Duty	1.49	Dy. Commissioner
		0.77	Asst. Commissioner
		1.73	CESTAT
Income Tax Act, 1961	Income Tax	0.70	ITAT Mumbai

**Annexure II****Installments due including interest outstanding as at March 31, 2017:**

Rs. in Crore					
Name of the Lenders/ Government	0-30 Days	31-60 Days	61-90 Days	More then 90 Days	Total
Andhra Bank	2.84	0.87	0.96	35.79	40.46
Bank of Baroda	16.78	2.54	4.15	101.70	125.17
Bank of India	8.40	6.05	5.96	137.83	158.24
Bank of Maharashtra	3.63	6.87	7.81	100.16	118.47
Central Bank of India	0.36	0.33	0.36	33.56	34.61
ICICI Bank Limited	6.69	0.69	1.54	42.23	51.15
IDBI Bank Limited	2.95	2.41	2.67	35.85	43.88
IKB Deutsche Industrie Bank AG	-	-	0.18	33.97	34.15
Indian Overseas Bank	4.48	3.45	6.83	50.39	65.15
State Bank of India	0.83	0.68	0.75	44.80	47.06
TOTAL	46.96	23.89	31.21	616.28	718.34

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

Rs. in Crores				
Designation	Amount paid / provided	Amount paid / provided in excess of the limit prescribed	Amount due as recoverable from Balance Sheet	Steps taken for recovery
Managing Director Remuneration: Paid Provided	0.84	-	Nil	-
	0.76	0.76	-	-
Executive Director Remuneration: Paid Provided	0.08	0.08	#0.08	-
	1.08	1.08	-	-
	2.76	1.92	0.08	-

# Recoverable, if, no Central Government approval is received.

Rs.0.34 Crores of 2015-16 paid, for which Central Government's approval is pending.

**ANNEXURE B TO THE INDEPENDENT  
AUDITOR'S REPORT**

(Referred to in paragraph 2(i) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

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

We have audited the internal financial controls over financial reporting of ISMT Limited ("the Company") as of March 31, 2017 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 over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (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 over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained is sufficient

and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

**Meaning of Internal Financial Controls Over Financial Reporting**

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

**Inherent Limitations of Internal Financial Controls Over Financial Reporting**

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

**Opinion:**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017 based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For M/s P G Bhagwat**  
Firm's Registration No. 101118W  
Chartered Accountants

**Sandeep Rao**  
Partner  
Membership No. 47235  
Pune: May 30, 2017

**For J. K. Shah & Co.**  
Firm's Registration No. 109606W  
Chartered Accountants

**J.K. Shah**  
Partner  
Membership No. 3662  
Mumbai: May 30, 2017

**FINANCIAL  
STATEMENTS  
2016-17**

**BALANCE SHEET AS AT MARCH 31, 2017**

Rs. in Crore

Particulars	Note No.	As at March 31, 2017	As at March 31, 2016
<b>EQUITY AND LIABILITIES</b>			
<b>SHAREHOLDERS' FUNDS</b>			
Share Capital	1.1	73.25	73.25
Reserves and Surplus	1.2	(425.36)	(136.92)
		(352.11)	(63.67)
<b>NON-CURRENT LIABILITIES</b>			
Long Term Borrowings	1.3	630.54	819.51
Deferred Tax Liabilities (Net)	1.4	-	-
Long Term Provisions	1.5	6.37	6.54
		636.91	826.05
<b>CURRENT LIABILITIES</b>			
Short Term Borrowings	1.6	1,058.65	922.42
Trade Payables			
Payables to Micro and Small Enterprises	1.7	0.05	0.03
Other Payables	1.7	128.89	218.09
Other Current Liabilities	1.8	968.04	573.38
Short Term Provisions	1.9	2.57	2.87
		2,158.20	1,716.79
		2,443.00	2,479.17
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, Plant and Equipment	1.10		
Tangible Assets		1,447.44	1,519.40
Capital Work-in-Progress		17.29	5.01
		1,464.73	1,524.41
Non-Current Investments	1.11	52.81	52.79
Long Term Loans and Advances	1.12	141.40	129.70
Other Non Current Assets	1.13	83.18	83.18
		277.39	265.67
<b>CURRENT ASSETS</b>			
Inventories	1.14	322.64	331.25
Trade Receivables	1.15	200.16	187.98
Cash and Bank Balances	1.16	48.42	33.46
Short Term Loans and Advances	1.17	25.50	31.52
Other Current Assets	1.18	104.16	104.88
		700.88	689.09
		2,443.00	2,479.17
<b>Significant Accounting Policies</b>	2		
<b>Notes to Accounts</b>	3		

As per our report of even date

For M/s P.G. Bhagwat  
Firm Registration No. 101118W  
Chartered Accountants

For J.K. Shah & Co.  
Firm Registration No. 109606W  
Chartered Accountants

**Sandeep Rao**  
Partner  
M. No.47235

**J. K Shah**  
Partner  
M. No. 3662

**B.R. Taneja**  
Managing Director

**Rajiv Goel**  
Chief Financial Officer

**Jaikishan Pahlani**  
Company Secretary  
Pune, May 30, 2017

Pune, May 30, 2017



**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2017**

Rs. in Crore

Particulars	Note No.	2016-17	2015-16
<b>INCOME</b>			
<b>REVENUE FROM OPERATIONS</b>			
<b>Sale of Products</b>	<b>1.19</b>	<b>1,418.72</b>	1,331.28
Less : Inter Segment Transfers		<b>227.92</b>	232.55
Inter Division Transfers		<b>51.42</b>	24.57
		<b>1,139.38</b>	1,074.16
Less: Excise Duty		<b>110.60</b>	105.72
Net Sales		<b>1,028.78</b>	968.44
Other Operating Revenue	<b>1.20</b>	<b>25.18</b>	24.09
Less: Excise Duty		<b>0.78</b>	0.85
		<b>24.40</b>	23.24
<b>REVENUE FROM OPERATIONS (NET)</b>		<b>1,053.18</b>	991.68
Other Income	<b>1.21</b>	<b>6.07</b>	12.08
<b>TOTAL REVENUE</b>		<b>1,059.25</b>	1,003.76
<b>EXPENSES</b>			
Cost of Materials Consumed	<b>1.22</b>	<b>522.43</b>	477.62
Purchases of Stock-in-trade		<b>0.04</b>	0.04
Changes in Inventories of Finished Goods and Work-in-Progress and Stock-in-trade	<b>1.23</b>	<b>13.01</b>	51.52
Employee Benefits Expense	<b>1.24</b>	<b>110.14</b>	106.30
Finance Costs	<b>1.25</b>	<b>268.89</b>	280.13
Depreciation and Amortisation	<b>1.26</b>	<b>70.63</b>	71.83
Other Expenses	<b>1.27</b>	<b>363.38</b>	344.06
<b>TOTAL EXPENSES</b>		<b>1,348.52</b>	1331.50
<b>Profit / (Loss) before Exceptional Items and Tax</b>		<b>(289.27)</b>	(327.74)
<b>Exceptional Item - Foreign Exchange (Gain) / Loss</b>		<b>(0.83)</b>	45.08
<b>PROFIT / (LOSS) BEFORE TAX</b>		<b>(288.44)</b>	(372.82)
<b>TAX EXPENSES</b>			
MAT Credit – written off		-	9.39
<b>PROFIT / (LOSS) BEFORE TAX</b>		<b>(288.44)</b>	(382.21)
Earning per Equity Share (Face Value of Rs. 5/- each ) ( Refer Note No 3.15 of Notes to Accounts )		<b>(19.69)</b>	(26.09)
<b>Significant Accounting Policies</b>	<b>2</b>		
<b>Notes to Accounts</b>	<b>3</b>		

As per our report of even date

For **M/s P.G. Bhagwat**  
Firm Registration No. 101118W  
Chartered Accountants

For **J.K. Shah & Co.**  
Firm Registration No. 109606W  
Chartered Accountants

**Sandeep Rao**  
Partner  
M. No.47235

**J. K Shah**  
Partner  
M. No. 3662

**B.R. Taneja**  
Managing Director

**Rajiv Goel**  
Chief Financial Officer

**Jaikishan Pahlani**  
Company Secretary  
Pune, May 30, 2017

Pune, May 30, 2017

**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017**

Rs. in Crore

Particulars		2016-17		2015-16	
i)	<b>CASH FLOW FROM OPERATING ACTIVITIES :</b>				
	Net Profit / ( Loss ) Before Tax		(288.44)		(372.82)
	Adjustments for :				
	Loss on Asset Discarded	0.10		-	
	Depreciation & Amortisation	70.63		71.83	
	Finance Costs	268.89		280.13	
	Interest Income	(2.38)		(4.35)	
	Unrealised Exchange Loss	(2.18)		13.88	
	Provision for Doubtful Debts	6.33		9.90	
	Bad Debts / Clamis written off	7.44		1.97	
	Provision for Wealth Tax	-		0.05	
			<b>348.83</b>		<b>373.41</b>
	<b>Operating Cash Profit before Working Capital Changes</b>		<b>60.39</b>		<b>0.59</b>
	Adjustments for :				
	Trade and Other Receivables	(44.41)		66.00	
	Inventories (Increase) / Decrease	8.62		78.75	
	Trade Payables and Other Liabilities	(117.03)		(419.62)	
			<b>(152.82)</b>		<b>(274.87)</b>
	Taxes Paid		<b>(0.45)</b>		<b>(0.63)</b>
	<b>Net Cash flow from Operating Activities</b>		<b>(92.88)</b>		<b>(274.91)</b>
ii)	<b>CASH FLOW FROM INVESTING ACTIVITIES :</b>				
	Purchase of Fixed Assets (net)	(10.59)		(7.38)	
	Interest Received	2.32		8.13	
	Purchase of Investment	(0.02)		-	
	<b>Net Cash used in Investing Activities</b>		<b>(8.29)</b>		<b>0.75</b>
iii)	<b>CASH FLOW FROM FINANCING ACTIVITIES :</b>				
	Dividend Payments (including Tax thereon)	(0.60)		(0.30)	
	Proceeds from /(Repayment of) Borrowings	131.48		383.15	
	Interest Paid	(22.11)		(148.43)	
	<b>Net Cash from Financing Activities</b>		<b>108.77</b>		<b>234.42</b>
	<b>Net Increase / (Decrease) in Cash and Cash Equivalents</b>		<b>7.60</b>		<b>(39.74)</b>
	Cash and Cash Equivalents at the beginning of the year (Refer Note No.1.16)		<b>10.29</b>		<b>50.03</b>
	Cash and Cash Equivalents at the end of the year (Refer Note No.1.16)		<b>17.89</b>		<b>10.29</b>
	<b>Net Increase / (Decrease) in Cash &amp; Cash Equivalents</b>		<b>7.60</b>		<b>(39.74)</b>

As per our report of even date

For **M/s P.G. Bhagwat**  
Firm Registration No. 101118W  
Chartered Accountants

For **J.K. Shah & Co.**  
Firm Registration No. 109606W  
Chartered Accountants

**Sandeep Rao**  
Partner  
M. No.47235

**J. K Shah**  
Parther  
M. No. 3662

**B.R. Taneja**  
Managing Director

**Rajiv Goel**  
Chief Financial Officer

**Jaikishan Pahlani**  
Company Secretary  
Pune, May 30, 2017

Pune, May 30, 2017

## Notes to Financial Statement for the year ended March 31, 2017

### NOTE NO. 1.1 SHARE CAPITAL

Particulars	Rs. in Crore	
	As at March 31, 2017	As at March 31, 2016
<b>Authorised</b>		
i) 17,50,00,000 (Previous Year 17,50,00,000) Equity Shares of Rs.5/- each	<b>87.50</b>	87.50
ii) Unclassified Shares	<b>71.00</b>	71.00
	<b>158.50</b>	158.50
<b>Issued, Subscribed and Paid up:</b>		
i) 14,65,01,383 (Previous Year 14,65,01,383) Equity Shares of Rs 5/- each fully paid	<b>73.25</b>	73.25
	<b>73.25</b>	73.25

The Company has only one class of Equity Shares having par value of Rs. 5 /- each. Holder of Equity Shares is entitled to one vote per share.

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

Particulars	As at March 31, 2017		As at March 31, 2016	
	No. of Equity Shares	Rs. in Crore	No. of Equity Shares	Rs. in Crore
Shares outstanding at the beginning of the year	<b>14,65,01,383</b>	<b>73.25</b>	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	<b>14,65,01,383</b>	<b>73.25</b>	14,65,01,383	73.25

The details of shareholders holding more than 5% shares.

Name of Shareholders	As at March 31, 2017		As at March 31, 2016	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Indian Seamless Enterprises Limited	<b>68,917,558</b>	<b>47.04%</b>	55,533,788	37.91%
Vishkul Leather Garments Private Limited.	<b>NIL</b>	-	13,383,770	9.14%
Jiten Kirtanlal Shah	<b>7,418,640</b>	<b>5.06%</b>	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.

**Notes to Financial Statement for the year ended March 31, 2017 (Contd.)****NOTE NO. 1.2 RESERVES AND SURPLUS****Rs. in Crore**

Particulars	As at March 31, 2017	As at March 31, 2016
i) Capital Reserve	6.94	6.94
ii) Capital Redemption Reserve	80.60	80.60
iii) Revaluation Reserve		
Opening Balance	206.54	209.68
Addition during the year	-	-
Less : Transfer to General Reserve	3.14	3.14
( Refer Note No. 3.12 of Notes to Accounts )	203.40	206.54
iv) Amalgamation Reserve		
Opening Balance	11.52	15.75
Less : Transfer to General Reserve	4.03	4.23
( Refer Note No. 3.12 of Notes to Accounts )	7.49	11.52
v) Reserve for Contingencies	1.91	1.91
vi) General Reserve		
Opening Balance	409.97	402.60
Add : Transfer from Revaluation Reserve	3.14	3.14
Add : Transfer from Amalgamation Reserve	4.03	4.23
	417.14	409.97
vii) Hedge Reserve Account		
Opening Balance	-	(30.32)
Addition during the year	-	-
Less : Transferred to Statement of Profit and Loss	-	30.32
	-	-
viii) Foreign Currency Monetary Item Translation Difference Account		
Opening Balance	-	(9.52)
Addition during the year	-	-
Less : Transferred to Statement of Profit and Loss	-	9.52
	-	-
ix) Surplus		
Opening Balance	(854.40)	(472.19)
Add : Profit / ( Loss ) for the year	(288.44)	(382.21)
	(1,142.84)	(854.40)
Closing Balance	<u>(425.36)</u>	<u>(136.92)</u>

## Notes to Financial Statement for the year ended March 31, 2017 (Contd.)

### NOTE NO. 1.3 LONG TERM BORROWINGS

Rs. in Crore

Particulars	As at March 31, 2017	As at March 31, 2016
<b>SECURED LOANS :</b>		
<b>Term Loans from Banks</b>		
i) Rupee Loans	529.75	630.54
ii) Foreign Currency Loans	78.73	161.84
	608.48	792.38
<b>UNSECURED LOANS :</b>		
i) Interest Free Incentive and Sales Tax Loan	14.31	19.38
ii) Others - From Associate Company ( Refer Note No. 3.10 of Notes to Accounts )	7.75	7.75
	630.54	819.51

### SECURITY

- i) Term Loans of Rs. 771.60 Crore (including current maturities of Rs.244.69 Crore) (Previous Year Rs 771.60 Crore including current maturities of Rs. 143.90 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) has been stipulated and assets of Captive Power Project of the Company located at Chandrapur district as mentioned in clause (iv). 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. 1.6.
- ii) Term Loans of Rs. 138.67 Crore ( including current maturities of Rs.101.66 Crore ) (Previous Year Rs. 141.33 Crore including current maturities of Rs. 57.11 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 loans lenders where exclusive charge on movable fixed assets as mentioned in clause (iii) has been stipulated and assets of Captive Power Project of the Company located at Chandrapur district as mentioned in clause (iv).
- iii) Term Loans of Rs. 91.84 Crore ( including current maturities of Rs. 58.97 Crore ) (Previous Year Rs. 93.69 Crore including current maturities of Rs.46.37 Crore) are stipulated to be secured by exclusive charge on the equipment financed. Out of above, term loan of Rs.79.13 Crore is further stipulated to be secured with the land appurtenant thereto.
- iv) Term Loans of Rs. 100.00 Crore (including current maturities of Rs. 88.31 Crore ) (Previous Year Rs. 103.98 Crore including current maturities of Rs. 70.74 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.
- v) Further out of the above term loans from banks, loans amounting to Rs.405.50 Crores are secured by unencumbered properties located at Ahmednagar and Jejuri and also guaranteed by the Managing Director of the Company.
- vi) Maturity Schedule

Rs. in Crore

Particulars	1-2 year	2-3 year	3-4 year	Beyond 4 years
a) Term Loans-from Banks (Secured Loan)	196.09	124.70	104.03	183.66
b) Sales Tax Loan	5.06	5.06	2.81	1.38

- vii) 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, 2017 (Contd.)****NOTE NO. 1.4 DEFERRED TAX LIABILITIES (Net)****Rs. in Crore**

Particulars	As at March 31, 2017	As at March 31, 2016
<b>i) Deferred Tax Liabilities</b>		
Depreciation	233.60	231.97
	<u>233.60</u>	<u>231.97</u>
<b>ii) Deferred Tax Assets</b>		
a) Accumulated Tax Losses*	11.56	26.49
b) Unabsorbed Tax Depreciation	197.23	183.16
c) Deduction eligible in future period in respect of expenses already debited to the Statement of Profit and Loss	24.81	22.32
	<u>233.60</u>	<u>231.97</u>
<b>Deferred Tax Liabilities (Net)</b>	<u>-</u>	<u>-</u>

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

**NOTE NO. 1.5 LONG TERM PROVISIONS****Rs. in Crore**

Particulars	As at March 31, 2017	As at March 31, 2016
<b>Provision for Employee Benefits</b>		
Leave Encashment	6.37	6.54
	<u>6.37</u>	<u>6.54</u>

**NOTE NO. 1.6 SHORT TERM BORROWINGS****Rs. in Crore**

Particulars	As at March 31, 2017	As at March 31, 2016
<b>SECURED</b>		
<b>Loans Repayable on Demand</b>		
Working Capital Borrowings From Banks		
Rupee Loans	1,027.33	891.10
<b>UNSECURED</b>		
Working Capital Borrowings From Bank		
Rupee Loan	31.32	31.32
	<u>1,058.65</u>	<u>922.42</u>

**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. 1.3 (i) .

## Notes to Financial Statement for the year ended March 31, 2017 (Contd.)

### NOTE NO. 1.7 TRADE PAYABLES

Rs. in Crore

Particulars	As at March 31, 2017	As at March 31, 2016
<b>Payables to Micro and Small Enterprises</b> ( Refer Note No. 3.7 of Notes to Accounts )	<b>0.05</b>	0.03
<b>Other Trade Payables</b>		
i) Acceptances	<b>40.08</b>	113.90
ii) Others	<b>88.81</b>	104.19
	<b>128.89</b>	218.09
	<b>128.94</b>	218.12

### NOTE NO. 1.8 OTHER CURRENT LIABILITIES

Rs. in Crore

Particulars	As at March 31, 2017	As at March 31, 2016
<b>CURRENT MATURITIES OF LONG TERM DEBT</b>		
<b>Secured</b>		
i) Rupee Loans	<b>287.45</b>	186.66
ii) Foreign Currency Loans	<b>206.17</b>	131.46
	<b>@ 493.62</b>	318.12
<b>Unsecured</b>		
Interest Free Sales Tax Loan	<b>5.07</b>	4.75
Interest accrued but not due on borrowings	<b>0.41</b>	0.60
Interest accrued and due on borrowings *	<b>400.22</b>	153.27
Unclaimed dividends #	<b>1.73</b>	2.32
<b>Other Payables</b>		
i) Other Payables – Capital	<b>6.56</b>	4.67
ii) Advances From Customers	<b>9.13</b>	5.89
iii) Provision for Expenses	<b>23.27</b>	18.12
iv) Other Liabilities ##	<b>28.03</b>	65.64
	<b>968.04</b>	573.38

Delay in No. of Days	2016-17		2015-16	
	Principal @	Interest *	Principal @	Interest *
00 - 30 Days	<b>23.60</b>	<b>23.36</b>	17.54	22.92
31 - 60 Days	<b>5.22</b>	<b>18.67</b>	3.91	31.62
61 - 90 Days	<b>7.92</b>	<b>23.29</b>	38.15	0.04
More than 90 Days	<b>281.38</b>	<b>334.90</b>	72.89	98.69
Total	<b>318.12</b>	<b>400.22</b>	132.49	153.27

Over due amount of interest and principal instalments as on March 31, 2017 are disclosed based on the terms of sanction of loans. (Refer Note No. 3.19 of Notes to Accounts)

# The amounts of unclaimed dividends will be transferred to Investor Education and Protection Fund when due.

## Other Liabilities includes Buyer's Credit - Others Rs. 12.01 Crore (Previous Year Rs 48.17 Crore)

**Notes to Financial Statement for the year ended March 31, 2017 (Contd.)**
**NOTE NO. 1.9 SHORT TERM PROVISIONS**
**Rs. in Crore**

Particulars	As at March 31, 2017	As at March 31, 2016
<b>Provision for Employee Benefits</b>		
i) Gratuity	<b>0.93</b>	0.78
ii) Leave Encashment	<b>0.20</b>	0.11
iii) Superannuation	<b>1.44</b>	1.98
	<b>2.57</b>	<b>2.87</b>

**NOTE NO. 1.10 PROPERTY, PLANT AND EQUIPMENT**
**Rs. in Crore**

Particulars	Original Cost			Depreciation and Amortisation				Net Book Value		
	as at April 01, 2016	Additions	Disposals	as at March 31, 2017	as at April 01, 2016	charge for the year	On disposals/ adjustments	as at March 31, 2017	as at March 31, 2017	as at March 31, 2016
<b>Tangible Assets</b>										
Land-Freehold @	9.19	4.28	-	<b>13.47</b>	-	-	-	-	<b>13.47</b>	9.19
Land-Leasehold #	217.49	-	-	<b>217.49</b>	4.92	3.24	-	<b>8.16</b>	<b>209.33</b>	212.57
Buildings @	133.46	-	-	<b>133.46</b>	49.06	5.90	-	<b>54.96</b>	<b>78.50</b>	84.40
Plant and Machinery @	1,895.68	(4.93)	1.08	<b>1,889.67</b>	686.94	58.09	0.25	<b>744.78</b>	<b>1,144.89</b>	1,208.74
Furniture and Fixtures @	5.00	-	-	<b>5.00</b>	4.17	0.25	-	<b>4.42</b>	<b>0.58</b>	0.83
Office Equipment @	12.45	0.15	-	<b>12.60</b>	11.94	0.07	-	<b>12.01</b>	<b>0.59</b>	0.51
Vehicles	1.52	-	-	<b>1.52</b>	1.44	-	-	<b>1.44</b>	<b>0.08</b>	0.08
<b>Assets Under Lease</b>										
Plant and Machinery	6.96	-	6.96	-	3.88	3.08	6.96	-	-	3.08
<b>Total A</b>	<b>2,281.75</b>	<b>(0.50)</b>	<b>8.04</b>	<b>2,273.21</b>	<b>762.35</b>	<b>70.63</b>	<b>7.21</b>	<b>825.77</b>	<b>1,447.44</b>	<b>1,519.40</b>
<b>Intangible Assets</b>										
Technical Know-How	4.13	-	-	<b>4.13</b>	4.13	-	-	<b>4.13</b>	-	-
Computer Software	3.79	-	-	<b>3.79</b>	3.79	-	-	<b>3.79</b>	-	-
<b>Total B</b>	<b>7.92</b>	<b>-</b>	<b>-</b>	<b>7.92</b>	<b>7.92</b>	<b>-</b>	<b>-</b>	<b>7.92</b>	<b>-</b>	<b>-</b>
<b>Total A+B</b>	<b>2,289.67</b>	<b>(0.50)</b>	<b>8.04</b>	<b>2,281.13</b>	<b>770.27</b>	<b>70.63</b>	<b>7.21</b>	<b>833.69</b>	<b>1,447.44</b>	<b>1,519.40</b>
Previous Year	2,267.99	21.68	-	2,289.67	698.44	71.83	-	770.27	1,519.40	1,569.55

# Refer Note No. 3.12 of Notes to Accounts

i) Additions to Plant and Machinery include Exchange Difference gain of Rs. 6.75 Crore (Previous Year loss Rs. 15.15 Crore).

@ Includes assets of Captive Power Plant held for sale as below ( Refer Note No. 3.21 of Notes to Accounts)

**Rs. in Crore**

Particulars	2016-17			2015-16		
	Original Cost	Accumulated Depreciation	Net Book Value	Original Cost	Accumulated Depreciation	Net Book Value
Land-Freehold	11.39	-	11.39	7.11	-	7.11
Buildings	6.98	4.40	2.58	6.98	3.07	3.91
Plant and Machinery	270.71	43.94	226.77	274.58	37.83	236.75
Furniture and Fixtures	0.19	0.14	0.05	0.19	0.12	0.07
Office Equipment	0.14	0.13	0.01	0.14	0.13	0.01
<b>Total</b>	<b>289.41</b>	<b>48.61</b>	<b>240.80</b>	<b>289.00</b>	<b>41.15</b>	<b>247.85</b>



## Notes to Financial Statement for the year ended March 31, 2017 (Contd.)

NOTE NO. 1.11 NON CURRENT INVESTMENTS		Rs. in Crore	
Particulars	As at March 31, 2017	As at March 31, 2016	
<b>Long Term Investments – At Cost</b>			
Trade (unquoted)			
<b>Investment in Equity Instruments</b>			
<b>Subsidiaries</b>			
i) ISMT Enterprises S.A., Luxembourg 8,06,757 (Previous Year 8,06,757 ) Equity Shares of Euro 10 each fully paid ( Refer Note No. 3.17 of Notes to Accounts )	48.43	48.43	
ii) Tridem Port and Power Company Private Limited 25,80,300 (Previous Year 25,80,300 ) Equity Shares of Rs 10 each fully paid ( Refer Note No. 3.20 of Notes to Accounts )	2.58	2.58	
iii) Indian Seamless Inc. U.S.A. 3,17,900 (Previous Year 3,17,900 ) Equity Shares of USD 1 each fully paid	1.78	1.78	
<b>Others</b>			
OPGS Power Gujarat Pvt. Ltd 9,69,000 (Previous Year Nil ) Equity Shares of Rs. 0.10 each fully paid	0.02	-	
	<u>52.81</u>	<u>52.79</u>	
Aggregate amount of unquoted investments	52.81	52.79	

NOTE NO. 1.12 LONG TERM LOANS AND ADVANCES (UNSECURED, CONSIDERED GOOD)		Rs. in Crore	
Particulars	As at March 31, 2017	As at March 31, 2016	
<b>Advances to Related Parties</b>			
<b>Subsidiary Companies</b> ( Refer Note No. 3.10 and 3.20 of Notes to Accounts )	138.62	121.34	
<b>Others</b>			
i) Capital Advances	0.27	5.60	
ii) Security Deposits	2.51	2.76	
	<u>141.40</u>	<u>129.70</u>	

NOTE NO. 1.13 OTHER NON-CURRENT ASSETS		Rs. in Crore	
Particulars	As at March 31, 2017	As at March 31, 2016	
i) MAT Credit Receivable	82.05	82.05	
ii) Refunds Due From Government Authorities	1.13	1.13	
iii) Trade Receivables Outstanding for a period exceeding six months Considered Doubtful	63.47	57.14	
Less: Provision for Doubtful Debts	<u>63.47</u>	<u>57.14</u>	
	-	-	
	<u>83.18</u>	<u>83.18</u>	

**Notes to Financial Statement for the year ended March 31, 2017 (Contd.)**
**NOTE NO. 1.14 INVENTORIES**

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

**Rs. in Crore**

Particulars	As at	As at
	March 31, 2017	March 31, 2016
i) Raw Materials	61.09	50.17
ii) Work-in-Progress	97.78	110.31
iii) Finished Goods	55.39	55.87
iv) Stores, Spares and Consumables	108.38	114.90
	<u>322.64</u>	<u>331.25</u>

**NOTE NO. 1.15 TRADE RECEIVABLES**

(Net of bills discounted with Banks )

**Rs. in Crore**

Particulars	As at	As at
	March 31, 2017	March 31, 2016
<b>Unsecured</b>		
i) Outstanding for a period exceeding six months Considered Good	2.29	20.43
ii) Others Considered Good	197.87	167.55
	<u>200.16</u>	<u>187.98</u>

**NOTE NO. 1.16 CASH AND BANK BALANCES**
**Rs. in Crore**

Particulars	As at	As at
	March 31, 2017	March 31, 2016
<b>Cash and Cash Equivalents</b>		
i) Balances with Banks	17.83	10.24
ii) Cash on Hand	0.06	0.05
	<u>17.89</u>	<u>10.29</u>
<b>Other Bank Balances</b>		
Deposits with Banks	30.53	23.17
	<u>48.42</u>	<u>33.46</u>
<b>Balances with Banks include:</b>		
i) Unclaimed Dividend	1.73	2.33
ii) Unclaimed Interest on Debentures	0.02	0.02
<b>Deposits with Banks include:</b>		
i) Margin Money Deposits against Guarantees / Letter of Credit / with less than 12 months maturity	30.50	22.86
ii) Margin Money Deposits against Guarantees / Letter of Credit / with more than 12 months maturity	0.03	0.31

**Notes to Financial Statement for the year ended March 31, 2017 (Contd.)****NOTE NO. 1.17 SHORT TERM LOANS AND ADVANCES****(UNSECURED, CONSIDERED GOOD)****Rs. in Crore**

<b>Particulars</b>	<b>As at March 31, 2017</b>	<b>As at March 31, 2016</b>
<b>Others</b>		
i) Security Deposits	<b>13.31</b>	6.79
ii) Advances recoverable in Cash or in Kind	<b>12.19</b>	24.73
	<b><u>25.50</u></b>	<u>31.52</u>

**NOTE NO. 1.18 OTHER CURRENT ASSETS****Rs. in Crore**

<b>Particulars</b>	<b>As at March 31, 2017</b>	<b>As at March 31, 2016</b>
<b>Balances with Government Authorities</b>		
i) Balance with Custom, Excise and Sales Tax	<b>11.91</b>	8.38
ii) Export Incentives and Other Statutory Refunds	<b>75.33</b>	79.42
iii) Taxes paid (net of provisions)	<b>9.53</b>	9.08
<b>Others</b>	<b>7.39</b>	8.00
	<b><u>104.16</u></b>	<u>104.88</u>

**Notes to Financial Statement for the year ended March 31, 2017 (Contd.)****NOTE NO. 1.19 REVENUE FROM OPERATIONS (GROSS)****SALE OF PRODUCTS****Rs. in Crore**

<b>Particulars</b>	<b>2016-17</b>	<b>2015-16</b>
i) Tube #	<b>750.56</b>	644.85
ii) Steel	<b>668.16</b>	686.43
<b>Gross Sales</b>	<b><u>1,418.72</u></b>	<u>1,331.28</u>

# includes traded goods sold of Rs. 0.04 Crore ( Previous Year Rs.0.07 Crore ) .

**NOTE NO. 1.20 OTHER OPERATING REVENUE (GROSS)****Rs. in Crore**

<b>Particulars</b>	<b>2016-17</b>	<b>2015-16</b>
<b>Other Operating Revenues</b>		
i) Sale of Scrap ( Gross)	<b>46.21</b>	35.16
Less : Inter Segment Transfers	<b><u>37.81</u></b>	<u>25.58</u>
	<b>8.40</b>	9.58
ii) Export Incentives	<b>4.46</b>	6.01
iii) Mega Project Incentives	<b>12.32</b>	8.50
	<b><u>25.18</u></b>	<u>24.09</u>

**NOTE NO. 1.21 OTHER INCOME****Rs. in Crore**

<b>Particulars</b>	<b>2016-17</b>	<b>2015-16</b>
i) Interest Income #	<b>2.38</b>	4.35
ii) Miscellaneous Income	<b>3.69</b>	7.73
	<b><u>6.07</u></b>	<u>12.08</u>

# includes interest from Banks Rs. 1.57 Crore ( Previous Year Rs.3.69 Crore ) .

## Notes to Financial Statement for the year ended March 31, 2017 (Contd.)

### NOTE NO. 1.22 COST OF RAW MATERIAL CONSUMED

Particulars	Rs. in Crore	
	2016-17	2015-16
Opening Stock	50.17	74.92
Add : Purchases made during the year	533.35	452.87
	583.52	527.79
Less : Closing Stock	61.09	50.17
<b>Total Raw Material Consumed</b>	<b>522.43</b>	<b>477.62</b>

### DETAILS OF RAW MATERIAL CONSUMED

Particulars	Rs. in Crore	
	2016-17	2015-16
<b>Tube Segment</b>		
Steel - Round Bars	425.32	354.56
Less : Inter Segment Transfers included in above	202.22	206.15
Net Consumption	223.10	148.41
<b>Steel Segment</b>		
i) Pig Iron, DRI and Scrap	287.20	309.75
ii) Ferro Alloys	45.74	42.20
	332.94	351.95
Less : Inter Segment Transfer	33.61	22.74
Net Consumption	299.33	329.21
<b>Total Raw Material Consumed</b>	<b>522.43</b>	<b>477.62</b>

### NOTE NO. 1.23 CHANGE IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS

Particulars	Rs. in Crore	
	2016-17	2015-16
<b>Closing Stock</b>		
i) Finished Goods	55.39	55.87
ii) Work-in-Progress	97.78	110.31
	153.17	166.18
<b>Opening Stock</b>		
i) Finished Goods	55.87	78.96
ii) Work-in-Progress	110.31	138.74
	166.18	217.70
<b>(Increase)/Decrease in Inventories</b>		
i) Finished Goods	0.48	23.09
ii) Work-in-Progress	12.53	28.43
	13.01	51.52

### PRODUCTWISE DETAILS OF CLOSING WORK-IN-PROGRESS

Particulars	Rs. in Crore	
	2016-17	2015-16
i) Tube	83.91	89.91
ii) Steel	13.87	20.40
	97.78	110.31

**Notes to Financial Statement for the year ended March 31, 2017 (Contd.)****NOTE NO. 1.24 EMPLOYEE BENEFITS EXPENSE****Rs. in Crore**

<b>Particulars</b>	<b>2016-17</b>	<b>2015-16</b>
i) Salaries, Wages, Bonus and Allowances #	<b>94.56</b>	91.45
ii) Contributions to Provident Fund & Other Funds	<b>9.41</b>	9.09
iii) Staff Welfare Expenses	<b>6.17</b>	5.76
	<b><u>110.14</u></b>	<u>106.30</u>

# Salaries, Wages, Bonus and Allowances includes remuneration payable to Managing Director and Executive Director amounting to Rs. 1.92 Crore ( Previous Year of Rs. 1.02 Crore) is subject to approval of Central Government.

**NOTE NO. 1.25 FINANCE COSTS****Rs. in Crore**

<b>Particulars</b>	<b>2016-17</b>	<b>2015-16</b>
I) Interest Expenses		
a) Term Loans	<b>117.60</b>	123.89
b) Working Capital and Others	<b><u>141.79</u></b>	<u>126.46</u>
	<b>259.39</b>	250.35
ii) Cash Discount	<b>2.27</b>	2.35
iii) Other Finance Costs	<b>7.23</b>	10.96
iv) Exchange Difference regarded as an adjustment to Interest Cost	-	16.47
	<b><u>268.89</u></b>	<u>280.13</u>

**NOTE NO. 1.26 DEPRECIATION AND AMORTISATION****Rs. in Crore**

<b>Particulars</b>	<b>2016-17</b>	<b>2015-16</b>
i) Depreciation for the year	<b>70.63</b>	71.83
	<b><u>70.63</u></b>	<u>71.83</u>

**Notes to Financial Statement for the year ended March 31, 2017 (Contd.)****NOTE NO. 1.27 OTHER EXPENSES****Rs. in Crore**

<b>Particulars</b>	<b>2016-17</b>	<b>2015-16</b>
<b>i) Materials</b>		
a) Stores and Spares	39.20	25.85
b) Consumables	37.39	39.27
	<b>76.59</b>	65.12
<b>ii) Energy</b>		
a) Power Charges	136.54	136.84
b) Fuel	44.07	38.44
c) Gases	14.99	14.16
d) Coal- Indigenous	-	0.05
	<b>195.60</b>	189.49
<b>iii) Direct Manufacturing</b>		
a) Processing Charges	5.84	5.54
b) Other Direct Expenses	17.91	17.51
c) Repairs & Maintenance to Plant and Machinery	3.23	3.09
d) Repairs to Factory Building	0.65	0.20
e) Machine Rentals	0.96	0.30
	<b>28.59</b>	26.64
<b>iv) Selling &amp; Distribution</b>		
a) Freight Charges	11.34	14.74
b) Commission on Sales	6.08	5.90
c) Selling and Other Expenses	2.09	2.74
	<b>19.51</b>	23.38
<b>v) Excise Duty on Stock of Finished Goods</b>	<b>0.15</b>	(1.37)
<b>vi) Administrative Expenses</b>		
a) Rent	1.26	1.21
b) Rates and Taxes	0.49	0.53
c) Travelling	2.47	2.43
d) Communication	1.04	1.02
e) Repairs & Maintenance - Others	0.60	0.64
f) Insurance	1.12	1.05
g) Equipment Lease Rentals	0.49	0.68
h) Miscellaneous Expenses	35.47	33.24
( Refer Note No. 3.16 of Notes to Accounts )	<b>42.94</b>	40.80
	<b>363.38</b>	344.06

**Notes to Financial Statement for the year ended March 31, 2017 (Contd.)****NOTE NO. 2 : SIGNIFICANT ACCOUNTING POLICIES****2.1 General**

- i) The financial statements of the company have been prepared in accordance with generally accepted accounting principles in India and comply in all material respects with the Accounting Standards specified under Section 133 of the Companies Act 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provision of the Companies Act, 2013.
- ii) Accounting policies not specifically referred to otherwise are consistent and in consonance with generally accepted accounting principles.

**2.2 Revenue Recognition****i) Sales**

- a) Sales are recognized when the significant risks and rewards of ownership of goods have been passed to the buyer. Sales are net of sales tax and sales returns.
- b) Inter Division Transfer represents transfer of finished / semi-finished products within the Segment for further processing and sale.

**ii) Export Incentives**

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.

**2.3 Property, Plant and Equipment: Tangible**

- 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. Company adopts Revaluation Model as its accounting policy in respect of Leasehold Lands of the Company.
- ii) 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.

**2.4 Depreciation**

- i) Leasehold Land – Cost of Leasehold Land / Revalued cost of Leasehold Land is amortized over lease period.
- ii) Depreciation on Plant & Machinery other than Captive Power Plant is provided on its useful life estimated by the management on Written Down Value method. For these classes of assets, based on the technical evaluation carried out by the external experts, the management has estimated the useful lives in the range of 8 years to 65 years.
- iii) Depreciation on Building and Plant & Machinery of Captive Power Plant is provided as per the useful life specified in Part ‘C’ of Schedule II of the Companies Act, 2013 on Straight Line Method.
- iv) Depreciation on Furniture & Fixtures, Office Equipment and vehicle is provided as per the useful life specified Part ‘C’ of Schedule II of the Companies Act, 2013 on Written Down Value Method.

**2.5 Intangibles**

Intangible assets are stated at costs less accumulated amortisation.

The cost relating to intangible assets are capitalised and amortised over the period of 5 years which is based on their estimated useful life.

**2.6 Leased Assets****i) Finance Lease**

Lease rentals in respect of finance lease are segregated into cost of the Assets and Finance Components by applying an implicit internal rate of return. The cost component is amortized over the useful life of the Asset and the Finance Component is recognized in the Statement of Profit and Loss.

**ii) Operating Lease**

Lease rentals in respect of operating lease are charged to Statement of Profit and Loss as per the terms of the lease agreement.

**2.7 Inventories**

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

**ii) Valuation**

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

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

**2.8 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**

The Company's liabilities under Payment of Gratuity Act (funded), long term compensated absences are determined on the basis of actuarial valuation made at the end of each financial year using the projected unit credit method except for short term compensated absences, which are provided on actual basis. Actuarial gain and losses are recognized immediately in the statement of Profit and Loss as income or expense. Obligations is measured at the present value of



## Notes to Financial Statement for the year ended March 31, 2017 (Contd.)

estimated future cash flows using a discounted rate that is determined by reference to market yields at the Balance Sheet date on Government bonds where the currency and terms of the Government bonds are consistent with the currency and estimated terms of the defined benefit obligation.

### 2.9 Research & 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.

### 2.10 Long Term Investments

Long Term Investments are valued at cost of acquisition. Provision for diminution in value of Long Term Investments is made only if such a decline is other than temporary in the opinion of the Management.

### 2.11 Foreign Currency Transactions

- i) All transactions in foreign currency are recorded by applying the exchange rate prevailing at the time of the transaction.
- ii) The Company designates borrowing in foreign currency, other than those utilized for capital expenditure and identified Long Term Loans, as hedge instrument to hedge its foreign currency risk of its firm commitment and highly probable or forecasted revenue transaction to be accounted as cash flow hedge. The unrealized exchange gains or losses on transactions related to foreign currency borrowing which qualify as effective hedge are recognized in the Hedging Reserve Account.
- iii) Monetary foreign currency assets and liabilities (monetary items) are reported at the exchange rate prevailing on the balance sheet date. Pursuant to the notification of the Companies (Accounting Standards) (Second Amendments) Rules, 2011 on 29th December, 2011, which amended Accounting Standard 11 on The Effects of Changes in Foreign Exchange Rates, the exchange differences relating to long term monetary items are dealt with in the following manner:
  - a) Exchange differences relating to long term monetary items, arising during the year, in so far as they relate to the acquisition of depreciable capital asset are add to / deducted from the cost of the asset.
  - b) Exchange differences relating to long term monetary items, arising during the year, in so far as they relate to identified Long Term Loans, are accumulated in the "Foreign Currency Monetary Item Translation Difference Account" and amortized to the Statement of Profit and Loss over balance life of the long term monetary item, however the period of amortization does not extend beyond March 31, 2020.
- iv) All other exchange differences are dealt with in the Statement of Profit and Loss.
- v) In respect of forward exchange contracts, the difference between the forward rate and the spot rate is recognized income or expense over the contract period. Gains or losses on cancellation or renewal of forward exchange contracts are recognized as income or expenses.

- vi) Non-monetary items such as investments are carried at the historical cost using the exchange rate on the date of the transaction.

### 2.12 Miscellaneous Expenditure

- i) Preliminary Expenses in the nature of public issue expenses and expenses in respect of increase in authorized capital are amortized over a period of ten years.
- iii) Loan Processing Fees are amortised over the Loan period.

### 2.13 Borrowing Costs

Borrowing Costs that are directly attributable to the acquisition of qualifying assets are capitalized as a part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to revenue.

### 2.14 Income Tax

- i) Tax expenses comprise of current and deferred tax.
- ii) Provision for current income tax is made on the basis of relevant provisions of the Income Tax Act, 1961 as applicable to the financial year.
- iii) Deferred Tax on timing differences is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date. Deferred Tax Assets are recognised only to the extent that there is virtual certainty with convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised.
- iv) Minimum Alternative Tax (MAT) credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period.

### 2.15 Government Incentives

Mega Project Incentives are recognized in the Statement of Profit and Loss in accordance with the provisions of the Package Scheme of Incentives 2007 and the eligibility certificate issued by the Government of Maharashtra.

### 2.16 Impairment of Assets

Where there is an indication that an asset is impaired, the recoverable amount if any, is estimated and the impairment loss is recognized to the extent carrying amount exceeds recoverable amount.

### 2.17 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.

**Notes to Financial Statement for the year ended March 31, 2017 (Contd.)****NOTE NO.3 NOTES TO ACCOUNTS****3.1 CONTINGENT LIABILITIES AND COMMITMENTS (To the extent not provided for)****Rs in Crore**

Particulars	As on March 31, 2017	As on March 31, 2016
<b>i) Contingent Liabilities</b>		
a) Claims against the Company not acknowledged as debt		
Sales Tax	15.06	13.16
Income Tax disputed by the Company	0.70	4.45
Excise and Customs Duty	27.39	28.53
Others	153.61	155.72
b) Corporate Guarantees *	-	16.58
c) Bills discounted on behalf of third party	15.74	67.18
<b>ii) Commitments</b>		
Capital Commitments		
Estimated amount of contracts remaining to be executed on Capital Account and not provided for (net of advances)	5.30	14.24

\* Given on behalf of Structo Hydraulics AB, Sweden of Rs.Nil ( Previous Year of Rs.16.58 Crore ( USD 2.50 Million ) in respect of loan availed.

3.2 Considering the uncertainty related to realisation, the following items are not considered to accrue till they are settled / sanctioned / received as the case may be: a) Insurance claims except specific claims stated separately b) Interest on receivables c) Electricity Refund ( Additional Supply Charges ).

## Notes to Financial Statement for the year ended March 31, 2017 (Contd.)

Rs. in Crore

3.3		2016-17	2015-16
<b>Particulars</b>			
<b>i) CIF Value of Imports</b>			
a) Capital Goods		<b>0.51</b>	0.38
b) Stores Spares & Consumables		<b>15.22</b>	12.40
c) Raw Materials		<b>108.49</b>	138.62

Particulars	2016 - 17		2015 - 16	
	Rs. in Crore	%	Rs. in Crore	%
<b>ii) Particulars in respect of Consumption of Raw Materials</b>				
a) Indigenous	<b>397.98</b>	<b>76.18</b>	313.55	65.65
b) Imported	<b>124.45</b>	<b>23.82</b>	164.07	34.35
	<b>522.43</b>	<b>100.00</b>	<b>477.62</b>	<b>100.00</b>

Particulars	2016 - 17		2015 - 16	
	Rs. in Crore	%	Rs. in Crore	%
<b>iii) Particulars in respect of Consumption of Stores and Spares, Consumables</b>				
a) Indigenous	<b>58.07</b>	<b>75.82</b>	51.82	79.58
b) Imported	<b>18.52</b>	<b>24.18</b>	13.30	20.42
	<b>76.59</b>	<b>100.00</b>	<b>65.12</b>	<b>100.00</b>

Rs. in Crore

Particulars		2016-17	2015-16
<b>iv) Earning in Foreign Currency</b>			
a) FOB Value of Exports		<b>73.45</b>	104.67
b) Freight on Exports		<b>3.95</b>	5.11

Particulars		2016-17	2015-16
<b>v) Expenditure in Foreign Currency</b>			
a) Interest		<b>11.56</b>	15.79
b) Commission on Export Sales		<b>5.36</b>	5.15
c) Travelling		<b>0.24</b>	0.19
d) Legal Fees		<b>6.24</b>	6.62
e) Quality Claims		<b>0.74</b>	2.07
f) Others		<b>0.07</b>	0.35

**Notes to Financial Statement for the year ended March 31, 2017 (Contd.)**
**3.4 As per Accounting Standard 17, the Company has two segment viz “Seamless Tube and Steel”.**

- i) 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.
- ii) 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”.

**SEGMENT INFORMATION**
**Rs. in Crore**

Particulars	As on March 31, 2017				As on March 31, 2016			
	Tube Segment	Steel Segment	Unallocable	Total	Tube Segment	Steel Segment	Unallocable	Total
<b>i) Segment Revenue</b>								
Total External Sales ( Gross )	699.14	440.24		1,139.38	620.28	453.88		1,074.16
Add : Inter Segment Transfers ( Gross )	-	227.92		227.92	-	232.55		232.55
: Inter Division Transfers ( Gross )	51.42	-		51.42	24.57	-		24.57
	<u>750.56</u>	<u>668.16</u>		<u>1,418.72</u>	<u>644.85</u>	<u>686.43</u>		<u>1,331.28</u>
Less : Excise Duty	66.64	74.99		141.63	56.57	77.72		134.29
	<u>683.92</u>	<u>593.17</u>		<u>1,277.09</u>	<u>588.28</u>	<u>608.71</u>		<u>1,196.99</u>
Less : Inter Segment Transfers (Net)	-	202.60		202.60	-	206.71		206.71
Inter Division Transfers (Net)	45.71	-		45.71	21.84	-		21.84
<b>Net Sales</b>	<b>638.21</b>	<b>390.57</b>		<b>1,028.78</b>	<b>566.44</b>	<b>402.00</b>		<b>968.44</b>
<b>ii) Segment Results</b>								
<b>Profit Before Finance Costs, Foreign Exchange Loss and Taxes</b>	(43.83)	28.02	(4.57)	(20.38)	(70.79)	24.85	(1.67)	(47.61)
Less : Finance Costs				268.89				280.13
: Foreign Exchange Loss				(0.83)				45.08
				<u>(288.44)</u>				<u>(372.82)</u>
<b>Profit / ( Loss ) Before Tax</b>				<b>(288.44)</b>				<b>(372.82)</b>
Less : Tax Expenses				-				9.39
<b>Profit / ( Loss ) After Tax</b>				<b>(288.44)</b>				<b>(382.21)</b>
<b>iii) Other Information</b>								
Total Segment Assets	1,432.79	387.73	-	1,820.52	1,464.90	413.03	-	1,877.93
Total Segment Liabilities	102.85	86.47	-	189.32	143.21	125.85	-	269.06
Total cost incurred for acquiring Segment Assets (excluding revaluation of Leasehold Land)	(10.53)	13.86	0.41	3.74	8.70	0.50	9.65	18.85
Segment Depreciation	49.73	13.45	7.46	70.64	50.15	14.16	7.52	71.83
Non - Cash Expenses	11.97	1.90	-	13.87	11.46	0.41	-	11.87
<b>Total Unallocable Assets</b>								
Investments				52.81				52.79
Other Assets				569.67				548.45
				<u>622.48</u>				<u>601.24</u>
<b>Total Unallocable Liabilities</b>								
Long Term Borrowings				630.54				819.51
Short Term Borrowings				1,058.65				922.42
Other Liabilities				916.60				531.85
				<u>2,605.79</u>				<u>2,273.78</u>

## Notes to Financial Statement for the year ended March 31, 2017 (Contd.)

- 3.5** Pending reconciliation / confirmations from 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** Disclosure regarding exposure of the Company in respect of outstanding foreign currency transactions as on the date of Balance Sheet and which are not hedged by a derivative instruments or otherwise.

Particulars	2016-17		2015-16	
	Foreign Currency in Million	Rs. in Crore	Foreign Currency in Million	Rs. in Crore
<b>i) Secured Loans</b>				
a) US Dollars	39.32	254.99	40.65	269.65
b) Euros	4.32	29.92	4.46	33.51
<b>ii) Receivables</b>				
a) US Dollars	3.05	17.98	4.30	26.40
b) Euros	11.99	81.89	10.32	72.18
c) Australian Dollar	0.04	0.20	0.02	0.10
d) GBP	0.03	0.23	-	-
<b>iii) Payables</b>				
a) US Dollar	6.68	43.32	12.96	85.95
b) Euros	0.11	0.74	0.13	0.99
<b>iv) Interest Payable</b>				
a) US Dollar	2.77	18.36	0.09	0.60
b) Euros	0.35	2.53	-	0.00

### 3.7 Dues to Micro, Small and Medium 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.

Particulars	Rs. in Crore	
	2016-17	2015-16
i) Principal amount remaining unpaid as on March 31,	0.05	0.03
ii) Interest due thereon as on March 31,	0.29	0.24
iii) Interest paid by the Company in terms of Section 16 of Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of payment made to the supplier beyond the appointed day during the year.	-	-
iv) Interest due and payable for the period of delay in making payment (Which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Act.	-	-
v) Interest accrued and remaining unpaid as at March 31,	0.29	0.24
vi) Further interest remaining due on payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises for the purpose of disallowance as a deductible expenditure under Section 23 of the Act.	0.30	0.25

**Notes to Financial Statement for the year ended March 31, 2017 (Contd.)**

**3.8** Assets taken on operating lease : - The details of future rental payable on non-cancellable operating lease are given below.

<b>Particulars</b>	<b>Rs. in Crore</b>	
	<b>2016-17</b>	<b>2015-16</b>
Not later than one year	<b>0.73</b>	0.12
Later than one year and not later than five years	<b>2.67</b>	0.07
Later than five years	<b>0.67</b>	-

- 3.9** i) The Company had adopted Accounting Standard-11 “The effects of changes in Foreign Exchange Rates”, read with notifications issued by the Ministry of Corporate Affairs dated March 31, 2009, May 11, 2011 and December 29, 2011 and exercised the option to recognize exchange difference on long term monetary items related to Fixed Assets to the cost of Fixed Assets.
- ii) The Exchange difference gain related to acquisition of Capital Assets has been adjusted to respective Fixed Asset cost amounting to Rs 6.75 Crore. (Previous Year Rs.15.15 Crore as Exchange difference Loss)
- iii) Had the Company not exercised the option under AS-11 as stated in para 3.9 (i) the Loss (net of tax) for the year would have been lower by Rs.8.23 Crore (Previous Year higher by Rs.5.72 Crore), Gross Fixed Assets would have been lower by Rs.163.73 Crore (Previous Year Rs. 170.48 Crore) and consequently the Reserves and Surplus would have been Lower by Rs.83.54 Crore (Previous Year Rs.91.77 Crore).

## Notes to Financial Statement for the year ended March 31, 2017 (Contd.)

### 3.10 i) Related party Disclosure as required by Accounting Standard 18 is as under : -

- |                             |  |
|-----------------------------|--|
| a) Key Management Personnel | i) Mr. B.R. Taneja - Managing Director<br>ii) Mr. Rajiv Goel - Chief Financial Officer   |
| b) Subsidiary Companies     | i) ISMT Enterprises SA, Luxembourg<br>ii) Structo Hydraulics AB, Sweden<br>iii) ISMT Europe AB, Sweden<br>iv) Structo (UK) Limited, United Kingdom (voluntarily dissolved on October 18 ,2016)<br>v) Tridem Port and Power Company Private Limited.<br>vi) Nagapattinam Energy Private Limited.<br>vii) Best Exim Private Limited.<br>viii) Success Power and Infraprojects Private Limited<br>ix) Marshal Microware Infrastructure Development Company Private Limited.<br>x) PT ISMT Resources, Indonesia<br>xi) Indian Seamless Inc, USA. |
| c) Associate Companies      | i) Indian Seamless Enterprises Limited<br>ii) Taneja Aerospace and Aviation Limited<br>iii) Lighto Technologies Private Limited.   |
| d) Details of Transaction   | i) Key Management Personnel<br>Remuneration for the year Rs. 2.76 Crore<br>(Previous Year Rs.2.52 Crore)<br>ii) Subsidiary and Associate Companies   |

Details of Transactions	Rs. in Crore			
	Subsidiary Companies		Associate Companies	
	2016-17	2015-16	2016-17	2015-16
Sale of Finished Goods	54.41	54.59	7.69	7.57
Purchases	-	0.59	-	-
Commission on Sales	5.02	4.30	-	-
Lease Rent Paid	-	-	0.30	0.30
Quality Claims / Reimbursement of Expenses	1.45	3.28	-	(0.24)
Rent Paid	0.01	0.01	-	-
Inter Corporate Deposits (Net)	-	-	-	(0.50)
Interest Paid	-	-	0.15	0.18
Provision for Doubtful Debts	5.36	4.89	-	-
Loans and Advances Given	17.28	17.12	-	-
Unsecured Loan Received	-	-	-	1.00
<b>Outstanding as at Balance Sheet date</b>				
Receivables ( net of provisions )	23.71	20.31	-	7.52
Payables	-	-	0.03	0.51
Advance Receivable	138.62	121.34	-	-
Advance Payable	-	-	1.00	1.00
Unsecured Loan Payable	-	-	7.75	7.75

**Notes to Financial Statement for the year ended March 31, 2017 (Contd.)**

- a) Sale of finished goods to Subsidiary Companies include sales to Indian Seamless Inc, USA Rs. 7.86 Crore (Previous Year Rs. 12.74 Crore), Structo Hydraulics AB Rs. 16.39 Crore (Previous Year Rs. 13.43 Crore) ,ISMT Europe AB Rs. 30.16 Crore (Previous Year Rs. 28.42 Crore). Sales of finished goods to Associate Companies include sales to Indian Seamless Enterprises Limited Rs. 7.69 Crore (Previous Year Rs. 7.57 Crore).
- b) Purchases from Subsidiary Companies include scrap purchased from Structo Hydraulics AB Rs. NIL Crore (Previous Year Rs. 0.59 Crore).
- c) Commission on sales paid to Subsidiary Companies include paid to ISMT Europe AB, Rs. 4.72 Crore (Previous Year Rs. 3.56 Crore) and Indian Seamless Inc, USA Rs. 0.30 Crore (Previous Year Rs. 0.74 Crore).
- d) Lease rent paid to Associate Companies include paid to Indian Seamless Enterprises Limited Rs. 0.30 Crore (Previous Year Rs. 0.30 Crore).
- e) Quality claims of Subsidiary Companies include paid to Structo Hydraulics AB Rs. 0.52 Crore (Previous Year Rs. 1.24 Crore), ISMT Europe AB Rs. NIL Crore (Previous Year Rs.0.09 Crore), Indian Seamless Inc, USA Rs. NIL Crore (Previous year Rs.0.05 Crore ) and reimbursement of expenses paid to Indian Seamless Inc, USA Rs. 0.94.Crore on account of overseas freight and other clearing charges (Previous Year Rs.1.90 Crore).
- f) Rent paid to Subsidiary Company Tridem Port and Power Company Private Limited Rs. 0.01 Crore (Previous Year Rs. 0.01 Crore).
- g) Inter corporate deposits received from (net) Associate Company Taneja Aerospace and Aviation Limited Rs. NIL Crore (Previous Year Rs. (0.50) Crore).
- h) Interest paid to Associate Company Taneja Aerospace and Aviation Limited Rs. 0.15 Crore (Previous Year Rs.0.18).
- i) Advances given to Subsidiary Company Tridem Port and Power Company Private Limited Rs. 0.53 Crore (Previous Year Rs. 0.54 Crore ) for its Port and Power Project and Rs. 16.75 Crore (Previous Year Rs. 16.58 Crore) paid on behalf of Structo Hydraulics AB ,Sweden against Stand by Letter of Credit invoked by the lender of Structo Hydraulics AB .
- j) Unsecured Loan received from Associate Company Indian Seamless Enterprises Limited as promoter's contribution of Rs. NIL Crore(Previous Year Rs.1.00 Crore).
- k) Provision for doubtful debts includes Rs. 3.15 Crore is relating to Subsidiary Company Structo Hydraulics AB (Previous Year Rs. NIL Crore), Indian Seamless Inc, USA Rs. 1.97 Crore (Previous Year Rs. 4.85 Crore), ISMT Europe AB Rs. 0.24 Crore (Previous Year Rs. 0.04 Crore).

**3.11** The Accounting Standard – 15 (Revised 2005) on “ Employee Benefits ” has been adopted by the Company effective from April 1, 2007.

During the year, Company has recognised the following amounts in the Financial Statements :

**i) 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 :

Particulars	Rs. in Crore	
	2016-17	2015-16
a) Employer's Contribution to Provident Fund and Employee Pension Scheme	4.92	4.88
b) Employer's Contribution to Superannuation Fund	2.88	1.88

In respect of Provident Fund Trust set up by the Company, there is no deficit of interest shortfall with regards to future obligation arising due to interest shortfall (i.e. Government interest to be paid on the Provident Fund Scheme exceeding rate of interest earned on investment), pending issuance of the Guidance Note from Actuarial Society of India, the actuarial liability against the same cannot be reliably measured and quantified.



## Notes to Financial Statement for the year ended March 31, 2017 (Contd.)

		Gratuity (Funded)		
		Rs. in Crore		
		2016-17	2015-16	
<b>ii) Defined Benefit Plan:</b>				
<b>a) Changes in present value of Defined Benefit Obligations:</b>				
Present value of obligation as at beginning of the Year		28.37	27.24	
Current Service Cost		1.55	1.73	
Interest Cost		2.19	2.05	
Actuarial (gain)/loss		(1.43)	(0.56)	
Benefits paid		(1.22)	(2.09)	
Present Value of Obligation as at end of the Year		29.46	28.37	
<b>b) Changes in fair value of Plan Assets:</b>				
Fair value of Plan Assets as at beginning of the Year		27.59	27.20	
Expected return on Plan Assets		2.26	2.33	
Actuarial gain/(loss)		(0.79)	(0.83)	
Employer Contribution		(0.01)	0.08	
Benefits paid		(0.52)	(1.19)	
Fair value of plan Assets as at end of the Year		28.53	27.59	
<b>c) Actual Return on Plan Assets:</b>				
Expected return on Plan Assets		2.26	2.33	
Actuarial gain/(loss) on Plan Assets		(0.79)	(0.83)	
Actual return on Plan Assets		1.47	1.50	
Particulars	2016-17		2015-16	
	Gratuity (Funded)	Leave Encashment (Non Funded)	Gratuity (Funded)	Leave Encashment (Non Funded)
<b>d) Amounts recognized in the Balance Sheet in respect of:</b>				
Fair Value of Plan Assets as at end of the Year	28.53	-	27.59	-
Present Value of Obligation as at end of the Year	29.46	6.57	28.37	6.66
Net Liability	0.93	6.57	0.78	6.66
<b>e) Expenses recognised in the Statement of Profit and Loss ( under the head "Employee Benefits Expense" ) Refer Note No. 1.24</b>				
Current Service Cost	1.55	0.50	1.73	0.65
Interest Cost	2.19	0.47	2.05	0.43
Expected return on Plan Assets	(2.26)	-	(2.33)	-
Actuarial (Gain)/ Loss	(0.64)	0.32	0.28	0.87
Expense Recognised in the Statement of Profit and Loss	0.84	1.29	1.73	1.95

**Notes to Financial Statement for the year ended March 31, 2017 (Contd.)**

Particulars	2016-17	2015-16
<b>f) Percentage of each Category of Plan Assets to total Fair Value of Plan Assets as at end of the Year</b>		
Government of India Securities	2.48%	2.93%
Corporate Bonds	0.10%	0.83%
Special Deposit Scheme	0.28%	0.29%
Insurer Managed Funds	95.18%	93.19%
Others	1.96%	2.76%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>

Particulars	2016-17		2015-16	
	Gratuity (Funded)	Leave Encashment (Non Funded)	Gratuity (Funded)	Leave Encashment (Non Funded)
<b>g) Principal Actuarial Assumptions used as at the Balance Sheet date :</b>				
Discount Rate	7.20%	7.20%	7.80%	7.90%
Expected Rate of Return on Plan Assets	8.25%	-	8.75%	-
Salary Escalation Rate	4.50%	4.50%	6.00%	6.00%

**3.12** The company had revalued its Leasehold Land located at Ahmednagar and Baramati in the year 2014-15 . Additions so made, due to revaluation, in the leasehold lands amounting to Rs. 210.46 Crore has been credited to Revaluation Reserve in the year 2014-15. Depreciation provided on the revalued amount of Rs. 3.14 Crore (Previous Year Rs. 3.14 Crore ) has been transferred from Revaluation Reserve to General Reserve. Similarly additional depreciation attributable to fair value adjustments consequent to Scheme of Arrangement sanctioned by the Hon'ble High court, Mumbai between The Indian Seamless Metal Tubes Limited and the Company amounting to Rs. 4.03 Crore ( Previous Year Rs. 4.23 Crore ) has been transferred from Amalgamation Reserve to General Reserve.

**3.13** The Company has unabsorbed Minimum Alternate Tax ( MAT) credit entitlement as at March 31,2017 of Rs. 82.05 Crore, which is allowed to be carried forward for a period of fifteen years under the Income Tax Act ,1961 from the year in which MAT was paid and would lapse thereafter. Accordingly, the unabsorbed MAT credit shall be provided in the statement of Profit and Loss to the extent it lapses in the respective years.

**3.14** Disclosure regarding pursuant to circular No. G.S.R. 308 (E) dated March 30, 2017 issued by Ministry of Corporate Affairs.

Particulars	Rs.		
	Specified Bank Notes	Other denomination Notes	Total
Closing Cash in Hand as on November 8, 2016	197,000	72,294	269,294
Add : Permitted Receipts	-	1,952,878	1,952,878
Less : Permitted Payments	-	1,710,667	1,710,667
Less : Amounts deposited in Bank	197,000	-	197,000
<b>Closing Balance Cash in Hand as on December 30, 2016</b>	<b>-</b>	<b>314,505</b>	<b>314,505</b>

**3.15 Earnings per Share**
**Rs. in Crore**

Particulars	2016-17	2015-16
i) Profit / ( Loss) After Tax	(288.44)	(382.21)
ii) Net Profit / ( Loss ) for the year attributable to Equity Shareholders	(288.44)	(382.21)
iii) Weighted Average Number of Equity Shares	14,65,01,383	14,65,01,383
iv) Earnings Per Share (Rs.) (Basic and Diluted)	(19.69)	(26.09)

## Notes to Financial Statement for the year ended March 31, 2017 (Contd.)

3.16 Miscellaneous Expenses includes		Rs. in Crore	
Particulars	2016-17	2015-16	
i) Repairs & Maintenance – Other Buildings	0.04	0.01	
ii) Directors Sitting Fees	0.34	0.23	
iii) Auditors Remuneration			
a) Statutory Audit Fees	0.24	0.24	
b) Taxation Matters	0.02	0.02	
c) Out of Pocket Expenses	0.02	0.02	
	0.28	0.28	
iv) Provision for Doubtful Debts	6.33	9.90	
v) Bad Debts	7.44	-	
vi) Claim written off	-	1.97	

**3.17** The Company through its subsidiary Company, ISMT Enterprises SA, Luxembourg has invested Rs. 48.43 Crore in Structo Hydraulics AB, Sweden (SHAB). The Company had given a corporate guarantee /Stand by Letter of Credit of Rs. 33.33 Crore ( USD 5 Million) in respect of loan availed by SHAB and the same has been invoked by the lender of SHAB and the Company is seeking requisite approvals from the regulatory authorities for treating the said payment as equity investment in SHAB. The receivable on account of sales made to SHAB is Rs. 64.66 Crore against which a provision for doubtful debts is made of Rs. 50.39 Crore up to financial year 2016-17 and the net balance of Rs. 14.27 Crore is collectible. No provision, however, has been made in respect of diminution in the value of investment made in ISMT Enterprises SA, which is in the nature of forward integration and considered Strategic and Long Term.

**3.18** As a result of various corrective steps taken in the past, the Company's net loss for the year has come down from 382.21 Crore to Rs. 288.44 Crore. Further there have been other significant developments including levy of long term anti-dumping duty by the Government of India effective February 17, 2017 on import of tubes from China and increase in oil prices. The Company has, therefore, continued to prepare its financial statements on Going Concern basis.

**3.19** The lenders of the Company are evaluating various options for debt resolution through its Joint Lenders Forum and pending the same, interest on the loans has been provided as per the terms of sanction letters of the respective banks on simple interest basis. However, no overdue/penal/ compounding of interest, if any, has been provided.

**3.20** 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 along with its captive port in Tamil Nadu. However, on account of subsequent adverse developments, the Company has decided not to pursue these projects. No provision has, however, been considered necessary for the amount invested of Rs. 2.58 Crore and advances given to TPPCL of Rs. 105.29 Crore, since in the opinion of the management the Company expects to realise not less than the amount invested/advanced.

**3.21** 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 (APTEL) against the said order and the same has been dismissed by the APTEL vide their order dated April 1, 2016. Thereafter, the Company filed an appeal, challenging the APTEL order, before the Hon'ble Supreme Court and the same has been admitted by the Supreme Court on August 1, 2016. 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, 2017 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 facility. There was no further accrual since April 1, 2014 on account of suspension of operation of power plant.

ii) In view of the above, the Company has not been able to operate the 40 MW Captive Power Plant (CPP) and is held for sale. In the opinion of the management, the net realisable value of the CPP is not less than its carrying amount of Rs. 240.80 Crore.

**3.22** Previous Year figures have been regrouped and reclassified wherever necessary to conform to the Current Year Classification.

As per our report of even date  
For **M/s P.G. Bhagwat**  
Firm Registration No. 101118W  
Chartered Accountants

For **J.K. Shah & Co.**  
Firm Registration No. 109606W  
Chartered Accountants

**Sandeep Rao**  
Partner  
M. No.47235

**J. K Shah**  
Partner  
M. No. 3662

**B.R. Taneja**  
Managing Director

**Rajiv Goel**  
Chief Financial Officer

**Jaikishan Pahlani**  
Company Secretary  
Pune, May 30, 2017

Pune, May 30, 2017

**INDEPENDENT AUDITORS' REPORT****TO THE MEMBERS OF ISMT LIMITED****Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of ISMT Limited (hereinafter referred to as "the Holding Company"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") comprising of the Consolidated Balance Sheet as at March 31, 2017, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Financial Statements").

**Management's Responsibility for the Consolidated Financial Statements**

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit

procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

**Basis for Qualified Opinion**

- a) The Holding Company has outstanding Minimum Alternate Tax (MAT) entitlement of Rs. 82.05 Crores as on March 31, 2017. Taking into consideration the loss during the current financial year and carried forward losses under the Income Tax Act, 1961, in our opinion, there is no convincing evidence 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 "Guidance note on accounting for credit available in respect of MAT under the Income Tax Act, 1961". Non-writing off of the same has resulted in understatement of loss for the year and overstatement of the reserves by Rs.82.05 Crores and its consequential effect on the Earnings per Share of the Group.
- b) The Holding Company had recognized claim in earlier years, of which outstanding balance as on March 31, 2017 is Rs. 39.53 Crores against Maharashtra State Electricity Distribution Company Ltd. (MSEDCL) for non-implementation of Energy Banking Agreement. The Holding 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 Holding Company has filed an appeal, challenging the APTEL order, before the Hon'ble Supreme Court and the same has been admitted by the Supreme Court on August 1 2016. 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 AS-29, Provisions, Contingent Liabilities and Contingent Assets. Recognition of the above claim has resulted in overstatement of Reserves by Rs.39.53 Crores. Refer Note No. 3.21(i) forming part of the consolidated financial statements.
- c) Pending approval / sanction of the debt resolution by the lenders, the Holding Company has not provided for the overdue /penal/compounding of interest .The quantum and its impact on the financial statements, if any, is unascertainable. Refer Note No. 3.19 forming part of the consolidated financial statements.

**Qualified Opinion**

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matters described in the Basis for Qualified Opinion paragraph above, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and

fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2017 and their consolidated loss and their consolidated cash flows for the year ended on that date.

### Emphasis of Matters

We draw attention to the following matters in the Notes to the consolidated financial statements:

- a) Note No. 1.24 regarding remuneration to Managing Director and Executive Director of the Holding Company amounting to Rs. 1.92 Crores for the financial year 2016-17 (Rs. 2.26 Crores cumulative up to 31st March 2017) is subject to approval of the Central Government.
- b) The Group has accumulated losses and its net worth has been fully eroded, the Company has incurred net cash loss during the current and previous year 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. 3.17 forming part of the consolidated financial statements.
- c) Note No. 3.20 in the consolidated financial statement explaining reason for non-provision for impairment, if any, with respect to carrying value of Rs 104.60 Crores as on March 31, 2017 of thermal power project along with its captive port, which is discontinued and is held for sale.
- d) Note No. 3.21(ii) in the consolidated financial statement explaining reason for non-provision for impairment, if any, with respect to carrying value of Rs 240.80 Crores as on March 31, 2017 of 40 MW Captive Power Project( CPP) at Chandrapur, Maharashtra, which is non-operational for last three years and is held for disposal.

Our opinion is not qualified in respect of these matters.

### Other Matters

- a) We did not audit the financial statements/ financial information of nine subsidiaries, whose financial statements/ financial information reflect total assets of Rs.-336.86 Crores as at March 31, 2017, total revenues of Rs. 105.69 Crores and net cash inflows amounting to Rs.1.38 Crores for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, insofar as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.
- b) We did not audit the financial statements/ financial information of two subsidiaries, whose financial statements/ financial information reflect total assets of Rs.0.01 Crores as at March 31, 2017, total revenues of Rs. NIL and net cash out flows amounting to Rs.0.01 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, insofar as it relates to the aforesaid subsidiaries, is based solely on such unaudited financial statement/ financial information. In our opinion and according to information and explanations given to us by the management, these financial statements / financial information are not material to the group.

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.

### Report on Other Legal and Regulatory Requirements

1. 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 which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
  - (b) 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 and the reports of the other auditors.
  - (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement 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, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2017 taken on record by the Board of Directors of the Holding 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, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
  - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate Report in "Annexure I".

- (g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group, Refer Note No.3.1 (i) of the consolidated financial statements on Contingent Liabilities.
  - ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts 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 Holding Company.
- iv. The Group has provided disclosures in its financial statements as to holdings as well as dealings in specified bank notes during the period from November 8, 2016 to December 30, 2016 in respect of the Holding Company and its subsidiary companies incorporated in India and the same are in accordance with the books of accounts maintained by the Group. Refer Note No. 3.12 to the consolidated financial statements.

**For M/s P G Bhagwat**  
Firm's Registration No. 101118W  
Chartered Accountants

**Sandeep Rao**  
Partner  
Membership No. 47235  
Pune, May 30, 2017

**For J. K. Shah & Co.**  
Firm's Registration No. 109606W  
Chartered Accountants

**J.K. Shah**  
Partner  
Membership No. 3662  
Mumbai, May 30, 2017

## ANNEXURE I TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

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

We have audited the internal financial controls over financial reporting of ISMT Limited ("the Holding Company") and its subsidiary companies which are companies incorporated in India, as at March 31, 2017 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 Holding Company and its subsidiary companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the 'Guidance Note') issued by ICAI and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India.

Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

#### Meaning of Internal Financial Controls Over Financial Reporting:

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability

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

#### Inherent Limitations of Internal Financial Controls Over Financial Reporting:

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

#### Opinion:

In our opinion, the Holding Company and its subsidiary companies, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

#### Other Matter:

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to 5 subsidiary companies, incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.

#### For M/s P G Bhagwat

Firm's Registration No. 101118W  
Chartered Accountants

#### Sandeep Rao

Partner  
Membership No. 47235  
Pune, May 30, 2017

#### For J. K. Shah & Co.

Firm's Registration No. 109606W  
Chartered Accountants

#### J.K. Shah

Partner  
Membership No. 3662  
Mumbai, May 30, 2017

**CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2017**

Rs. in Crore

Particulars	Note No.	As at March 31, 2017	As at March 31, 2016
<b>EQUITY AND LIABILITIES</b>			
<b>SHAREHOLDERS' FUNDS</b>			
Share Capital	1.1	73.25	73.25
Reserves and Surplus	1.2	(479.40)	(190.52)
		(406.15)	(117.27)
<b>MINORITY INTEREST</b>			
		-	-
<b>NON-CURRENT LIABILITIES</b>			
Long Term Borrowings	1.3	641.68	850.25
Deferred Tax Liabilities (Net)	1.4	-	-
Long Term Provisions	1.5	7.47	7.97
		649.15	858.22
<b>CURRENT LIABILITIES</b>			
Short Term Borrowings	1.6	1,075.76	942.05
Trade Payables			
Payables to Micro and Small Enterprises	1.7	0.05	0.03
Others Payables	1.7	141.36	219.75
Other Current Liabilities	1.8	979.10	580.05
Short Term Provisions	1.9	2.57	2.87
		2,198.84	1,744.75
		2,441.84	2,485.70
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, Plant and Equipment	1.10		
Tangible Assets		1,488.58	1,563.76
Capital Work-in-Progress		105.56	94.11
		1,594.14	1,657.87
<b>Goodwill on Consolidation</b>		37.67	37.67
Non-Current Investment	1.11	0.02	-
Long Term Loans and Advances	1.12	2.78	8.41
Other Non Current Assets	1.13	84.21	84.35
		87.01	92.76
<b>CURRENT ASSETS</b>			
Inventories	1.14	333.54	343.18
Trade Receivables	1.15	203.40	181.40
Cash and Bank Balances	1.16	51.37	35.05
Short Term Loans and Advances	1.17	29.21	31.77
Other Current Assets	1.18	105.50	106.00
		723.02	697.40
		2,441.84	2,485.70
<b>Significant Accounting Policies</b>	2		
<b>Notes to Accounts</b>	3		

As per our report of even date  
For M/s P.G. Bhagwat  
Firm Registration No. 101118W  
Chartered Accountants

For J.K. Shah & Co.  
Firm Registration No. 109606W  
Chartered Accountants

**Sandeep Rao**  
Partner  
M. No.47235

**J. K Shah**  
Partner  
M. No. 3662

**B.R. Taneja**  
Managing Director

**Rajiv Goel**  
Chief Financial Officer

**Jaikishan Pahlani**  
Company Secretary  
Pune, May 30, 2017

Pune, May 30, 2017



**CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2017**

Rs. in Crore

Particulars	Note No.	2016-17	2015-16
<b>INCOME</b>			
<b>REVENUE FROM OPERATIONS</b>			
<b>Sale of Products</b>	<b>1.19</b>	<b>1,514.09</b>	1,412.12
Less : Inter Segment Transfers		<b>227.92</b>	232.55
Inter Division Transfers		<b>51.42</b>	24.57
Sales to Subsidiary / Parent Company		<b>54.41</b>	57.77
		<b>1,180.34</b>	1,097.23
Less: Excise Duty		<b>110.60</b>	105.72
Net Sales		<b>1,069.74</b>	991.51
Other Operating Revenue	<b>1.20</b>	<b>25.65</b>	24.09
Less: Excise Duty		<b>0.78</b>	0.85
		<b>24.87</b>	23.24
<b>REVENUE FROM OPERATIONS (NET)</b>		<b>1,094.61</b>	1,014.75
Other Income	<b>1.21</b>	<b>6.48</b>	12.70
<b>TOTAL REVENUE</b>		<b>1,101.09</b>	1,027.45
<b>EXPENSES:</b>			
Cost of Materials Consumed	<b>1.22</b>	<b>529.10</b>	485.06
Purchases of Stock-in-Trade		<b>21.02</b>	0.04
Changes in Inventories of Finished Goods and Work-in-Progress, Stock-in-Trade	<b>1.23</b>	<b>14.40</b>	54.52
Employee Benefits Expense	<b>1.24</b>	<b>121.55</b>	120.08
Finance Costs	<b>1.25</b>	<b>270.07</b>	282.44
Depreciation and Amortisation	<b>1.26</b>	<b>73.78</b>	75.11
Other Expenses	<b>1.27</b>	<b>362.05</b>	351.17
<b>TOTAL EXPENSES</b>		<b>1,391.97</b>	1,368.42
<b>Profit / (Loss) before Exceptional Items and Tax</b>		<b>(290.88)</b>	(340.97)
<b>Exceptional Item</b> Foreign Exchange Loss		<b>(0.29)</b>	44.41
<b>PROFIT / (LOSS) BEFORE TAX</b>		<b>(290.59)</b>	(385.38)
<b>TAX EXPENSES</b>			
Current Tax		<b>0.01</b>	0.04
MAT Credit – written off		-	9.39
Less : Share of Minority Interest		<b>(0.02)</b>	(0.03)
Less : Share of Associate ( Rs. 0.32 lacs, Previous Year Rs.0.32 lacs)		-	-
<b>PROFIT / (LOSS) FOR THE YEAR</b>		<b>(290.58)</b>	(394.78)
Earning per Equity Share (Face Value of Rs. 5/- each ) ( Refer Note No 3.14 of Notes on Accounts )		<b>(19.83)</b>	(26.95)
<b>Significant Accounting Policies</b>	<b>2</b>		
<b>Notes to Accounts</b>	<b>3</b>		

As per our report of even date

For **M/s P.G. Bhagwat**  
Firm Registration No. 101118W  
Chartered Accountants

For **J.K. Shah & Co.**  
Firm Registration No. 109606W  
Chartered Accountants

**Sandeep Rao**  
Partner  
M. No.47235

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**B.R. Taneja**  
Managing Director

**Rajiv Goel**  
Chief Financial Officer

**Jaikishan Pahlani**  
Company Secretary  
Pune, May 30, 2017

Pune, May 30, 2017

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017**

Rs. in Crore

Particulars	2016-17	2015-16
<b>i) CASH FLOW FROM OPERATING ACTIVITIES :</b>		
Net Profit / ( Loss ) Before Taxation	(290.58)	(385.38)
Adjustments for :		
Depreciation & Amortisation	73.78	75.11
Finance Costs	270.07	282.44
Interest Income	(2.38)	(4.37)
Loss/(Profit) on Sale of Fixed Assets (Net)	0.10	(0.12)
Provision for Doubtful Debts/Claims	2.03	13.34
Bad Debt/Claims written off	7.44	1.97
Provision for Wealth Tax	-	0.05
Unrealised Exchange Loss/ Foreign Currency Translation Reserve	(0.45)	7.89
	<b>350.59</b>	<b>376.31</b>
<b>Operating Cash Profit before Working Capital Changes</b>	<b>60.01</b>	<b>(9.07)</b>
Adjustments for :		
Trade and Other Receivables	(70.33)	101.59
Inventories (Increase) / Decrease	9.64	84.21
Trade Payables and Other Liabilities	(102.05)	(421.05)
	(162.74)	(235.25)
Taxes Paid	(0.61)	(0.45)
<b>Net Cash Flow from Operating Activities</b>	<b>(103.34)</b>	<b>(244.77)</b>
<b>ii) CASH FLOW FROM INVESTING ACTIVITIES :</b>		
Purchase of Fixed Assets ( net)	(9.64)	(3.80)
Interest Received	2.32	8.15
Purchase of Investment	(0.02)	-
<b>Net Cash used in Investing Activities</b>	<b>(7.34)</b>	<b>4.35</b>
<b>iii) CASH FLOW FROM FINANCING ACTIVITIES :</b>		
Dividend Payments (including Tax thereon)	(0.60)	(0.30)
Proceeds from /(Repayment of) Borrowings	143.54	351.54
Interest Paid	(23.30)	(150.81)
<b>Net Cash from Financing Activities</b>	<b>119.64</b>	<b>200.43</b>
Net Increase / (Decrease) in Cash and Cash Equivalents	<b>8.96</b>	<b>(39.99)</b>
Cash and Cash Equivalents at the beginning of the year (Refer Note No.1.16)	<b>11.88</b>	<b>51.87</b>
Cash and Cash Equivalents at the end of the year (Refer Note No.1.16)	<b>20.84</b>	<b>11.88</b>
<b>Net Increase / (Decrease) in Cash &amp; Cash Equivalents</b>	<b>8.96</b>	<b>(39.99)</b>

As per our report of even date

For **M/s P.G. Bhagwat**  
Firm Registration No. 101118W  
Chartered Accountants

For **J.K. Shah & Co.**  
Firm Registration No. 109606W  
Chartered Accountants

**Sandeep Rao**  
Partner  
M. No.47235

**J. K Shah**  
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**B.R. Taneja**  
Managing Director

**Rajiv Goel**  
Chief Financial Officer

**Jaikishan Pahlani**  
Company Secretary  
Pune, May 30, 2017

Pune, May 30, 2017

## Notes to Consolidated Financial Statement for the year ended March 31, 2017

### NOTE NO. 1.1 SHARE CAPITAL

Particulars	Rs. in Crore	
	As at March 31, 2017	As at March 31, 2016
<b>Authorised</b>		
i) 17,50,00,000 (Previous Year 17,50,00,000) Equity Shares of Rs.5/- each	<b>87.50</b>	87.50
ii) Unclassified Shares	<b>71.00</b>	71.00
	<b>158.50</b>	158.50
<b>Issued, Subscribed and Paid up:</b>		
14,65,01,383 (Previous Year 14,65,01,383) Equity Shares of Rs 5/- each fully paid	<b>73.25</b>	73.25
	<b>73.25</b>	73.25

The Company has only one class of Equity shares having par value of Rs. 5 /- each. Holder of Equity Shares is entitled to one vote per share.

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

Particulars	As at March 31, 2017		As at March 31, 2016	
	Equity Shares Number	Rs. in Crore	Equity Shares Number	Rs. in Crore
Shares outstanding at the beginning of the year	<b>14,65,01,383</b>	<b>73.25</b>	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	<b>14,65,01,383</b>	<b>73.25</b>	14,65,01,383	73.25

The details of shareholders holding more than 5% shares.

Name of Shareholders	As at March 31, 2017		As at March 31, 2016	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Indian Seamless Enterprises Limited	<b>68,917,558</b>	<b>47.04%</b>	55,533,788	37.91%
Vishkul Leather Garments Private Limited.	<b>NIL</b>	-	13,383,770	9.14%
Jiten Kirtanlal Shah	<b>7,418,640</b>	<b>5.06%</b>	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.

**Notes to Consolidated Financial Statement for the year ended March 31, 2017 (Contd.)**
**NOTE NO. 1.2 RESERVES AND SURPLUS**
**Rs. in Crore**

Particulars	As at March 31, 2017	As at March 31, 2016
i) Capital Reserve	6.94	6.94
ii) Revaluation Reserve		
Opening Balance	212.76	217.23
Less : Transfer to General Reserve	3.80	4.47
( Refer Note No. 3.10 of Notes to Accounts )	208.96	212.76
iii) Capital Redemption Reserve	80.60	80.60
iv) Amalgamation Reserve		
Opening Balance	11.52	15.75
Less : Transfer to General Reserve	4.03	4.23
( Refer Note No. 3.10 of Notes to Accounts )	7.49	11.52
v) Reserve for Contingencies	1.91	1.91
vi) General Reserve		
Opening Balance	413.05	404.35
Add : Transfer from Revaluation Reserve	3.80	4.47
Add : Transfer from Amalgamation Reserve	4.03	4.23
	420.88	413.05
vii) Foreign Currency Translation Reserve	(21.04)	(22.73)
viii) Hedge Reserve Account		
Opening Balance	-	(30.32)
Addition during the year	-	-
Less : Transferred to Statement of Profit and Loss	-	30.32
	-	-
ix) Foreign Currency Monetary Item Translation Difference Account		
Opening Balance	-	(9.52)
Addition during the year	-	-
Less : Transferred to Statement of Profit and Loss	-	9.52
	-	-
x) Surplus		
Opening Balance	(894.57)	(499.73)
Add : Profit /( Loss) for the year	(290.58)	(394.78)
Add : Share of Loss of Minority Interest recouped/(absorbed)	0.01	(0.06)
Closing Balance	(1,185.14)	(894.57)
	<u>(479.40)</u>	<u>(190.52)</u>

## Notes to Consolidated Financial Statement for the year ended March 31, 2017 (Contd.)

### NOTE NO. 1.3 LONG TERM BORROWINGS

Rs. in Crore

Particulars	As at March 31, 2017	As at March 31, 2016
<b>SECURED LOANS :</b>		
<b>Term Loans from Banks</b>		
i) Rupee Loans	529.75	630.54
ii) Foreign Currency Loans	82.17	184.38
	<b>611.92</b>	814.92
<b>UNSECURED LOANS :</b>		
i) Interest Free Incentive and Sales Tax Loan	14.31	19.38
ii) Others - From Associate Company	7.75	7.75
iii) Others #	7.70	8.20
	<b>641.68</b>	850.25

### SECURITY

#### Parent Company

- i) Term Loans of Rs. 771.60 Crore (including current maturities of Rs.244.69 Crore) (Previous Year Rs 771.60 Crore including current maturities of Rs. 143.90 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) has been stipulated and assets of Captive Power Project of the Company located at Chandrapur district as mentioned in clause (iv). 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. 1.6.
- ii) Term Loans of Rs. 138.67 Crore ( including current maturities of Rs.101.66 Crore ) (Previous Year Rs. 141.33 Crore including current maturities of Rs. 57.11 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 loans lenders where exclusive charge on movable fixed assets as mentioned in clause (iii) has been stipulated and assets of Captive Power Project of the Company located at Chandrapur district as mentioned in clause (iv).
- iii) Term Loans of Rs. 91.84 Crore ( including current maturities of Rs. 58.97 Crore ) (Previous Year Rs. 93.69 Crore including current maturities of Rs.46.37 Crore) are stipulated to be secured by exclusive charge on the equipment financed. Out of above, term loan of Rs.79.13 Crore is further stipulated to be secured with the land appurtenant thereto.
- iv) Term Loans of Rs. 100.00 Crore (including current maturities of Rs. 88.31 Crore ) (Previous Year Rs. 103.88 Crore including current maturities of Rs. 70.74 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.
- v) Further out of the above term loans from banks, loans amounting to Rs.405.50 Crores are secured by unencumbered properties located at Ahmednagar and Jejuri and also guaranteed by the Managing Director of the Company.

#### Subsidiary Companies

##### Structo Hydraulics AB :

- vi) Term Loans of Rs. 4.31 Crore ( including current maturities of Rs. 0.87 Crore) (Previous Year Rs. 22.54 Crore including current maturities of Rs. 0.92 Crore) are secured by Company's Fixed Assets and Receivables.
- vii) Maturity Schedule

Rs. in Crore

Particulars	1-2 year	2-3 year	3-4 year	Beyond 4 years
a) Term Loans from Banks (Secured Loan)	196.96	125.57	104.90	184.49
b) Sales Tax Loan	5.06	5.06	2.81	1.38

- viii) Unsecured interest free Loan from Associate Company is towards promoter's contribution and as such there are no specific terms of repayment.
- ix) # For these unsecured loans, there are no specific terms of repayment.

**Notes to Consolidated Financial Statement for the year ended March 31, 2017 (Contd.)**
**NOTE NO. 1.4 DEFERRED TAX LIABILITIES (Net)**
**Rs. in Crore**

Particulars	As at March 31, 2017	As at March 31, 2016
<b>i) Deferred Tax Liabilities</b>		
a) Depreciation	235.30	234.08
	<u>235.30</u>	<u>234.08</u>
<b>ii) Deferred Tax Assets</b>		
a) Accumulated Tax Losses*	13.26	28.60
b) Unabsorbed Tax Depreciation	197.23	183.16
c) Deduction eligible in future period in respect of expenses already debited to Statement of Profit and Loss	24.81	22.32
	<u>235.30</u>	<u>234.08</u>
<b>Deferred Tax Liabilities (Net)</b>	<u>-</u>	<u>-</u>

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

**NOTE NO. 1.5 LONG TERM PROVISIONS**
**Rs. in Crore**

Particulars	As at March 31, 2017	As at March 31, 2016
Provision for Employee Benefits		
Leave Encashment	7.46	7.96
Gratuity	0.01	0.01
	<u>7.47</u>	<u>7.97</u>

**NOTE NO. 1.6 SHORT TERM BORROWINGS**
**Rs. in Crore**

Particulars	As at March 31, 2017	As at March 31, 2016
<b>SECURED</b>		
<b>Loans Repayable on Demand</b>		
Working Capital Borrowings From Banks		
i) Rupee Loans	1,027.33	891.10
ii) Foreign Currency Loans	17.11	19.63
<b>UNSECURED</b>		
Working Capital Borrowings From Bank		
Rupee Loan	31.32	31.32
	<u>1,075.76</u>	<u>942.05</u>

**SECURITY**
**Parent Company**

Working Capital Borrowings from Consortium Banks is secured by first charge ranking pari passu by hypothecation in respect of current assets of the company present and future and are further secured by a second pari passu charge on the company's immovable properties and all movable fixed assets both present and future as referred in Note No. 1.3 (i).

**Subsidiary Companies**

Structo Hydraulics AB

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

## Notes to Consolidated Financial Statement for the year ended March 31, 2017 (Contd.)

NOTE NO. 1.7 TRADE PAYABLES		Rs. in Crore	
Particulars	As at March 31, 2017	As at March 31, 2016	
<b>Payables to Micro and Small Enterprises</b>	<b>0.05</b>	0.03	
<b>Other Trade Payables</b>			
i) Acceptances	40.08	113.90	
ii) Others	101.28	105.85	
	<u>141.36</u>	<u>219.75</u>	
	<u>141.41</u>	<u>219.78</u>	

NOTE NO. 1.8 OTHER CURRENT LIABILITIES		Rs. in Crore	
Particulars	As at March 31, 2017	As at March 31, 2016	
<b>CURRENT MATURITIES OF LONG TERM DEBT</b>			
<b>Secured</b>			
i) Rupee Loans	287.45	186.66	
ii) Foreign Currency Loans	207.05	132.44	
	<u>@ 494.50</u>	<u>319.10</u>	
<b>Unsecured</b>			
Interest Free Sales Tax Loan	5.07	4.75	
Interest accrued but not due on borrowings	0.41	0.60	
Interest accrued and due on borrowings	* 401.68	154.72	
Unclaimed dividends #	1.73	2.32	
<b>Other Payables</b>			
i) Other Payables – Capital	6.56	4.67	
ii) Advances From Customers	14.19	5.89	
iii) Provision for Expenses	24.15	19.24	
iv) Other Liabilities ##	30.81	68.76	
	<u>979.10</u>	<u>580.05</u>	

Delay in No. of Days	2016-17		2015-16	
	Principal @	Interest *	Principal @	Interest *
00 - 30 Days	23.60	23.36	17.54	22.92
31 - 60 Days	5.22	18.67	3.91	31.62
61 - 90 Days	7.92	23.29	38.15	0.04
More than 90 Days	281.38	334.90	72.89	98.69
<b>Total</b>	<u>318.12</u>	<u>400.22</u>	<u>132.49</u>	<u>153.27</u>

Over due amount of interest and principal instalments as on March 31, 2017 are disclosed based on the terms of sanction of loans. (Refer Note No.3.19 of Notes to Accounts).

# The amounts of unclaimed dividends will be transferred to Investor Education and Protection Fund when due.

## Other Liabilities includes Buyer's Credit - Others Rs. 12.01 Crore (Previous Year Rs 48.17 Crore ).

**Notes to Consolidated Financial Statement for the year ended March 31, 2017 (Contd.)**
**NOTE NO. 1.9 SHORT TERM PROVISIONS**
**Rs. in Crore**

Particulars	As at March 31, 2017	As at March 31, 2016
<b>Provision for Employee Benefits</b>		
i) Gratuity	0.93	0.78
ii) Leave Encashment	0.20	0.11
iii) Superannuation	1.44	1.98
	<u>2.57</u>	<u>2.87</u>

**NOTE NO. 1.10 PROPERTY, PLANT AND EQUIPMENT**
**Rs. in Crore**

Particulars	Original Cost			Depreciation and Amortisation				Net Book Value		
	As at March 31, 2016	Additions	Disposals	As at March 31, 2017	As at March 31, 2016	Charge for the year	On disposals / adjustment	As at March 31, 2017	As at March 31, 2017	As at March 31, 2016
<b>Tangible Assets</b>										
Land-Freehold @	25.57	4.28	0.07	29.78	-	-	-	-	29.78	25.57
Land-Leasehold #	217.49	-	-	217.49	4.92	3.24	-	8.16	209.33	212.57
Buildings @	156.35	-	1.08	156.35	58.53	6.90	-	65.43	90.92	97.82
Plant and Machinery @	1,960.14	(4.93)	-	1,954.13	736.93	60.20	0.25	796.88	1,157.25	1,223.21
Furniture and Fixtures @	5.16	-	-	5.16	4.27	0.28	-	4.55	0.61	0.89
Office Equipment @	12.94	0.15	-	13.09	12.40	0.07	-	12.47	0.62	0.54
Vehicles	1.52	-	-	1.52	1.45	-	-	1.45	0.07	0.07
<b>Assets Under Lease</b>										
Plant and Machinery	6.96	-	6.96	-	3.87	3.09	6.96	-	-	3.09
<b>Total A</b>	2,386.13	(0.50)	8.11	2,377.52	822.37	73.78	7.21	888.94	1,488.58	1,563.76
<b>Intangible Assets</b>										
Goodwill	33.79	-	-	33.79	33.79	-	-	33.79	-	-
Technical Know-How	4.13	-	-	4.13	4.13	-	-	4.13	-	-
Computer Software	3.89	-	-	3.89	3.89	-	-	3.89	-	-
<b>Total B</b>	41.81	-	-	41.81	41.81	-	-	41.81	-	-
<b>Total A + B</b>	2,427.94	(0.50)	8.11	2,419.33	864.18	73.78	7.21	930.75	1,488.58	1,563.76
Previous Year	2,406.61	21.73	0.40	2,427.94	789.07	75.11	-	864.18	1,563.76	1,617.54

# Refer Note No. 3.10 of Notes to Accounts

i) Additions to Plant and Machinery include Exchange Difference Gains of Rs. 6.75 Crore (Previous Year Rs. 15.15 Crore).

@ Includes assets of Captive Power Plant and tridem port and Power Company Private Limited held for sale as below (Refer Note No. 3.20 and 3.21 of Notes to Accounts).

**Rs. in Crore**

Particulars	2016-17			2015-16		
	Original Cost	Accumulated Depreciation	Net Book Value	Original Cost	Accumulated Depreciation	Net Book Value
Land-Freehold	27.68	-	27.68	23.47	-	23.47
Buildings	6.98	4.40	2.58	6.98	3.07	3.91
Plant and Machinery	270.71	43.94	226.77	274.58	37.83	236.75
Furniture and Fixtures	0.36	0.26	0.10	0.36	0.22	0.14
Office Equipment	0.34	0.33	0.01	0.34	0.33	0.01
Software	0.10	0.10	-	0.10	0.10	0
<b>Total</b>	306.17	49.03	257.14	305.83	41.55	264.28



**Notes to Consolidated Financial Statement for the year ended March 31, 2017 (Contd.)**

<b>NOTE NO. 1.11 NON CURRENT INVESTMENT</b>		<b>Rs. in Crore</b>
<b>Particulars</b>	<b>As at March 31, 2017</b>	<b>As at March 31, 2016</b>
<b>Long Term Investments – At Cost</b>		
Trade (unquoted)		
<b>Investment in Equity Instruments – Others</b>		
OPGS Power Gujarat Pvt. Ltd	<b>0.02</b>	-
9,69,000 (Previous Year Nil ) Equity Shares of Rs. 0.10 each fully paid		
	<u>0.02</u>	<u>-</u>
Aggregate amount of unquoted investments	<u>0.02</u>	<u>-</u>

<b>NOTE NO. 1.12 LONG TERM LOANS AND ADVANCES (UNSECURED, CONSIDERED GOOD)</b>		<b>Rs. in Crore</b>
<b>Particulars</b>	<b>As at March 31, 2017</b>	<b>As at March 31, 2016</b>
i) Capital Advances	<b>0.27</b>	5.65
ii) Security Deposits	<b>2.51</b>	2.76
	<u>2.78</u>	<u>8.41</u>

<b>NOTE NO. 1.13 OTHER NON-CURRENT ASSETS</b>		<b>Rs. in Crore</b>
<b>Particulars</b>	<b>As at March 31, 2017</b>	<b>As at March 31, 2016</b>
<b>i) MAT Credit Receivable</b>	<b>82.05</b>	82.05
<b>ii) Refunds Due From Government Authorities</b>	<b>1.13</b>	1.13
<b>iii) Trade Receivables</b>		
Outstanding for a period exceeding six months		
Considered Doubtful	<b>12.14</b>	10.13
Less: Provision for Doubtful Debts	<u>12.14</u>	<u>10.13</u>
	-	-
<b>iv) Expenses to the extent not written off or adjusted</b>		
Preliminary Expenses	<b>0.04</b>	0.05
<b>v) Others</b>	<b>0.99</b>	1.12
	<u>84.21</u>	<u>84.35</u>

**Notes to Consolidated Financial Statement for the year ended March 31, 2017 (Contd.)**
**NOTE NO. 1.14 INVENTORIES**

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

**Rs. in Crore**

Particulars	As at	As at
	March 31, 2017	March 31, 2016
i) Raw Materials	67.41	56.13
ii) Work-in-Progress	98.87	112.13
iii) Finished Goods	58.88	60.02
iv) Stores, Spares and Consumables	108.38	114.90
	<u>333.54</u>	<u>343.18</u>

**NOTE NO. 1.15 TRADE RECEIVABLES**

(Net of bills discounted with Banks )

**Rs. in Crore**

Particulars	As at	As at
	March 31, 2017	March 31, 2016
<b>Unsecured</b>		
i) Outstanding for a period exceeding six months Considered Good	2.81	20.78
ii) Others Considered Good	200.59	160.62
	<u>203.40</u>	<u>181.40</u>

**NOTE NO. 1.16 CASH AND BANK BALANCES**
**Rs. in Crore**

Particulars	As at	As at
	March 31, 2017	March 31, 2016
<b>Cash and Cash Equivalents</b>		
i) Balances with Banks	20.78	11.82
ii) Cash on Hand	0.06	0.06
	<u>20.84</u>	<u>11.88</u>
<b>Other Bank Balances</b>		
Deposits with Banks	30.53	23.17
	<u>51.37</u>	<u>35.05</u>
<b>Balances with Banks include:</b>		
i) Unclaimed Dividend	1.73	2.33
ii) Unclaimed Interest on Debentures	0.02	0.02
<b>Deposits with Banks include:</b>		
i) Margin Money Deposits against Guarantees / Letter of Credit / with less than 12 months maturity	30.50	22.86
i) Margin Money Deposits against Guarantees / Letter of Credit / with more than 12 months maturity	0.03	0.31

**Notes to Consolidated Financial Statement for the year ended March 31, 2017 (Contd.)****NOTE NO. 1.17 SHORT TERM LOANS AND ADVANCES  
(UNSECURED, CONSIDERED GOOD)**

Particulars	Rs. in Crore	
	As at March 31, 2017	As at March 31, 2016
<b>Others</b>		
i) Security Deposits	13.36	6.84
ii) Advances recoverable in Cash or in Kind	15.85	24.93
	<u>29.21</u>	<u>31.77</u>

**NOTE NO. 1.18 OTHER CURRENT ASSETS**

Particulars	Rs. in Crore	
	As at March 31, 2017	As at March 31, 2016
<b>Balances with Government Authorities :</b>		
i) Balance with Custom, Excise and Sales Tax	12.21	8.50
ii) Export Incentives and Other Statutory Refunds	75.33	79.42
iii) Taxes paid (net of provisions)	9.98	9.38
<b>Others</b>	7.97	8.69
<b>Expenses to the extent not written off or adjusted</b>		
i) Preliminary Expenses	0.01	0.01
	<u>105.50</u>	<u>106.00</u>

**Notes to Consolidated Financial Statement for the year ended March 31, 2017 (Contd.)****NOTE NO. 1.19 REVENUE FROM OPERATIONS (GROSS)****SALE OF PRODUCTS****Rs. in Crore**

<b>Particulars</b>	<b>2016-17</b>	<b>2015-16</b>
i) Tube #	<b>845.93</b>	725.69
ii) Steel	<b>668.16</b>	686.43
<b>Gross Sales</b>	<b><u>1,514.09</u></b>	<u>1,412.12</u>

# includes traded goods sold of Rs. 21.02 Crore ( Previous Year Rs.0.07 Crore).

**NOTE NO. 1.20 OTHER OPERATING REVENUE (GROSS)****Rs. in Crore**

<b>Particulars</b>	<b>2016-17</b>	<b>2015-16</b>
<b>Other Operating Revenues</b>		
i) Sale of Scrap ( Gross)	<b>46.68</b>	35.16
Less : Inter Segment Transfers	<b><u>37.81</u></b>	<u>25.58</u>
	<b>8.87</b>	9.58
ii) Export Incentives	<b>4.46</b>	6.01
iii) Mega Project Incentives	<b>12.32</b>	8.50
	<b><u>25.65</u></b>	<u>24.09</u>

**NOTE NO. 1.21 OTHER INCOME****Rs. in Crore**

<b>Particulars</b>	<b>2016-17</b>	<b>2015-16</b>
i) Interest Income #	<b>2.38</b>	4.37
ii) Miscellaneous Income (Refer Note No. 3.13 of Notes to Accounts )	<b>4.10</b>	8.33
	<b><u>6.48</u></b>	<u>12.70</u>

# includes interest from Banks Rs. 1.81 Crore ( Previous Year Rs.3.71 Crore ).

**Notes to Consolidated Financial Statement for the year ended March 31, 2017 (Contd.)****NOTE NO. 1.22 COST OF RAW MATERIAL CONSUMED****Rs. in Crore**

<b>Particulars</b>	<b>2016-17</b>	<b>2015-16</b>
Opening Stock	<b>56.13</b>	83.34
Add : Purchases made during the year	<b>540.38</b>	457.85
	<b>596.51</b>	541.19
Less : Closing Stock	<b>67.41</b>	56.13
<b>Total Raw Material Consumed</b>	<b>529.10</b>	485.06

**DETAILS OF RAW MATERIAL CONSUMED****Rs. in Crore**

<b>Particulars</b>	<b>2016-17</b>	<b>2015-16</b>
<b>Tube Segment</b>		
Steel - Round Bars	<b>431.99</b>	419.77
Less : Inter Segment Transfers included in above	<b>202.22</b>	263.92
Net Consumption	<b>229.77</b>	155.85
<b>Steel Segment</b>		
a) Pig Iron, DRI and Scrap	<b>287.20</b>	309.75
b) Ferro Alloys	<b>45.74</b>	42.20
	<b>332.94</b>	351.95
Less : Inter Segment Transfer	<b>33.61</b>	22.74
Net Consumption	<b>299.33</b>	329.21
<b>Total Raw Material Consumed</b>	<b>529.10</b>	485.06

**NOTE NO. 1.23 CHANGE IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS****Rs. in Crore**

<b>Particulars</b>	<b>2016-17</b>	<b>2015-16</b>
<b>Closing Stock</b>		
i) Finished Goods	<b>58.88</b>	60.02
ii) Work-in-Progress	<b>98.87</b>	112.13
	<b>157.75</b>	172.15
<b>Opening Stock</b>		
i) Finished Goods	<b>60.02</b>	85.12
ii) Work-in-Progress	<b>112.13</b>	141.55
	<b>172.15</b>	226.67
<b>(Increase)/Decrease in Inventories</b>		
i) Finished Goods	<b>1.14</b>	25.10
ii) Work-in-Progress	<b>13.26</b>	29.42
	<b>14.40</b>	54.52

**PRODUCTWISE DETAILS OF CLOSING WORK-IN-PROGRESS****Rs. in Crore**

<b>Particulars</b>	<b>2016-17</b>	<b>2015-16</b>
i) Tube	<b>85.00</b>	91.73
ii) Steel	<b>13.87</b>	20.40
	<b>98.87</b>	112.13

**Notes to Consolidated Financial Statement for the year ended March 31, 2017 (Contd.)****NOTE NO. 1.24 EMPLOYEE BENEFITS EXPENSE****Rs. in Crore**

<b>Particulars</b>	<b>2016-17</b>	<b>2015-16</b>
i) Salaries, Wages, Bonus and Allowances #	<b>104.37</b>	103.36
ii) Contributions to Provident Fund and Other Funds	<b>10.87</b>	10.69
iii) Staff Welfare Expenses	<b>6.31</b>	6.03
	<u><b>121.55</b></u>	<u>120.08</u>

# Salaries, Wages, Bonus and Allowances includes remuneration payable to Managing Director and Executive Director of parent Company amounting to Rs. 1.92 Crore ( Previous Year of Rs. 1.02 Crore) is subject to approval of Central Government.

**NOTE NO. 1.25 FINANCE COSTS****Rs. in Crore**

<b>Particulars</b>	<b>2016-17</b>	<b>2015-16</b>
i) Interest Expenses		
a) Term Loans	<b>117.87</b>	125.01
b) Working Capital and Others	<u><b>142.55</b></u>	<u>127.44</u>
	<b>260.42</b>	252.45
ii) Cash Discount	<b>2.27</b>	2.35
iii) Other Finance Costs	<b>7.38</b>	11.17
iv) Exchange Difference regarded as an adjustment to Interest Cost	-	16.47
	<u><b>270.07</b></u>	<u>282.44</u>

**NOTE NO. 1.26 DEPRECIATION AND AMORTISATION****Rs. in Crore**

<b>Particulars</b>	<b>2016-17</b>	<b>2015-16</b>
Depreciation for the year	<b>73.78</b>	75.11
	<u><b>73.78</b></u>	<u>75.11</u>

**Notes to Consolidated Financial Statement for the year ended March 31, 2017 (Contd.)****NOTE NO. 1.27 OTHER EXPENSES****Rs. in Crore**

<b>Particulars</b>	<b>2016-17</b>	<b>2015-16</b>
<b>i) Materials</b>		
a) Stores and Spares	40.23	27.03
b) Consumables	37.39	39.27
	<b>77.62</b>	<b>66.30</b>
<b>ii) Energy</b>		
a) Power Charges	137.19	137.54
b) Fuel	44.07	38.44
c) Gases	15.13	14.26
d) Coal- Indigenous	-	0.05
	<b>196.39</b>	<b>190.29</b>
<b>iii) Direct Manufacturing</b>		
a) Processing Charges	6.72	6.51
b) Other Direct Expenses	17.67	16.58
c) Repairs Maintenance to Plant and Machinery	3.43	3.34
d) Repairs to Factory Building	0.65	0.20
e) Machine Rentals	1.12	0.45
	<b>29.59</b>	<b>27.08</b>
<b>iv) Selling and Distribution</b>		
a) Freight Charges	12.25	15.84
b) Commission on Sales	1.15	1.60
c) Selling and Other Expenses	2.16	2.78
	<b>15.56</b>	<b>20.22</b>
<b>v) Excise Duty on Stock of Finished Goods</b>	<b>0.15</b>	<b>(1.37)</b>
<b>vi) Administrative Expenses</b>		
a) Rent	1.48	1.38
b) Rates and Taxes	0.62	0.65
c) Travelling	2.57	2.61
d) Communication	1.12	1.14
e) Repairs and Maintenance - Others	0.61	0.64
f) Insurance	1.49	1.42
g) Equipment Lease Rentals	0.49	0.68
h) Miscellaneous Expenses	34.36	40.13
(Refer Note No. 3.15 of Notes to Accounts)	<b>42.74</b>	<b>48.65</b>
	<b>362.05</b>	<b>351.17</b>

## Notes to Consolidated Financial Statement for the year ended March 31, 2017 (Contd.)

### NOTE NO. 2 : SIGNIFICANT ACCOUNTING POLICIES:

#### BASIS OF CONSOLIDATION

The consolidated financial statements relate to ISMT Limited “the Company” and its subsidiaries. The Company and its subsidiaries constitute the Group.

#### i) Basis of Accounting

- a) The Financial Statements of the subsidiary companies used in consolidation are drawn up to the same reporting date as of the Company i.e. year ended March 31, 2017.
- b) The Financial Statements of the Group have been prepared in accordance with the Accounting Standards as specified under Section 133 of the Companies Act 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provision of the Companies Act, 2013.

#### ii) Principles of Consolidation

The consolidated financial statements have been prepared in accordance with Accounting Standard 21 on “Consolidated Financial Statements” on the following principles:

- a) The financial statements of the Company and its subsidiary companies are combined on a line-by-line basis by adding together the book value of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions resulting in unrealized profits or losses.
- b) In case of foreign subsidiaries, being non-integral foreign operations, revenue items are consolidated at the average exchange rate prevailing during the year. All assets and liabilities are converted at closing exchange rates prevailing at the end of the year. All resulting exchange differences arising on consolidation are accumulated in foreign currency translation reserve until the disposal of net investment.
- c) The excess of cost to the Company of its investments in the subsidiary companies over its share of equity of the subsidiary companies, at the date on which the investments in the subsidiary companies are made, is recognised as ‘Goodwill’ being an asset in the consolidated financial statements. Alternatively, where the share of equity in the subsidiary companies as on the date of investment is in excess of cost of investment of the Company, it is recognised as ‘Capital Reserve’ and shown under the head ‘Reserves and Surplus’, in the consolidated financial statements.
- d) Minority interest in the net income of consolidated subsidiaries for the reporting period has been identified and adjusted against the income of the group in order to arrive at net income attributable to the group. Minority interest in the net assets of the consolidated subsidiaries have been identified and presented in the consolidated Balance Sheet separately from liabilities and the equity of parent.

- e) The Consolidated Financial Statements are prepared by adopting uniform accounting policies for like transactions and other events in similar circumstances and are presented, to the extent possible, in the same manner as the Company’s separate financial statements except otherwise stated elsewhere in this schedule.
- f) Investment in Associate Company has been accounted under the equity method as per (AS 23) – “Accounting for Investments in Associates in consolidated Financial Statements”.
- g) The Company accounts for its share in change in net assets of the associate, post acquisition, after eliminating unrealized profits and losses resulting from transactions between the Company and its associate to the extent of its share, through its Statement of Profit and Loss to the extent such change is attributable to the associates Profit or Loss through its reserves for the balance, based on available information.
- h) The difference between the cost of investment in the associate and the share of net assets at the time of acquisition of shares in the associates is identified in the financial statements as Goodwill or Capital Reserve as the case may be.
- iii) The consolidated Financial Statements present the consolidated accounts of ISMT Limited with its subsidiaries including indirect subsidiary companies and Share of Profit/(Loss) of Associates.

Sr. No.	Name of the Company	Country of Incorporation
i)	* ISMT Enterprises SA	Luxembourg
ii)	* Tridem Port and Power Company Private Limited	India
iii)	* Structo Hydraulic AB	Sweden
iv)	* Structo Hydraulic India Private Limited – Associate Company	India
v)	* ISMT Europe AB	Sweden
vi)	@ Structo (UK) Limited	UK
vii)	* Nagapattinam Energy Private Limited	India
viii)	* Best Exim Private Limited	India
ix)	* Marshal Microwave Infrastructure Development Private Limited	India
x)	* Success Power and Infraprojects Private Limited	India
xi)	*@ PT ISMT Resources	Indonesia
xii)	* Indian Seamless Inc.	USA

@ Compiled by the Management as on March 31, 2017

\* Audited by other Auditors.

- a) Ownership interest in all the Subsidiary Companies is 100% except in case of ISMT Enterprises SA Luxembourg, it is 99.62%.
- b) Reporting dates of all Subsidiary Companies is March 31, 2017 except for PT ISMT Resources; it is December 31, 2016.
- c) Structo (UK) has been voluntarily dissolved on October 18, 2016.



## Notes to Consolidated Financial Statement for the year ended March 31, 2017 (Contd.)

### OTHER ACCOUNTING POLICIES:

#### 2.1 Revenue Recognition

##### a) Sales

- i) Sales are recognized when the significant risks and rewards of ownership of goods have been passed to the buyer. Sales are net of sales tax and sales returns.
- ii) Inter Division Transfer represents transfer of finished / semi-finished products within the Segment for further processing and sale.

##### b) Export Incentives

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.

#### 2.2 Property, Plant and Equipment

- 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. Company adopts Revaluation Model as its accounting policy in respect of Leasehold Land of the Company.
- ii) 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.

#### 2.3 Depreciation

##### Parent Company

- i) Leasehold Land – Cost of Leasehold Land / Revalued cost of Leasehold Land amortized over lease period.
- ii) Depreciation on Plant & Machinery other than Captive Power Plant is provided on its useful life estimated by the management on Written Down Value method. For these classes of assets, based on the technical evaluation carried out by the external experts, the management has estimated the useful lives in the range of 8 years to 65 years.
- iii) Depreciation on Building and Plant & Machinery of Captive Power Plant is provided as per the useful life specified in Part ‘C’ of Schedule II of the Companies Act, 2013 on Straight Line Method.
- iv) Depreciation on Furniture & Fixtures, Office Equipment and vehicle is provided as per the useful life specified Part ‘C’ of Schedule II of the Companies Act, 2013 on Written Down Value Method.

##### Subsidiary Companies

##### Structo Hydraulics AB:

Depreciations are done linearly over the assets estimated useful life, since it reflects the expected usage of assets future economic benefits. The depreciation is recognized as an expense in the income statement.

The following depreciation periods are applied:

Tangible Assets: -	
Buildings	45 years
Equipments, Tools, Fixtures & Fittings	3-5 years
Plant & Machinery and Equipment	3-30 years

##### Structo (UK) Limited:

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Computer Equipment and Furniture – 33% on reducing balance.

##### ISMT Europe AB:

Depreciation according to plan is based on the original purchase value and estimated economic life. A write-down is made in case of permanent decrease in value.

##### Tangible Assets: -

Computer Hardware and Software	5 years
Equipment	5 years

##### Tridem Port and Power Company Private Limited and Nagapattinam Energy Private Limited:

Depreciation on Furniture & Fixtures, Office Equipment is provided as per useful life specified in Part ‘C’ of Schedule II of the Companies Act, 2013 on straight line method.

#### 2.4 Intangibles

##### Parent Company

Intangible assets are stated at costs less accumulated amortisation.

The cost relating to intangible assets are capitalised and amortised over the period of 5 years which is based on their estimated useful life.

##### Subsidiary Companies

##### Structo Hydraulics AB:

Goodwill is amortised over a period of 10 years.

Tridem Port and Power Company Private Limited  
Software is amortised over a period of 5 years.

#### 2.5 Leased assets

##### i) Finance Lease

Lease rentals in respect of finance lease are segregated into cost of the Assets and finance components by applying an implicit internal rate of return. The cost component is amortised over the useful life of the Asset and the finance component is recognised in the Statement of Profit and Loss.

**Notes to Consolidated Financial Statement for the year ended March 31, 2017 (Contd.)**

- ii) Operating Lease  
Lease rentals in respect of operating lease are charged to Statement of Profit and Loss as per the terms of the lease agreement.

**2.6 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. 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 Hydraulic AB**

Inventory is valued at the lower of original cost and net realizable value. Obsolescence risk has been considered. The original costs are estimated according to weighted average prices.

The purchase cost regarding the company's own manufacturing semi-finished and finished products consists of direct manufacturing costs and reasonable overheads for indirect manufacturing costs.

**ISMT Europe AB and Indian Seamless Inc.USA**

Inventory is valued at the lower of original cost on a first in first out principle and market value respectively. Obsolescence risk have been considered.

**2.7 Employee Benefits: -****Parent Company**

- 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**  
The Company's liabilities under Payment of Gratuity Act (funded), long term compensated absences are determined

on the basis of actuarial valuation made at the end of each financial year using the projected unit credit method except for short term compensated absences, which are provided on actual basis. Actuarial gain and losses are recognised immediately in the Statement of Profit and Loss as income or expense. Obligations is measured at the present value of estimated future cash flows using a discounted rate that is determined by reference to market yields at the Balance Sheet date on Government bonds where the currency and terms of the Government bonds are consistent with the currency and estimated terms of the defined benefit obligation.

**Subsidiary Companies****Structo Hydraulic 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.

**Tridem Port & Power Company Pvt. Limited**

Liabilities in respect of retirement benefits to employees such as Leave Encashment and Gratuity are provided on accrual basis.

**2.8 Research & Development**

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

**2.9 Long Term Investments**

Long term investments are valued at cost of acquisition. Provision for diminution in value of Long Term investments is made only if such a decline is other than temporary in the opinion of the Management.

**2.10 Foreign Currency transactions****Parent Company**

- i) All transactions in foreign currency are recorded by applying the exchange rate prevailing at the time of the transaction.
- ii) The Company designates borrowing in foreign currency, other than those utilized for capital expenditure and identified Long Term Loans, as hedge instrument to hedge its foreign currency risk of its firm commitment and highly probable or forecasted revenue transaction to be accounted as cash flow hedge. The unrealized exchange gains or losses on transactions related to foreign currency borrowing which qualify as effective hedge are recognized in the Hedging Reserve Account.
- iii) Monetary foreign currency assets and liabilities (monetary items) are reported at the exchange rate prevailing on the Balance Sheet date. Pursuant to the notification of the Companies (Accounting Standards) (Second

## Notes to Consolidated Financial Statement for the year ended March 31, 2017 (Contd.)

Amendments) Rules, 2011 on December 29, 2011, which amended Accounting Standard 11 on The Effects of Changes in Foreign Exchange Rates, the exchange differences relating to long term monetary items are dealt with in the following manner:

- a) Exchange differences relating to long term monetary items, arising during the year, in so far as they relate to the acquisition of capital asset are add to / deducted from the cost of the asset.
- b) Exchange differences relating to long term monetary items, arising during the year, in so far as they relate to identified Long Term Loans, are accumulated in the "Foreign Currency Monetary Item Translation Difference Account" and amortized to the statement of Profit and Loss over balance life of the long term monetary item, however the period of amortization does not extend beyond March 31, 2020.
- iv) All other exchange differences are dealt with in the Statement of Profit and Loss.
- v) In respect of forward exchange contracts, the difference between the forward rate and the spot rate is recognized income or expense over the contract period. Gains or losses on cancellation or renewal of forward exchange contracts are recognized as income or expenses.
- vi) Non-monetary items such as investments are carried at the historical cost using the exchange rate on the date of the transaction.

### Subsidiary Companies

Monetary foreign currency items have been converted using the rate of the Balance Sheet date. Exchange rate differences on such items are included in the operating result.

Non-monetary items are carried at the historical cost using the exchange rate on the date of the transaction.

### 2.11 Miscellaneous Expenditure

- i) Preliminary expenses in the nature of public issue expenses and expenses in respect of increase in authorised capital are amortised over a period of ten years.
- ii) Loan processing fees are amortised over the Loan period.

### 2.12 Borrowing Costs

Borrowing costs that are directly attributable to the acquisition of qualifying assets are capitalised as a part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to revenue.

### 2.13 Income Tax

Parent Company / Tridem Port and Power Company Private

Limited / Nagapattinam Energy Private Limited / Best Exim Private Limited / Marshal Microware Infrastructure Development Private Limited / Success Power and Infraprojects Private Limited.

- i) Tax expenses comprise of current and deferred tax.
- ii) Provision for current income tax is made on the basis of relevant provisions of the Income Tax Act, 1961 as applicable to the financial year.
- iii) Deferred tax on timing differences is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date. Deferred Tax Assets are recognised only to the extent that there is virtual certainty with convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised.
- iv) Minimum Alternative Tax (MAT) credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period.

### Other Subsidiary Companies

Tax expenses have been accounted for on the basis of tax laws prevailing in respective countries.

### 2.14 Government Incentives

Mega Project Incentives are recognized in the Statement of Profit and Loss in accordance with the provisions of the Package Scheme of Incentives 2007 and the eligibility certificate issued by the Government of Maharashtra.

### 2.15 Impairment of Assets

Where there is an indication that an asset is impaired, the recoverable amount if any, is estimated and the impairment loss is recognised to the extent-carrying amount exceeds recoverable amount.

### 2.16 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.

**Notes to Consolidated Financial Statement for the year ended March 31, 2017 (Contd.)****NOTE NO. 3 NOTES TO ACCOUNTS**

Notes which are necessary for presenting a true and fair view of the Consolidated Financial Statement are included as an integral part of the Consolidated Accounts.

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

Particulars	Rs. in Crore	
	As on March 31, 2017	As on March 31, 2016
<b>i) Contingent Liabilities</b>		
<b>Parent Company</b>		
a) Claims against the Company not acknowledged as debt		
Sales Tax	15.06	13.16
Income Tax disputed by the Company	0.70	4.45
Excise Duty	27.39	28.53
Others	153.61	155.72
b) Corporate Guarantees *	-	16.58
c) Bills discounted	15.74	67.18
<b>Subsidiary Companies</b>		
a) Claims against the Company not acknowledged as debt		
Others	9.38	9.38
b) Corporate Guarantees	6.05	8.36
<b>ii) Commitments</b>		
a) Capital Commitments		
<b>Parent Company</b>		
Estimated amount of contracts remaining to be executed on Capital Account and not provided for (net of advances)	5.30	14.24

\* Given on behalf of Structo Hydraulics AB, Sweden of Rs.Nil ( Previous Year of Rs.16.58 Crore ( USD 2.50 Million ) in respect of loan availed.

**3.2 Parent Company**

Considering the uncertainty related to realisation, the following items are not considered to accrue till they are settled / sanctioned / received as the case may be: a) Insurance claims except specific claims stated separately b) Interest on receivables c) Electricity Refund (Additional Supply Charges).

**3.3** As per Accounting Standard 17, the Group has two segment viz "Seamless Tube and Steel". Structo group is considered as Seamless Tube Segment and Tridem group is considered under unallocable as business activities are not commenced.

- i) 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.
- ii) 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 "Un-allocable Assets / Liabilities".

## Notes to Consolidated Financial Statement for the year ended March 31, 2017 (Contd.)

### Segment Information

Rs. in Crore

Particulars	As on March 31,2017				As on March 31,2016			
	Tube Segment	Steel Segment	Unallocable	Total	Tube Segment	Steel Segment	Unallocable	Total
<b>i) Segment Revenue</b>								
Total External Sales ( Gross )	740.10	440.24		1,180.34	643.35	453.88		1,097.23
Add : Inter Segment Transfers ( Gross )	-	227.92		227.92	-	232.55		232.55
: Inter Division Transfers ( Gross )	51.42	-		51.42	24.57	-		24.57
: Subsidiary / Parent Company	54.41	-		54.41	57.77	-		57.77
	845.93	668.16		1,514.09	725.69	686.43		1,412.12
Less : Excise Duty	66.64	74.99		141.63	56.57	77.72		134.29
	779.29	593.17		1,372.46	669.12	608.71		1,277.83
Less : Inter Segment Transfers(net)	-	202.60		202.60	-	206.71		206.71
Inter Division Transfers (net)	45.71	-		45.71	21.84	-		21.84
Subsidiary / Parent Company	54.41	-		54.41	57.77	-		57.77
<b>Net Sales</b>	<b>679.17</b>	<b>390.57</b>		<b>1,069.74</b>	<b>589.51</b>	<b>402.00</b>		<b>991.51</b>
<b>ii) Segment Results</b>								
<b>Profit/( Loss) Before Finance Costs, Foreign Exchange Loss and Taxes</b>	<b>(43.93)</b>	<b>28.02</b>	<b>(4.90)</b>	<b>(20.81)</b>	<b>(78.22)</b>	<b>24.85</b>	<b>(5.16)</b>	<b>(58.53)</b>
Less : Finance Costs				270.07				282.44
Amortisation and Obsolescence				-				-
Foreign Exchange Loss				(0.29)				44.41
				-				-
<b>Profit / ( Loss ) Before Tax</b>				<b>(290.59)</b>				<b>(385.38)</b>
Less : Tax Expenses				0.01				9.43
<b>Profit / ( Loss) After Tax</b>				<b>(290.60)</b>				<b>(394.81)</b>
Less : Share of Minority Interest				(0.02)				(0.03)
<b>Profit / ( Loss ) After Minority Interest</b>				<b>(290.58)</b>				<b>(394.78)</b>
<b>iii) Other Information</b>								
Total Segment Assets	1,447.19	387.73	-	1,834.92	1,485.27	413.03	-	1,898.30
Total Segment Liabilities	125.92	86.47	-	212.39	150.53	125.85	-	276.38
Total cost incurred for acquiring Segment Assets (excluding revaluation of Leasehold Land)	(11.45)	13.86	0.41	2.82	8.36	0.50	9.65	18.51
Segment Depreciation	52.85	13.45	7.48	73.78	53.40	14.16	7.55	75.11
Non - Cash Expenses	7.56	1.90	-	9.46	14.90	0.41	-	15.31
<b>Total Unallocable Assets</b>								
Goodwill on Consolidation				37.67				37.67
Other Assets				569.23				549.73
Investments				0.02				-
				606.92				587.40
<b>Total Unallocable Liabilities</b>								
Long Term Borrowings				641.68				850.25
Short Term Borrowings				1,075.76				942.06
Other Liabilities				918.16				534.28
Deferred Tax Liabilities ( Net )				-				-
				2,635.60				2,326.59

**Notes to Consolidated Financial Statement for the year ended March 31, 2017 (Contd.)**

- 3.4 Pending reconciliation / confirmations from Debtors / Creditors, 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.
- 3.5 Disclosure regarding exposure of the Company in respect of outstanding foreign currency transactions as on the date of Balance Sheet and which are not hedged by a derivative instruments or otherwise.

Particulars	2016-17		2015-16	
	Foreign Currency in Million	Rs. in Crore	Foreign Currency in Million	Rs. in Crore
<b>Parent Company</b>				
<b>i) Secured Loans</b>				
a) US Dollars	39.32	254.99	40.65	269.65
b) Euros	4.32	29.92	4.46	33.51
<b>ii) Receivables</b>				
a) US Dollars	3.05	17.98	4.30	26.40
b) Euros	11.99	81.89	10.32	72.18
c) Australian Dollar	0.04	0.20	0.02	0.10
d) GBP	0.03	0.23	-	-
<b>iii) Payables</b>				
a) US Dollar	6.68	43.32	12.96	85.95
b) Euros	0.11	0.74	0.13	0.99
<b>iv) Interest Payable</b>				
a) US Dollars	2.77	18.36	0.09	0.60
b) Euros	0.35	2.53	-	0.00
<b>Subsidiary Company</b>				
<b>i) Secured Loans</b>				
US Dollars	-	-	2.50	16.54
<b>ii) Receivables</b>				
Euros	3.61	25.05	2.72	20.50
<b>iii) Payables</b>				
Euros	13.48	93.55	12.99	97.90
<b>iv) Interest Payable</b>				
US Dollars	-	-	0.13	0.88

Note : The above amounts include inter group receivables/payables in foreign currency.

## Notes to Consolidated Financial Statement for the year ended March 31, 2017 (Contd.)

3.6 i) Assets taken on operating lease : - The details of future rental payable on non-cancellable operating lease are given below.

Particulars	Rs. in Crore	
	2016-17	2015-16
<b>Parent Company</b>		
a) Not later than one year	<b>0.73</b>	0.12
b) Later than one year and not later than five years	<b>2.67</b>	0.07
c) Later than five years	<b>0.67</b>	-
<b>Subsidiary Company</b>		
a) Not later than one year	<b>0.11</b>	0.12
b) Later than one year and not later than five years	-	0.11
c) Later than five years	-	-

### 3.7 Parent Company

- i) The Company had adopted Accounting Standard-11 “The effects of changes in Foreign Exchange Rates”, read with notifications issued by the Ministry of Corporate Affairs dated March 31, 2009, May 11, 2011 and December 29, 2011 and exercised the option to recognize exchange difference on long term monetary items related to Fixed Assets to the cost of Fixed Assets.
- ii) The Exchange difference gain related to acquisition of Capital Assets has been adjusted to respective Fixed Asset cost amounting to Rs 6.75 Crore. (Previous Year Rs.15.15 Crore as Exchange difference Loss)
- iii) Had the Company not exercised the option under AS-11 as stated in para 3.7 (i) the Loss (net of tax) for the year would have been lower by Rs.8.23 Crore (Previous Year higher by Rs.5.72 Crore), Gross Fixed Assets would have been lower by Rs.163.73 Crore (Previous Year Rs. 170.48 Crore) and consequently the Reserves and Surplus would have been Lower by Rs.83.54 Crore (Previous Year Rs.91.77 Crore).

**Notes to Consolidated Financial Statement for the year ended March 31, 2017 (Contd.)**

3.8 i) Related party Disclosure as required by Accounting Standard 18 is as under : -

- |                             |  |
|-----------------------------|--|
| a) Key Management Personnel | i) Mr. B.R. Taneja - Managing Director<br>ii) Mr. Rajiv Goel - Chief Financial Officer (ISMT Limited)<br>iii) Mr. Goran Larsson - Executive Director (Structo Hydraulics AB) |
| b) Associate Companies      | i) Indian Seamless Enterprises Limited<br>ii) Taneja Aerospace and Aviation Limited<br>iii) Lighto Technologies Private Limited .  |
| c) Details of Transaction   | i) Key Management Personnel<br>Remuneration paid for the year Rs. 3.67 Crore(Previous Year Rs.3.51 Crore)<br>ii) Subsidiary and Associate Companies                          |

**Rs. in Crore**

Details of Transactions	Subsidiary Companies		Associate Companies	
	2016-17	2015-16	2016-17	2015-16
Sale of Finished Goods	-	-	7.69	7.57
Quality Claims / Reimbursement of Expenses	-	0.14	-	(0.24)
Lease Rent Paid	-	-	0.30	0.30
Inter Corporate Deposits (Net)	-	-	-	(0.50)
Interest Paid	-	-	0.15	0.18
Unsecured Loan Received	-	-	-	1.00
<b>Outstanding as at Balance Sheet date</b>	-	-		
Receivables	-	-	-	7.52
Payables	-	-	0.03	0.51
Advance Payable	-	-	1.00	1.00
Unsecured Loan Payable	-	-	7.75	7.75

- a) Sale of finished goods to Associate Companies include sales to Indian Seamless Enterprises Limited Rs 7.69 Crore (Previous Year Rs. 7.57 Crore).
- b) Quality claims of subsidiary companies include of Indian Seamless Inc. USA Rs. Nil Crore (Previous Year Rs. 0.05 Crore) and ISMT Europe AB. Rs. Nil Crore (Previous year Rs. 0.09 Crore)
- c) Lease rent paid to Associate Companies include paid to Indian Seamless Enterprises Limited Rs. 0.30 Crore (Previous Year Rs. 0.30 Crore).
- d) Inter corporate deposits received from (net) Associate Company Taneja Aerospace and Aviation Limited Rs. Nil Crore (Previous Year Rs. (0.50) Crore) .
- e) Interest paid to Associate Company Taneja Aerospace and Aviation Limited Rs. 0.15 Crore (Previous Year Rs. 0.18 Crore).
- f) Unsecured Loan received from Associate Company Indian Seamless Enterprises Limited Rs. Nil (Previous Year Rs. 1.00 Crore).



## Notes to Consolidated Financial Statement for the year ended March 31, 2017 (Contd.)

### 3.9 Employee Benefits

#### Parent Company

The Accounting Standard – 15 (Revised 2005) on “Employee Benefits” has been adopted by the Company effective from April 1, 2007.

During the year, Company has recognised the following amounts in the financial Statements:

#### i) 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:

Particulars	Rs. in Crore	
	2016-17	2015-16
Employer's Contribution to Provident Fund and Employee Pension Scheme	4.92	4.88
Employer's Contribution to Superannuation Fund	2.88	1.88

In respect of Provident Fund Trust set up by the Company, there is no deficit of interest shortfall with regards to future obligation arising due to interest shortfall (i.e. government interest to be paid on the Provident Fund Scheme exceeding rate of interest earned on investment), pending issuance of the Guidance Note from Actuarial Society of India, the actuarial liability against the same cannot be reliably measured and quantified.

#### ii) Defined Benefit Plan:

#### Gratuity (Funded)

Rs. in Crore

Particular	Rs. in Crore			
	2016-17	2015-16		
<b>a) Changes in present value of Defined Benefit Obligations:</b>				
Present value of obligation as at beginning of the Year	28.37	27.24		
Current Service Cost	1.55	1.73		
Interest Cost	2.19	2.05		
Actuarial (gain)/loss	(1.43)	(0.56)		
Benefits paid	(1.22)	(2.09)		
Present Value of Obligation as at end of the Year	29.46	28.37		
<b>b) Changes in fair value of Plan Assets:</b>				
Fair value of Plan Assets as at beginning of the Year	27.59	27.20		
Expected return on Plan Assets	2.26	2.33		
Actuarial gain/(loss)	(0.79)	(0.83)		
Employer Contribution	(0.01)	0.08		
Benefits paid	(0.52)	(1.19)		
Fair value of Plan Assets as at end of the Year	28.53	27.59		
<b>c) Actual Return on Plan Asset:</b>				
Expected return on Plan Assets	2.26	2.33		
Actuarial gain/(loss) on Plan Assets	(0.79)	(0.83)		
Actual return on Plan Assets	1.47	1.50		
<b>d) Amounts recognized in the Balance Sheet in respect of:</b>				
Particulars	2016-17		2015-16	
	Gratuity (Funded)	Leave Encashment (Non Funded)	Gratuity (Funded)	Leave Encashment (Non Funded)
Fair Value of Plan Asset as at end of the Year	28.53	-	27.59	-
Present Value of Obligation as at end of the Year	29.46	6.57	28.37	6.44
Net Liability	0.93	6.57	0.78	6.44

**Notes to Consolidated Financial Statement for the year ended March 31, 2017 (Contd.)**

Rs. in Crore

Particulars	2016-17		2015-16	
	Gratuity (Funded)	Leave Encashment (Non Funded)	Gratuity (Funded)	Leave Encashment (Non Funded)
<b>e) Expenses recognised in the Statement of Profit and Loss</b> (under the head "Employee Benefits Expense" - Refer Note No. 1.24).				
Current Service Cost	1.55	0.50	1.73	0.65
Interest Cost	2.19	0.47	2.05	0.43
Expected return on Plan Assets	(2.26)	-	(2.33)	-
Actuarial (gain)/loss	(0.64)	0.32	0.30	0.87
Expense Recognised in the Statement of Profit and Loss	<u>0.84</u>	<u>1.29</u>	<u>1.73</u>	<u>1.95</u>

**f) Percentage of each Category of Plan Assets to total Fair Value of Plan Assets as at end of the Year**

Particulars	2016-17	2015-16
Government of India Securities	2.48%	2.93%
Corporate Bonds	0.10%	0.83%
Special Deposit Scheme	0.28%	0.29%
Insurer Managed Funds	95.18%	93.19%
Others	1.96%	2.76%
Total	<u>100.00%</u>	<u>100.00%</u>

**g) Principal Actuarial Assumptions used as at the Balance Sheet date :**

Particulars	2016-17		2015-16	
	Gratuity (Funded)	Leave Encashment (Non Funded)	Gratuity (Funded)	Leave Encashment (Non Funded)
Discount Rate	7.20%	7.20%	7.90%	7.90%
Expected Rate of Return on Plan Assets	8.25%	-	8.75%	-
Salary Escalation Rate	4.50%	4.50%	6.00%	6.00%

**Subsidiary Companies : Structo Hydraulics AB and Tridem Port and power Company Private Limited.**
**Defined Contribution Plan :**

The Company has recognized the following amounts as an expense and included under the head Employee Benefits Expense / Capital Work in Progress

Rs. in Crore

Particulars	2016-17	2015-16
Social Security Contribution	3.02	4.02
Gratuity	0.003	(0.002)

## Notes to Consolidated Financial Statement for the year ended March 31, 2017 (Contd.)

### 3.10 Parent Company

The company had revalued its Leasehold Land located at Ahmednagar and Baramati in the year 2014-15 . Additions so made, due to revaluation, in the leasehold lands amounting to Rs. 210.46 Crore has been credited to Revaluation Reserve in the year 2014-15. Depreciation provided on the revalued amount of Rs. 3.14 Crore (Previous Year Rs. 3.14 Crore) has been transferred from Revaluation Reserve to General Reserve. Similarly additional depreciation attributable to fair value adjustments consequent to Scheme of Arrangement sanctioned by the Hon'ble High court, Mumbai between The Indian Seamless Metal Tubes Limited and the Company amounting to Rs. 4.03 Crore (Previous Year Rs. 4.23 Crore) has been transferred from Amalgamation Reserve to General Reserve.

#### Subsidiary Company

##### Structo Hydraulics AB :

- i) The Company has transferred amount of depreciation provided on revalued amount and revalued portion of assets disposed off amounting to Rs. 0.66 Crore ( Previous Year Rs. 1.33 Crore) from Revaluation reserve to General Reserve.
- ii) Gross Block of fixed assets include Rs. 11.05 Crore (Previous Year Rs. 11.05 Crore) on account of revaluation of Building.

### 3.11 Parent Company

The Company has unabsorbed Minimum Alternate Tax ( MAT) credit entitlement as at March 31,2017 of Rs. 82.05 Crore, which is allowed to be carried forward for a period of fifteen years under the Income Tax Act ,1961 from the year in which MAT was paid and would lapse thereafter. Accordingly, the unabsorbed MAT credit shall be provided in the statement of Profit and Loss to the extent it lapses in the respective years.

### 3.12 Disclosure regarding pursuant to circular No. G.S.R. 308 (E) dated March 30, 2017 issued by Ministry of Corporate Affairs.

Particulars	Rs.		
	Specified Bank Notes	Other denomination Notes	Total
<b>Closing Cash in Hand as on November 8, 2016</b>	197,000	92,198	289,198
Add : Permitted Receipts	-	1,992,878	1,992,878
Less : Permitted Payments	-	1,744,653	1,744,653
Less : Amounts deposited in Bank	197,000	-	197,000
<b>Closing Balance Cash in Hand as on December 30, 2016</b>	-	<b>340,423</b>	<b>340,423</b>

### 3.13 Miscellaneous Income includes

Rs. in Crore

Particulars	2016-17	2015-16
Profit on Sale of Assets	-	0.12

### 3.14 Earnings per Share

Rs. in Crore

Particulars	2016-17	2015-16
i) Profit / ( Loss) After Tax	(290.58)	(394.78)
ii) Net Profit / ( Loss ) for the year attributable to Equity Shareholders	(290.58)	(394.78)
iii) Weighted Average Number of Equity Shares	14,65,01,383	14,65,01,383
iv) Earnings Per Share (Rs.) (Basic and Diluted)	(19.83)	(26.95)

**Notes to Consolidated Financial Statement for the year ended March 31, 2017 (Contd.)****3.15 Miscellaneous Expenses include****Rs. in Crore**

<b>Particulars</b>	<b>2016-17</b>	<b>2015-16</b>
i) Repairs and Maintenance – Building	<b>0.04</b>	0.005
ii) Directors Sitting Fees	<b>0.34</b>	0.23
iii) Auditors Remuneration		
a) Statutory Audit Fees	<b>0.44</b>	0.46
b) Taxation Matters	<b>0.02</b>	0.02
c) Out of Pocket Expenses	<b>0.02</b>	0.02
iv) Provision for Doubtful Debts	<b>2.15</b>	10.13
v) Bad Debts	<b>7.44</b>	-
vi) Claims written off / Provision for Advances	-	5.18
vii) Investment written off *	<b>0.001</b>	0.04

\* Investment of Structo Hydraulics AB, Sweden in Structo UK Ltd and Previous year Structo Hydraulics India Pvt Ltd.

**3.16** Net negative balance of Minority Interest as on March 31, 2017 amounting to Rs. 0.13 Crores (Previous year Rs. 0.14 Crores) which is absorbed against Group's surplus account and respective reserves. During the year an amount of Rs.0.01 Crore has been recouped.

**3.17** As a result of various corrective steps taken in the past, the Group's net loss for the year has come down from 394.78 Crore to Rs. 290.58 Crore. Further there have been other significant developments including levy of long term anti-dumping duty by the Government of India effective February 17, 2017 on import of tubes from China and increase in oil prices. The Group has, therefore, continued to prepare its financial statements on Going Concern basis.

**3.18** During the year Structo Hydraulics AB, Sweden has written off investment held in its wholly owned subsidiary viz Structo UK Ltd amounting to Rs. 0.001 Crore, which was voluntarily dissolved on October 18, 2016.

**3.19 Parent Company**

The lenders of the Company are evaluating various options for debt resolution through its Joint Lenders Forum and pending the same, interest on the loans has been provided as per the terms of sanction letters of the respective banks on simple interest basis. However, no overdue/penal/ compounding of interest, if any, has been provided.

**3.20** 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 along with its captive port in Tamil Nadu. However, on account of subsequent adverse developments, the group has decided not to pursue these projects. No provision has, however, been considered necessary for the amount invested in Fixed Assets including Capital Work-in-Progress Rs.104.60 Crore of the said project, since in the opinion of the management, the group expects to realise not less than its carrying amount of assets.

**3.21 Parent Company**

i) Maharashtra Electricity Regulatory Commission (MERC) had disallowed Company's petition regarding banking of energy facility under Energy Banking Agreement (EBA) vide its orders dated June 20, 2014 and January 12, 2015. The Company filed an appeal before the Appellate Tribunal (APTEL) against the said order and the same has been dismissed by the APTEL vide their order dated April 1, 2016. Thereafter, the Company filed an appeal, challenging the APTEL order, before the Hon'ble Supreme Court and the same has been admitted by the Supreme Court on August 1, 2016. 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, 2017 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 facility. There was no further accrual since April 1, 2014 on account of suspension of operation of power plant.

ii) In view of the above, the Company has not been able to operate the 40 MW Captive Power Plant (CPP) and is held for sale. In the opinion of the management, the net realisable value of the CPP is not less than its carrying amount of Rs. 240.80 Crore.

**3.22** Previous Year figures have been regrouped and reclassified wherever necessary to conform to the Current Year Classification.

## Notes to Consolidated Financial Statement for the year ended March 31, 2017 (Contd.)

3.23 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)	
		As % of consolidated Net Assets	Rs. in Crore	As % of consolidated Profit / (Loss)	Rs. in Crore
	<b>Parent</b>				
	ISMT Limited	(86.69)	(352.11)	(99.26)	(288.44)
	<b>Indian Subsidiaries</b>				
1	Tridem Port and Power Company Private Limited	0.36	1.46	(0.08)	(0.22)
2	Nagapattinam Energy Private Limited	(0.05)	(0.21)	(0.02)	(0.07)
3	Best Exim Private Limited	(0.47)	(1.91)	(0.00)	(0.01)
4	Success Power & Infraprojects Private Limited	(0.25)	(1.00)	(0.00)	(0.01)
5	Marshal Microware Infrastructure Development Company Private Limited	(0.75)	(3.05)	(0.00)	(0.01)
	<b>Foreign Subsidiaries</b>				
1	ISMT Enterprises SA, Luxembourg	13.32	54.09	(0.09)	(0.27)
2	Structo Hydraulics AB, Sweden	(18.40)	(74.74)	(1.90)	(5.51)
3	Stucto (UK) Limited, UK (Refer Note No. 3.18)	-	-	-	-
4	ISMT Europe AB, Sweden	(1.16)	(4.72)	0.13	0.38
5	Indian Seamless Inc., USA	0.21	0.84	0.00	0.01
6	PT ISMT Resources, Indonesia	(0.01)	(0.05)	(0.01)	(0.03)
	<b>Minority Interest in all Subsidiaries</b>	(0.03)	(0.13)	(0.01)	(0.02)

As per our report of even date

For **M/s P.G. Bhagwat**  
Firm Registration No. 101118W  
Chartered Accountants

For **J.K. Shah & Co.**  
Firm Registration No. 109606W  
Chartered Accountants

**Sandeep Rao**  
Partner  
M. No. 47235

**J. K Shah**  
Partner  
M. No. 3662

**B.R. Taneja**  
Managing Director

**Rajiv Goel**  
Chief Financial Officer

**Jaikishan Pahlani**  
Company Secretary  
Pune, May 30, 2017

Pune, May 30, 2017

**SALIENT FEATURES OF FINANCIAL STATEMENTS OF SUBSIDIARY / ASSOCIATES AS PER SECTION 129 (3) OF COMPANIES ACT, 2013**
**PART 'A' SUBSIDIARIES:**

Rs. in Crore

Sr. No.	Name of the Subsidiary	Reporting Currency	Share Capital	Reserves & Surplus	Total Assets	Total Liabilities #	Investments (excluding investment in subsidiary)	Turnover/ Total Income	Profit/ (Loss) Before Taxation	Provision for Taxation	Profit/ (Loss) After Taxation	Proposed Dividend	% of Shareholding
1	ISMT Enterprises SA, Luxembourg	Euro	56.19	(2.09)	54.68	0.59	-	-	(0.27)	-	(0.27)	-	99.62%
2	Structo Hydraulics AB, Sweden	SEK	0.76	(75.50)	68.99	143.73	-	40.62	(5.51)	-	(5.51)	-	100.00%
3	Stucto (UK) Limited, UK (Refer Note No. 3.18)	GBP	-	-	-	-	-	-	-	-	-	-	100.00%
4	ISMT Europe AB, Sweden	SEK	0.07	(4.79)	31.30	36.02	-	56.26	0.38	-	0.38	-	100.00%
5	Indian Seamless Inc., USA	USD	2.06	(1.22)	1.79	0.95	-	8.71	0.01	-	0.01	-	100.00%
6	Tridem Port and Power Company Private Limited	INR	2.58	(1.12)	115.17	113.70	-	0.06	(0.22)	(0.01)	(0.23)	-	100.00%
7	Nagapattinam Energy Private Limited	INR	0.25	(0.46)	57.74	57.95	-	0.04	(0.07)	-	(0.07)	-	100.00%
8	PT ISMT Resources, Indonesia	Rupiah	4.34	(4.39)	0.01	0.06	-	-	(0.03)	-	(0.03)	-	100.00%
9	Best Exim Private Limited	INR	0.01	(1.92)	0.06	1.98	-	-	(0.01)	-	(0.01)	-	100.00%
10	Success Power and Infraprojects Private Limited	INR	0.19	(1.19)	4.95	5.95	-	-	-	-	-	-	100.00%
11	Marshal Microware Infrastructure Development Company Private Limited	INR	0.01	(3.06)	2.18	5.23	-	-	-	-	-	-	100.00%

# Excluding Share Capital and Reserves &amp; Surplus

Exchange Rates	Closing Exchange Rate for Assets and Liabilities	Average Rate for Profit and Loss items
Euro to INR	69.3840	72.3757
SEK to INR	7.2583	7.7156
GBP to INR	81.29470	88.2285
Rupiah to INR	0.004860	0.004948
USD to INR	64.8589	65.5171

Reporting dates of all Subsidiaries are March 31, 2017 except for PT ISMT Resources, Indonesia, it is December 31, 2016.

**Notes :** 1. Names of subsidiaries which are yet to Commence operations : None  
 2. Names of subsidiaries which have been liquidated or sold during the year : Structo(UK) Limited ,UK

For and on behalf of the Board of Directors

**B. R. Taneja**  
 Managing Director  
 Pune, May 30, 2017

**Rajiv Goel**  
 Chief Financial Officer

**Jakishan Pahlani**  
 Company Secretary



# BOOK-POST

**ISMT** LIMITED  
Solutions You Can Trust

**Registered Office**

ISMT Limited  
Lunkad Towers, Viman Nagar, Pune - 411 014  
Tel: +91 20 41434100/01  
Fax: +91 20 26630779



Reregistered Office: Lunkad Towers, Viman Nagar, Pune - 411014, Maharashtra.  
Phone: 020-41434100, Fax: 020-26630779, E-mail: secretarial@ismt.co.in  
Website : www.ismt.com, CIN : L27109PN1999PLC016417

## NOTICE

NOTICE is hereby given that the 19th Annual General Meeting of the Members of ISMT Limited will be held on Thursday, September 28, 2017 at 10:30 A.M. at Hotel Hyatt Pune, Adjacent to Aga Khan Palace, 88 Nagar Road, Kalyani Nagar, Pune-411006, Maharashtra to transact the following business:

### Ordinary Business:

1. To receive, consider and adopt:
  - (a) the Audited Financial Statements of the Company for the Financial Year ended March 31, 2017 including the Audited Balance Sheet as at March 31, 2017 and the Statement of Profit and Loss for the year ended on that date and the Reports of the Board of Directors and the Auditors thereon; and
  - (b) the Audited Consolidated Financial Statements of the Company for the Financial Year ended March 31, 2017 including the Audited Consolidated Balance Sheet as at March 31, 2017 and the Consolidated Statement of Profit and Loss for the year ended on that date and the Report of the Auditors thereon.
2. To appoint a Director in place of Mr. B. R. Taneja (DIN: 00328615) who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Statutory Auditors and fix their remuneration and in this regard, to consider and if thought fit, to pass, with or without modification (s) the following resolution as an **Ordinary Resolution**:

**“RESOLVED THAT** pursuant to the provisions of Sections 139 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, (including any statutory modification(s) or re-enactments thereof for the time being in force) and pursuant to the recommendations of the Audit Committee, Damania & Varaiya, Chartered Accountants (Firm Regn No. 102079W), be and are hereby appointed as Statutory Auditors of the Company, in place of retiring Joint Statutory Auditors M/s. PG Bhagwat, Chartered Accountants and J.K. Shah & Co., Chartered Accountants, to hold office from the conclusion of this AGM until the conclusion of the 24th AGM, subject to ratification by Members every year, on such remuneration and out of pocket expenses, as may be fixed by the Board of Directors of the Company.”

### Special Business:

4. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

**“RESOLVED THAT** pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014, as amended from time to time, the remuneration of :

- (i) Rs. 2,50,000/- (Rupees Two Lac and Fifty Thousand Only) plus out of pocket expenses at actuals, payable to M/s. Dhananjay V. Joshi & Associates, Cost Accountants (Firm Registration No. 000030), as Cost Auditors for “Steel Tubes and Pipes” products at Ahmednagar and Baramati Plants; and
- (ii) Rs. 2,50,000/- (Rupees Two Lac and Fifty Thousand Only) plus out of pocket expenses at actuals, payable to M/s. Parkhi Limaye & Co., Cost Accountants (Firm Registration No. 000191), as Cost Auditors for “Steel Products” at Jejuri Plant;

as recommended by the Audit Committee and approved by the Board in connection with Cost Audit of the Company for the financial year ended March 31, 2017, be and is hereby ratified and confirmed.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds and things and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

By Order of the Board of Directors  
For ISMT Limited

**Jaikishan Pahlani**  
Company Secretary

Pune, August 21, 2017

Registered Office:  
Lunkad Towers,  
Viman Nagar,  
Pune - 411014  
Maharashtra.

**NOTES:**

1. An Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013 ('The Act') relating to Special Business and details as required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations') in respect of Directors seeking appointment/re-appointment at this Annual General Meeting is annexed hereto.
2. A member entitled to attend and vote at the meeting may appoint a proxy to attend and vote on a poll on his behalf. A proxy need not be a member of the Company. A person can act as proxy on behalf of not exceeding fifty Members and holding in the aggregate not more than 10% of the total Equity Share Capital of the Company. Any Member holding more than 10% of the total Equity share capital of the Company may appoint a single person as proxy and in such a case, the said person shall not act as proxy for any other person or member. Proxy Form duly stamped and executed in order to be effective must reach the Registered Office of the Company not less than 48 hours before the commencement of the Annual General Meeting ('AGM').
3. During the period beginning 24 hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, a member would be entitled to inspect the proxies lodged at any time during the business hours of the Company, provided that not less than 3 (three) days of notice in writing is given to the Company.
4. Corporate Members are requested to send a duly certified copy of the Board Resolution authorizing their representatives to attend and vote at the AGM.
5. Members / Proxy holders / authorised representatives should bring in duly filled in Attendance Slip.
6. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013, will be available for inspection by the Members at the AGM.
7. The Register of Contracts or Arrangements in which Directors are interested, maintained under Section 189 of the Companies Act, 2013, will be available for inspection by the Members at the AGM.
8. Members holding shares in single name are advised to avail the facility of nomination in respect of shares held by them pursuant to the provisions of Section 72 of the Companies Act, 2013 read with Rules made thereunder. Members holding shares in physical form desiring to avail this facility may send their nomination in prescribed Form No. SH 13 duly filled to Karvy Computershare Private Limited. Members holding shares in electronic form may contact their respective Depository.
9. Electronic copy of the Annual Report for FY 2016-17 is being sent to all the members whose e-mail IDs are registered with the Company / Depository Participant(s). For members who have not registered their e-mail address, physical copies of the Annual Report for FY 2016-17 are being sent in the permitted mode.
10. Electronic copy of the Notice of AGM of the Company, inter-alia, indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent to all the members whose e-mail IDs are registered with the Company/ Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their e-mail address, physical copies of the Notice of the AGM, inter-alia, indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent in the permitted mode.
11. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, by post, free of cost. For any communication, the shareholders may also send requests to the Company's e-mail ID: [secretarial@ismt.co.in](mailto:secretarial@ismt.co.in).  
  
Members may also note that the Notice of the AGM and the Annual Report for FY 2016-17 will also be available on the Company's website [www.ismt.com](http://www.ismt.com).
12. In compliance with the provisions of Section 108 of the Act and the rules framed thereunder and SEBI Listing Regulations, Members are provided with the facility to cast their votes electronically, through the e-voting services provided by Karvy Computershare Private Limited ('Karvy') on all the resolutions set out in the Notice. The business may be transacted through electronic voting.
13. The Board of Directors has appointed Mr. Milind Kasodekar, a Practicing Company Secretary (Certificate of Practice No. 1681), Partner, MRM Associates, Pune to act as the Scrutinizer to scrutinize the voting by remote e-voting process (i.e. casting of votes using electronic voting system at a place other than the venue of the Meeting) and voting through Poll at the AGM in a fair and transparent manner.
14. The members who have cast their vote by remote e-voting process prior to the date of AGM may also attend the AGM but would not be entitled to cast their vote again.
15. Members can opt for only one mode of voting i.e. either by e-voting or voting through Poll at AGM. In case, Members cast their vote through both the modes, voting done by e-voting shall prevail and votes cast through Poll shall be treated as invalid.
16. The remote e-voting period begins on September 25, 2017 at 9.00 AM and ends on September 27, 2017 at 5.00 PM.

During this period shareholders of the Company holding shares either in physical form or in dematerialized form as on the cut-off date September 21, 2017 may cast their vote by remote e-voting. The remote e-voting module shall be disabled by Karvy for voting thereafter. A person who is not a member as on cut-off date should treat this notice for information purposes only.

## 17. E-VOTING FACILITY:

I. The Company has entered into an arrangement with Karvy Computershare Private Limited (Karvy), RTA of the Company, for facilitating remote e-voting for the AGM. The instructions for remote e-voting are as under:

**(a) In case of Members receiving an e-mail from Karvy Computershare Private Limited** [for Members whose email IDs are registered with the Company/ Depository Participant(s)]:

- (i) Open email and open PDF file viz. "remote e-voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password/PIN for remote e-voting. Please note that the password is an initial password.
- (ii) Launch an internet browser and open <https://evoting.karvy.com>
- (iii) Enter the login credentials (i.e. User ID and password). The Event No. + Folio No. or DP ID- Client ID will be your User ID. However, if you are already registered with Karvy for e-voting, you can use your existing User ID and password for casting your vote.
- (iv) After entering the above details Click on 'Login'.
- (v) Password change menu will appear. Change the password with a new password of your choice. The new password shall comprise minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric (0-9) and a special character (@,#,\$, etc.). The system will also prompt you to update your contact details like mobile number, email ID, etc. on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential. You need to login again with the new credentials.
- (vi) On successful login, the system will prompt you to select the E-Voting Event
- (vii) Select 'EVEN' of ISMT Limited and click on 'Submit'.
- (viii) Now you are ready for e-voting as 'Cast Vote' page opens.
- (ix) Cast your vote by selecting appropriate option and click on 'Submit'. Click on 'OK' when prompted.
- (x) Upon confirmation, the message 'Vote cast successfully' will be displayed.
- (xi) Once you have confirmed your vote on the resolution, you cannot modify your vote.
- (xii) Institutional shareholders (i.e. other than individuals, HUF, NRI, etc.) are required to send scanned copy

(PDF/JPG Format) of the relevant Board Resolution/ Authority Letter, along with attested specimen signature of the duly authorised signatory(ies) who are authorised to vote, to the Scrutinizer by an e-mail at [milind.kasodekar@mrmcs.com](mailto:milind.kasodekar@mrmcs.com). They may also upload the same in the e-voting module in their login. The scanned image of the above mentioned documents should be in the naming format "Corporate Name\_ EVEN NO."

**(b) In case of Shareholders receiving physical copy of the Notice of AGM and Attendance Slip:**

(i) Initial Password is provided, as follows, at the bottom of the Attendance Slip:

EVEN (E-Voting Event Number)	USER ID	PASSWORD
-	-	-

(ii) Please follow all steps from Sr. No. (a) (i) to (xii) mentioned above to cast vote.

II. In case of any queries, you may refer to the 'Frequently Asked Questions' (FAQs) and e-voting user manual' available in the downloads section of Karvy Computershare Private Limited's e-voting website <https://evoting.karvy.com>.

III. The voting rights shall be as per the number of equity shares held by the Member(s) as on September 21, 2017, being the cut-off date. Members are eligible to cast vote electronically only if they are holding shares as on that date.

IV. Members who have acquired shares after the dispatch of the Annual Report and before the cut-off date may obtain the user ID and Password by sending a request at [evoting@karvy.com](mailto:evoting@karvy.com) or [secretarial@ismt.co.in](mailto:secretarial@ismt.co.in).

However, if you are already registered with Karvy Computershare Private Limited for remote e-voting, then you can use your existing user ID and password for casting your vote. If you have forgotten your password, you can reset your password by using "Forgot User Details/Password" option available on <https://evoting.karvy.com> or contact M/s. Karvy Computershare Private Limited at the following toll free no. 1-800-3454-001.

V. the voting rights of members shall be in proportion of their shares of the paid up equity share capital of the Company as on the cut-off date September 21, 2017.

VI. A person whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through ballot paper.

18. The Chairman shall, at the AGM, at the end of discussions on the resolutions on which voting is to be held, allow voting with the assistance of Scrutinizer by use of "Polling Paper" for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.
19. The Scrutinizer shall, immediately after the conclusion of voting at the general meeting, count the votes cast at the meeting, thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than 48 hours after the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against the resolution, invalid votes, if any, and whether the Resolution has/have been carried or not, to the Chairman or a person authorised by him in writing, who shall countersign the same.
20. The Results declared alongwith the report of the Scrutinizer shall be placed on the website of the Company www.ismt.com and on the website of Karvy immediately after the result is declared. The results shall also be immediately forwarded to the BSE Limited and National Stock Exchange of India Limited where the shares of the Company are listed.
21. All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection at the Registered Office of the Company during normal business hours (9.00 am to 5.00 pm) on all working days except Saturdays, up to and including the date of the Annual General Meeting of the Company.
22. Pursuant to Rule 3 of Investors Education and Protection Fund (Awareness and Protection of Investors) Rules, 2001, the Company has transferred an amount of Rs. 29.52 lakh lying unclaimed towards Unclaimed/Unpaid Final Dividend for the year 2008-09 to Investors Education and Protection Fund Account (IEPF) established by the Central Government.
- Members who have not encashed their dividend warrants for the financial year ended 2009-10 (Final Dividend) and thereafter are requested to write to the Company's Registrar and Share Transfer Agents.
- Members are requested to note that the Final Dividend for the year ended March 31, 2010 declared at the Annual General Meeting held in September 2010 is due to be transferred to IEPF in December 2017.
- Members shall not be able to claim any unpaid or unclaimed dividend from IEPF or the Company thereafter.
23. Members are further requested to :
- Intimate changes, if any, in their registered address / bank mandate and e-mail address to the R&T Agent for shares held in physical form and to their respective Depository Participants for shares held in electronic form.
  - Quote Ledger Folio Number or DP ID/ Client ID in all the correspondence with the Company or its R&T Agent.
  - Intimate about consolidation of folios to the R&T Agent, if your shareholding is under multiple folios.
  - Note that as per the SEBI/ Stock Exchanges guidelines the shares of the Company are traded compulsorily in Demat form. As per the guideline issued by SEBI there are no Demat Account opening charges. In view of this, Members are requested to convert their physical share certificate into Demat form.
  - Bring their copies of the Annual Report and the Attendance Slips at the Annual General Meeting.
  - Surrender to the R&T Agent, the old share certificate(s) of erstwhile Indian Seamless Steels & Alloys Limited (ISSAL), if still held by them in physical form, for exchange with new share certificate(s) of ISMT Ltd.
  - Note that the Company has designated an exclusive e-mail ID viz. "secretarial@ismt.co.in" to enable investors to register their complaints, if any.

By Order of the Board of Directors  
For ISMT Limited

**Jaikishan Pahlani**  
Company Secretary

Pune, August 21, 2017

Registered Office:  
Lunkad Towers,  
Viman Nagar,  
Pune - 411014  
Maharashtra.

**EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013****Item No. 4:**

Based on the recommendation of the Audit Committee, the Board had on August 10, 2016 approved the appointment and remuneration of M/s. Dhananjay V. Joshi & Associates, Cost Accountants, as Cost Auditors for “Steel Tubes and Pipes” products at Ahmednagar and Baramati Plants and M/s. Parkhi Limaye & Co., Cost Accountants, as Cost Auditors for “Steel Products” at Jejuri Plant in connection with the Cost Audit of the Company for the financial year ended March 31, 2017.

In accordance with the provisions of Section 148 of the Companies Act, 2013 and the rules made thereunder, the remuneration payable to the Cost auditors has to be ratified by the Members of the Company.

Accordingly, consent of the Members is sought for ratification of the remuneration payable to the said Cost Auditors.

The Board recommends the resolution set out at Item No. 4 for the approval of Members to be passed as an Ordinary Resolution.

None of the Directors, Key Managerial Personnel of the Company and their relatives is, in any way, concerned or interested, financially or otherwise, in the said resolution.

By Order of the Board of Directors  
For ISMT Limited

**Jaikishan Pahlani**  
Company Secretary

Pune, August 21, 2017

Registered Office:  
Lunkad Towers,  
Viman Nagar,  
Pune - 411014  
Maharashtra.

**DETAILED PROFILE OF THE DIRECTOR(S) SEEKING APPOINTMENT/RE-APPOINTMENT IS AS UNDER**

<b>Name of Director</b>	<b>Mr. B.R. Taneja</b>
Age	81 years
Qualification	B.E (Mechanical), Post Graduate Diploma in Business Management
Date of Appointment/ Re-appointment	December 1, 2016
Category	Managing Director
Experience and Expertise in specific functional Area	Mr. B.R. Taneja is a promoter and founder of ISMT Ltd. He is a well-known technocrat in the field of seamless tube manufacturing with more than 57 years' of industrial experience.
Relationship with other Directors and Key Managerial Personnel of the Company	None
Equity Shareholding of Directors as on March 31, 2017	90,793*
Directorships held in other Companies	1. Knox Investments Pvt. Ltd. 2. Klapa Investments Pvt. Ltd.
Memberships/ Chairmanship of Committees of Limited Companies	Nil

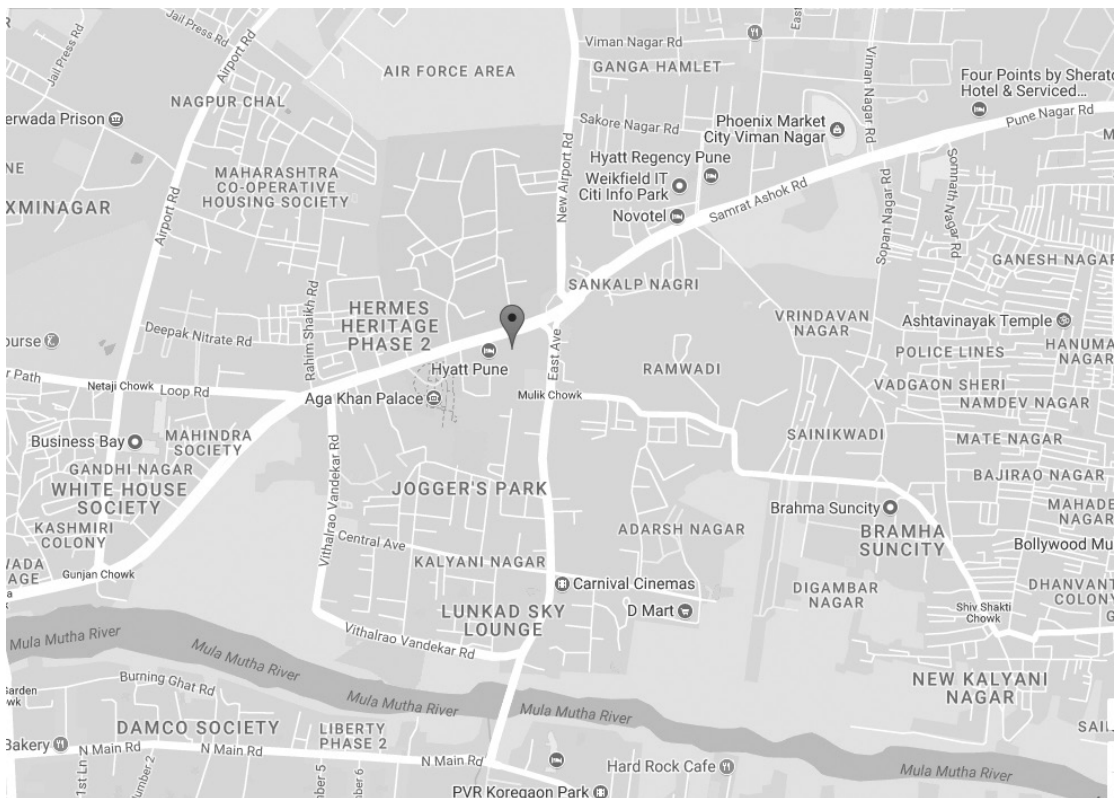
\* including shares held by Mr. B.R. Taneja as Karta of B.R. Taneja (HUF)

**IMPORTANT COMMUNICATION TO MEMBERS**

The Ministry of Corporate Affairs has taken “Green Initiative in the Corporate Governance” by allowing paperless compliances by the companies and has issued circulars stating that service of notice / documents including Annual Reports can be sent by e-mail to its members. This will also ensure prompt receipt of communication and avoid loss in postal transit. These documents can also be downloaded by the members from the Company’s website i.e. [www.ismt.com](http://www.ismt.com). To support this green initiative of the Government in full measure, members who have not registered their e-mail address so far, are requested to register their e-mail address by sending e-mail to [einward.ris@karvy.com](mailto:einward.ris@karvy.com) with subject as ‘E-mail for Green Initiative’ mentioning their Folio No. or DP Id & Client Id. Members holding shares in electronic form may register / update their e-mail address with the Depository through their concerned Depository Participant(s).

**ROUTE MAP TO THE VENUE OF AGM**

**Hotel Hyatt Pune, Adjacent to Aga Khan Palace, 88 Nagar Road, Kalyani Nagar, Pune- 411006**



# ISMT LIMITED

**Solutions You Can Trust**

Registered Office : Lunkad Towers, Viman Nagar, Pune – 411014, Maharashtra.  
 Phone : 020-41434100, Fax : 020-26630779, E-mail : secretarial@ismt.co.in  
 Website : www.ismt.com, CIN : L27109PN1999PLC016417

## 19th Annual General Meeting PROXY FORM

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies  
 (Management and Administration) Rules, 2014]

Name of the member(s):			
Registered Address:			
E-mail Id:			
Folio No. / Client ID:		DP ID:	

I/ We, being the member(s), holding ..... shares of ISMT Limited, hereby appoint:

- (1) Name: \_\_\_\_\_ Address: \_\_\_\_\_  
 E-mail ID: \_\_\_\_\_ Signature: \_\_\_\_\_ or failing him
- (2) Name: \_\_\_\_\_ Address: \_\_\_\_\_  
 E-mail ID: \_\_\_\_\_ Signature: \_\_\_\_\_ or failing him
- (3) Name: \_\_\_\_\_ Address: \_\_\_\_\_  
 E-mail ID: \_\_\_\_\_ Signature: \_\_\_\_\_

as my/ our proxy to attend and vote (on a poll) for me/ us and on my/ our behalf at the 19th ANNUAL GENERAL MEETING of the Company, to be held on Thursday, September 28, 2017 at 10.30 a.m. at Hotel Hyatt Pune, Adjacent to Aga Khan Palace, 88 Nagar Road, Kalyani Nagar, Pune – 411006 and at any adjournment thereof in respect of such resolutions as are indicated below:

Sr. No.	Resolutions	Vote (Optional-See Note 2)	
		For	Against
<b>Ordinary Business</b>			
1.	Adoption of the Audited Standalone and Consolidated Financial Statements of the Company for the financial year ended March 31, 2017 together with reports of the Board and Auditors thereon.		
2.	Re-appointment of Mr. B.R. Taneja who retires by rotation and being eligible, offers himself for re-appointment.		
3.	Appointment of Statutory Auditors.		
<b>Special Business</b>			
4.	Ratification of remuneration of Cost Auditors for FY 2016-17.		

Signed this ..... day of ..... 2017.

Signature of shareholder: \_\_\_\_\_

Signature of Proxy holder(s): \_\_\_\_\_

Affix Re 1/- Revenue Stamp
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**Note:**

1. **This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.**
2. It is optional to put '√' in the appropriate column against the Resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all Resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.
3. A Proxy need not be a member of the Company.
4. For Resolutions, Explanatory Statements, please refer to the Notice of the 19th Annual General Meeting.
5. Please complete all details including details of member(s) in above box before submission.

**ISMT LIMITED**  
**Solutions You Can Trust**

Registered Office : Lunkad Towers, Viman Nagar, Pune – 411014, Maharashtra  
Phone : 020-41434100, Fax : 020-26630779, E-mail : secretarial@ismt.co.in  
Website : www.ismt.com, CIN : L27109PN1999PLC016417

**19th ANNUAL GENERAL MEETING**  
**ATTENDANCE SLIP**

Name and Address of the Shareholder :

Folio No. / DP ID & Client ID :

Number of shares held :

Name of the attending Shareholder/ Proxy :  
(IN BLOCK LETTERS)

I certify that I am a registered shareholder/ Proxy for the registered shareholder of the Company.

I hereby record my presence at the 19th ANNUAL GENERAL MEETING of the Company being held on Thursday, September 28, 2017 at 10.30 a.m. at Hotel Hyatt Pune, Adjacent to Aga Khan Palace, 88 Nagar Road, Kalyani Nagar, Pune – 411006, Maharashtra.

.....  
Member's/ Proxy's Signature

**Note: Please fill this attendance slip and hand it over at the entrance of the hall.**

ELECTRONIC VOTING PARTICULARS		
EVEN (E-Voting Event Number)	USER ID	PASSWORD

**Note: For detailed e-voting instructions, please refer Note No. 17 “E-Voting Facility” of the “Notice” enclosed herewith.**